

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

FORM 10-Q

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

For the quarterly period ended September 30, 2024

OR

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: 001-38474

Jerash Holdings (US), Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

81-4701719

(I.R.S. Employer Identification No.)

277 Fairfield Road, Suite 338
Fairfield, New Jersey 07004

(Address of principal executive offices) (Zip Code)

(201) 285-7973

(Registrant's telephone number, including area code)

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

Title of each Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	JRSH	The Nasdaq Stock Market LLC

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 the definitions 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

Accelerated filer
Smaller reporting company
Emerging growth 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 November 12, 2024, there were 12,294,840 shares of common stock, par value \$0.001 per share, outstanding.

Jerash Holdings (US), Inc.

Form 10-Q

For the Quarterly Period Ended September 30, 2024

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JERASH HOLDINGS (US), INC.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

**JERASH HOLDINGS (US), INC.,
AND SUBSIDIARIES**
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2024 (Unaudited)	March 31, 2024
ASSETS		
Current Assets:		
Cash	\$ 16,338,578	\$ 12,428,369
Accounts receivable, net	5,793,228	5,417,513
Inventories	20,206,799	27,241,573
Prepaid expenses and other current assets	3,216,845	2,746,068
Advance to suppliers, net	6,028,433	3,086,137
Total Current Assets	<u>51,583,883</u>	<u>50,919,660</u>
Restricted cash - non-current	1,545,457	1,608,498
Long-term deposits	852,842	802,306
Deferred tax assets, net	158,329	158,329
Property, plant, and equipment, net	24,674,730	24,998,096
Goodwill	499,282	499,282
Operating lease right of use assets	1,033,412	1,259,395
Total Assets	<u>\$ 80,347,935</u>	<u>\$ 80,245,566</u>
LIABILITIES AND EQUITY		
Current Liabilities:		
Credit facilities	\$ 3,570,237	\$ -
Accounts payable	4,394,732	6,340,237
Accrued expenses	3,654,895	4,175,843
Income tax payable - current	952,108	1,647,199
Other payables	2,368,807	2,234,870
Deferred revenue	1,123,163	10,200
Operating lease liabilities - current	343,868	370,802
Total Current Liabilities	<u>16,407,810</u>	<u>14,779,151</u>
Operating lease liabilities - non-current	481,575	618,302
Income tax payable - non-current	-	417,450
Total Liabilities	<u>16,889,385</u>	<u>15,814,903</u>
Commitments and Contingencies (Note 16)		
Equity		
Preferred stock, \$0.001 par value; 500,000 shares authorized; none issued and outstanding	\$ -	\$ -
Common stock, \$0.001 par value; 30,000,000 shares authorized; 12,534,318 shares issued and 12,294,840 shares outstanding	12,534	12,534
Additional paid-in capital	24,860,117	23,917,094
Treasury stock, 239,478 shares	(1,169,046)	(1,169,046)
Statutory reserve	413,821	413,821
Retained earnings	39,784,826	41,704,238
Accumulated other comprehensive loss	(475,823)	(492,319)

Total Jerash Holdings (US), Inc. Stockholders' Equity	63,426,429	64,386,322
Noncontrolling interest	32,121	44,341
Total Equity	63,458,550	64,430,663
Total Liabilities and Equity	\$ 80,347,935	\$ 80,245,566

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

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**JERASH HOLDINGS (US), INC.,
AND SUBSIDIARIES**

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2024	2023	2024	2023
Revenue, net	\$ 40,240,127	\$ 33,357,108	\$ 81,175,843	\$ 68,092,765
Cost of goods sold	33,182,244	27,985,077	69,478,089	57,153,194
Gross Profit	7,057,883	5,372,031	11,697,754	10,939,571
Selling, general, and administrative expenses	5,449,386	4,240,588	10,449,130	8,475,506
Stock-based compensation expenses	474,088	243,448	943,023	484,250
Total Operating Expenses	5,923,474	4,484,036	11,392,153	8,959,756
Income from Operations	1,134,409	887,995	305,601	1,979,815
Other Income (Expenses):				
Interest expenses	(503,149)	(359,234)	(983,352)	(748,185)
Other income, net	139,166	192,523	193,201	282,750
Total other expenses, net	(363,983)	(166,711)	(790,151)	(465,435)
Net income (loss) before provision for income taxes	770,426	721,284	(484,550)	1,514,380
Income tax expenses	105,877	352,340	217,598	650,321
Net income (loss)	664,549	368,944	(702,148)	864,059
Net gain (loss) attributable to noncontrolling interest	9,261	3,327	(12,220)	1,916
Net income (loss) attributable to Jerash Holdings (US), Inc.'s Common Stockholders	\$ 655,288	\$ 365,617	\$ (689,928)	\$ 862,143
Net income (loss)	\$ 664,549	\$ 368,944	\$ (702,148)	\$ 864,059
Other Comprehensive Income (Loss):				
Foreign currency translation gain (loss)	7,583	(59,841)	16,496	(154,500)
Total Comprehensive Income (Loss)	672,132	309,103	(685,652)	709,559
Comprehensive gain (loss) attributable to noncontrolling interest	9,261	3,327	(12,220)	1,916
Comprehensive Income (Loss) Attributable to Jerash Holdings (US), Inc.'s Common Stockholders	\$ 662,871	\$ 305,776	\$ (673,432)	\$ 707,643
Earnings (Loss) Per Share Attributable to Common Stockholders:				
Basic and diluted	\$ 0.05	\$ 0.03	\$ (0.06)	\$ 0.07
Weighted Average Number of Shares				
Basic	12,294,840	12,294,840	12,294,840	12,294,840
Diluted	12,460,241	12,294,840	12,294,840	12,294,840
Dividend per share	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.10

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

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**JERASH HOLDINGS (US), INC.,
AND SUBSIDIARIES**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2024 AND 2023**

	Preferred Stock Shares	Common Stock Shares	Additional Paid-in Capital	Treasury Stock	Statutory Reserve	Retained Earnings	Accumulated Other Comprehensive Gain (Loss)	Noncontrolling interest	Total Equity
Balance at March 31, 2023	- \$ -	12,534,318	\$ 12,534	\$ 22,931,046	\$(1,169,046)	\$ 410,847	\$ 46,172,082	\$ (123,229)	- \$ 68,234,234

Stock-based compensation expense for the restricted stock units issued under stock incentive plan	-	-	-	-	484,250	-	-	-	-	-	484,250	
Allocation of J&B shares	-	-	-	-	-	-	-	-	-	31,365	31,365	
Net income	-	-	-	-	-	-	862,143	-	1,916	864,059		
Dividend payments	-	-	-	-	-	-	-	(1,229,484)	-	-	(1,229,484)	
Foreign currency translation loss	-	-	-	-	-	-	-	-	(154,500)	-	(154,500)	
Balance at September 30, 2023 (unaudited)	-	\$	-	12,534,318	\$12,534	\$23,415,296	\$(1,169,046)	\$410,847	\$45,804,741	\$ (277,729)	\$33,281	\$68,229,924
Balance at March 31, 2024	-	\$	-	12,534,318	\$12,534	\$23,917,094	\$(1,169,046)	\$413,821	\$41,704,238	\$ (492,319)	\$44,341	\$64,430,663
Stock-based compensation expense for the restricted stock units issued under stock incentive plan	-	-	-	-	943,023	-	-	-	-	-	943,023	
Net loss	-	-	-	-	-	-	-	(689,928)	-	(12,220)	(702,148)	
Dividend payments	-	-	-	-	-	-	-	(1,229,484)	-	-	(1,229,484)	
Foreign currency translation gain	-	-	-	-	-	-	-	-	16,496	-	16,496	
Balance at September 30, 2024 (unaudited)	-	\$	-	12,534,318	\$12,534	\$24,860,117	\$(1,169,046)	\$413,821	\$39,784,826	\$ (475,823)	\$32,121	\$63,458,550

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

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Treasury Stock	Statutory Reserve	Retained Earnings	Accumulated Other Comprehensive Gain (Loss)	Noncontrolling interest	Total Equity	
Balance at June 30, 2023 (unaudited)	-	\$	-	12,534,318	\$12,534	\$23,171,848	\$(1,169,046)	\$410,847	\$46,053,866	\$ (217,888)	\$29,954	\$68,292,115
Stock-based compensation expense for the restricted stock units issued under the stock incentive plan	-	-	-	-	243,448	-	-	-	-	-	243,448	
Net income	-	-	-	-	-	-	-	365,617	-	3,327	368,944	
Dividend payment	-	-	-	-	-	-	-	(614,742)	-	-	(614,742)	
Foreign currency translation loss	-	-	-	-	-	-	-	-	(59,841)	-	(59,841)	
Balance at September 30, 2023 (unaudited)	-	\$	-	12,534,318	\$12,534	\$23,415,296	\$(1,169,046)	\$410,847	\$45,804,741	\$ (277,729)	\$33,281	\$68,229,924
Balance at September 30, 2024 (unaudited)	-	\$	-	12,534,318	\$12,534	\$24,860,117	\$(1,169,046)	\$413,821	\$39,784,826	\$ (475,823)	\$32,121	\$63,458,550

Balance at											
June 30, 2024											
(unaudited)	- \$	- 12,534,318	\$ 12,534	\$ 24,386,029	\$ (1,169,046)	\$ 413,821	\$ 39,744,280	\$ (483,406)	\$ 22,860	\$ 62,927,072	
Stock-based compensation expense for the restricted stock units issued under stock incentive plan	-	-	-	474,088	-	-	-	-	-	474,088	
Net income	-	-	-	-	-	-	655,288	-	9,261	664,549	
Dividend payment	-	-	-	-	-	-	(614,742)	-	-	(614,742)	
Foreign currency translation gain	-	-	-	-	-	-	-	7,583	-	7,583	
Balance at											
September 30, 2024											
(unaudited)	- \$	- 12,534,318	\$ 12,534	\$ 24,860,117	\$ (1,169,046)	\$ 413,821	\$ 39,784,826	\$ (475,823)	\$ 32,121	\$ 63,458,550	

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

**JERASH HOLDINGS (US), INC.,
AND SUBSIDIARIES**
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended September 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (702,148)	\$ 864,059
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	1,209,053	1,224,322
Stock-based compensation expenses	943,023	484,250
Credit Loss (recovery)	16,768	(66,980)
Amortization of operating lease right-of-use assets	300,559	416,090
Changes in operating assets:		
Accounts receivable	(392,484)	(2,894,162)
Bills receivable	-	87,573
Inventories	7,034,774	13,942,970
Prepaid expenses and other current assets	(470,777)	814,878
Advance to suppliers	(2,942,296)	(1,910,244)
Changes in operating liabilities:		
Accounts payable	(1,945,505)	(1,530,458)
Accrued expenses	(520,948)	(251,048)
Other payables	133,937	(265,119)
Deferred revenue	1,112,963	(696,006)
Operating lease liabilities	(238,237)	(336,984)
Income tax payable	(1,112,062)	(1,704,261)
Net cash provided by operating activities	2,426,620	8,178,880
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant, and equipment	(348,238)	(635,878)
Payments for construction of properties	(270,599)	(2,575,669)
Payment for long-term deposits	(317,386)	(247,610)
Net cash used in investing activities	(936,223)	(3,459,157)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend payments	(1,229,484)	(1,229,484)
Investment of noncontrolling interest	-	31,365
Repayment from short-term loan	(5,566,040)	(3,118,339)
Proceeds from short-term loan	9,136,277	3,118,339
Net cash provided by (used in) financing activities	2,340,753	(1,198,119)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND RESTRICTED CASH		
	16,018	(123,491)
NET INCREASE IN CASH AND RESTRICTED CASH	3,847,168	3,398,113
CASH, AND RESTRICTED CASH, BEGINNING OF THE PERIOD	14,036,867	19,411,603
CASH, AND RESTRICTED CASH, END OF THE PERIOD	\$ 17,884,035	\$ 22,809,716
CASH, AND RESTRICTED CASH, END OF THE PERIOD	\$ 17,884,035	\$ 22,809,716
LESS: NON-CURRENT RESTRICTED CASH	1,545,457	1,608,074
CASH, END OF THE PERIOD	\$ 16,338,578	\$ 21,201,642

Supplemental disclosure information:

Cash paid for interest	\$ 983,352	\$ 748,185
Income tax paid	\$ 1,329,150	\$ 2,371,705
Non-cash investing and financing activities		
Equipment obtained by utilizing long-term deposit	\$ 262,017	\$ 358,620
Operating lease right of use assets obtained in exchange for operating lease obligations	\$ 67,512	\$ 177,068

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

JERASH HOLDINGS (US), INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Jerash Holdings (US), Inc. ("Jerash Holdings") was incorporated under the laws of the State of Delaware on January 20, 2016. Jerash Holdings is a holding company with no operations. Jerash Holdings and its subsidiaries are herein collectively referred to as the "Company."

Jerash Garments and Fashions Manufacturing Company Limited ("Jerash Garments") is a wholly owned subsidiary of Jerash Holdings and was established in Amman, the Hashemite Kingdom of Jordan ("Jordan"), as a limited liability company on November 26, 2000 with a declared capital of 150,000 Jordanian Dinar ("JOD") (approximately US\$212,000).

Jerash for Industrial Embroidery Company ("Jerash Embroidery") and Chinese Garments and Fashions Manufacturing Company Limited ("Chinese Garments") were both established in Amman, Jordan, as limited liability companies on March 11, 2013 and June 13, 2013, respectively, each with a declared capital of JOD 50,000. Jerash Embroidery and Chinese Garments are wholly owned subsidiaries of Jerash Garments.

Al-Mutafaweq Co. for Garments Manufacturing Ltd. ("Paramount") is a contract garment manufacturer that was established in Amman, Jordan, as a limited liability company on October 24, 2004 with a declared capital of JOD 100,000. On December 11, 2018, Jerash Garments and the sole shareholder of Paramount entered into an agreement pursuant to which Jerash Garments acquired all of the outstanding shares of stock of Paramount. Jerash Garments assumed ownership of all of the machinery and equipment owned by Paramount. Paramount had no other significant assets or liabilities and no operating activities or employees at the time of this acquisition, so this transaction was accounted for as an asset acquisition. As of June 18, 2019, Paramount became a subsidiary of Jerash Garments.

Jerash The First for Medical Supplies Manufacturing Company Limited ("Jerash The First") was established in Amman, Jordan, as a limited liability company on July 6, 2020, with a registered capital of JOD 150,000. Jerash The First is engaged in the production of medical supplies in Jordan and is a wholly owned subsidiary of Jerash Garments.

Mustafa and Kamal Ashraf Trading Company (Jordan) for the Manufacture of Ready-Make Clothes LLC ("MK Garments") is a garment manufacturer that was established in Amman, Jordan, as a limited liability company on January 23, 2003 with a declared capital of JOD 100,000. On June 24, 2021, Jerash Garments and the sole shareholder of MK Garments entered into an agreement, pursuant to which Jerash Garments acquired all of the outstanding stock of MK Garments. As of October 7, 2021, MK Garments became a subsidiary of Jerash Garments.

Kawkab Venus Dowalyah Lisenet Albesah ("Kawkab Venus") was established in Amman, Jordan, as a limited liability company on January 15, 2015 with a declared capital of JOD 50,000. It holds land with factory premises, which are leased to MK Garments. On July 14, 2021, Jerash Garments and the sole shareholder of Kawkab Venus entered into an agreement, pursuant to which Jerash Garments acquired all of the outstanding stock of Kawkab Venus. Apart from the land and factory premises, Kawkab Venus had no other significant assets or liabilities and no operation activities or employees at the time of acquisition, so the acquisition was accounted for as an asset acquisition. As of August 21, 2022, Kawkab Venus became a subsidiary of Jerash Garments.

Treasure Success International Limited ("Treasure Success") was organized on July 5, 2016 in Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong" or "HK"), as a limited liability company for the primary purpose of employing staff from the People's Republic of China ("China") to support Jerash Garments' operations and is a wholly-owned subsidiary of Jerash Holdings.

Ever Winland Limited ("Ever Winland") was organized in Hong Kong, as a limited liability company. It holds office premises, which are leased to Treasure Success. On June 22, 2022, Treasure Success and the shareholders of Ever Winland entered into an agreement, pursuant to which Treasure Success acquired all of the outstanding stock of Ever Winland. Apart from the office premises used by Treasure Success, Ever Winland had no other significant assets or liabilities and no operating activities or employees at the time of this acquisition, so this transaction was accounted for as an asset acquisition. As of August 29, 2022, Ever Winland became a subsidiary of Treasure Success.

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS (continued)

J&B International Limited ("J&B") is a joint venture company established in Hong Kong on January 10, 2023. On March 20, 2023, Treasure Success and P. T. Eratex (Hong Kong) Limited entered into a Joint Venture and Shareholders' Agreement, pursuant to which Treasure Success acquired 51% of the equity interests in J&B on April 11, 2023. The declared capital is 500,000 Hong Kong Dollars ("HKD") (approximately \$64,000). J&B engages in the garment trading and manufacturing business for orders from customers.

Jerash Newtech (Hong Kong) Holdings Limited ("Jerash Newtech") is a joint venture company established in Hong Kong on November 3, 2023. On October 10, 2023, Treasure Success and Newtech Textile (HK) Limited entered into a Joint Venture and Shareholder's Agreement to establish a new joint venture for the establishment of a fabric facility in Jordan. On November 3, 2023, Jerash Newtech was established according to the aforementioned Joint Venture and Shareholder's Agreement. Treasure Success owns 51% of the equity interests in Jerash Newtech. The Company plans to invest approximately \$ 29.9 million to establish the fabric facility in Jordan. Treasure Success and Newtech Textile (HK) Limited will contribute capital in two installments according to their respective shareholding proportions and conditions. The declared capital of Jerash Newtech is US\$100,000.

Jiangmen Treasure Success Business Consultancy Company Limited ("Jiangmen Treasure Success") was organized on August 28, 2019 under the laws of China in Jiangmen City of Guangdong Province in China with a total registered capital of HKD15 million (approximately \$1.9 million) to provide support in sales and marketing, sample development, merchandising, procurement, and other areas. Treasure Success owns 100% of the equity interests in Jiangmen Treasure

Success.

Jerash Supplies, LLC ("Jerash Supplies") was formed under the laws of the State of Delaware on November 20, 2020. Jerash Supplies is engaged in the trading of personal protective equipment products and is a wholly owned subsidiary of Jerash Holdings.

The Company is engaged primarily in the manufacturing and exporting of customized, ready-made sportswear and outerwear and personal protective equipment ("PPE") produced in its facilities in Jordan and sold in the United States, Jordan, and other countries.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The Company's unaudited condensed consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") for interim financial information and the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included in the Company's unaudited condensed consolidated financial statements. The consolidated balance sheet as of March 31, 2024 has been derived from the audited consolidated balance sheet at that date but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. These condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2024, as filed with the U.S. Securities and Exchange Commission (the "SEC"). Operating results for the six months ended September 30, 2024 are not necessarily indicative of the results that may be expected for the year ending March 31, 2025.

Principles of Consolidation

The unaudited condensed consolidated financial statements include the financial statements of Jerash Holdings, its wholly owned subsidiaries, and two non-wholly owned subsidiaries.

Non-wholly owned subsidiaries are entities that the reporting parent entity does not own equity interests in full. Noncontrolling interest is evaluated with a depiction of the portion of a non-wholly owned subsidiary's net assets, net income, and net comprehensive income that is attributable to holders of equity-classified ownership interests other than the reporting parent entity. As mentioned in Note 1, the Company holds 51% of equity interest in J&B and Jerash Newtech through its wholly owned subsidiary, Treasure Success. The Company consolidates J&B and Jerash Newtech and reports noncontrolling interest to reflect the portion of their equity that is not attributable to the Company as controlling shareholder. As of September 30, 2024, noncontrolling interest was \$32,121.

All significant intercompany balances and transactions have been eliminated in consolidation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of the unaudited condensed consolidated financial statements, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Cash

The Company's cash consists of cash on hand and cash deposited in financial institutions. The Company considers all highly liquid investment instruments with an original maturity of three months or less from the original date of purchase to be cash equivalents. As of September 30, 2024 and March 31, 2024, the Company had no cash equivalents.

Restricted Cash

Restricted cash consists of cash used as security deposits to obtain credit facilities from a bank and to secure customs clearance, labor import requirements, and other requirements of local regulations. The Company is required to keep certain amounts on deposit that are subject to withdrawal restrictions. These security deposits at the bank are refundable only when the bank facilities are terminated. The restricted cash is classified as a current asset if the Company intends to terminate these bank facilities within one year, and as a non-current asset if otherwise.

Accounts Receivable, Net

Accounts receivable are recognized and carried at the original invoiced amount less an estimated allowance for credit loss. The Company usually grants extended payment terms to customers with good credit standing and determines the adequacy of credit losses based on the historical level of credit loss, current economic trends, and reasonable and supportable forecasts that affect the collectability of the future cash flows.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost or net realizable value. Inventories include cost of raw materials, freight, direct labor, and related production overhead. The cost of inventories is determined using the First-in, First-out method. The Company periodically reviews its inventories for excess or slow-moving items and makes provisions as necessary to properly reflect inventory value.

Advance to Suppliers, Net

Advance to suppliers consists of balances paid to suppliers for services or materials purchased that have not been provided or received. Advance to suppliers for services and materials is short-term in nature. Advance to suppliers is reviewed periodically to determine whether its carrying value has become impaired. The Company considers the assets to be impaired if the performance by the suppliers becomes doubtful. At each reporting date, the Company generally determines the adequacy of allowance for credit losses by evaluating all available information, and then records specific allowances for those advances based on the specific facts and circumstances.

Credit Loss

On April 1, 2023, the Company adopted Accounting Standards Update ("ASU") 2016-13 "Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments," by using a modified retrospective transition method, which replaces the incurred loss impairment methodology with an expected loss methodology that is referred to as the current expected credit loss methodology. The expected credit loss impairment model requires the entity to recognize its estimate of expected credit losses for affected financial assets using an allowance for credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The adoption of ASU 2016-13 did not have a material impact on the Company's consolidated financial statements.

The Company's accounts receivable and other receivables, which are included in prepaid expenses and other current assets line items in the consolidated balance sheet, are within the scope of ASC Topic 326. The Company measures expected credit losses of account receivables and other receivables, on a collective basis when similar risk characteristics exist. The Company makes estimates of expected credit and collectability trends for the allowance for credit losses based upon assessment of various factors, including historical experience, the age of the receivables, creditworthiness of the customers and other debtors, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect its ability to collect from the customers and other debtors. The Company also provides specific provisions for allowance when facts and circumstances indicate that the receivable is unlikely to be collected.

Expected credit losses are included in general and administrative expenses in the unaudited condensed consolidated statements of operations and comprehensive income (loss). After all attempts to collect a receivable have failed, the receivable is written off against the allowance.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant, and Equipment, Net

Property, plant, and equipment are recorded at cost, reduced by accumulated depreciation and amortization. Depreciation and amortization expense related to property, plant, and equipment is computed using the straight-line method based on the estimated useful lives of the assets, or in the case of leasehold improvements, the shorter of the initial lease term or the estimated useful life of the improvements. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant, and equipment. The estimated useful lives of depreciation and amortization of the principal classes of assets are as follows:

	Useful life
Land	Infinite
Property and buildings	15-25 years
Equipment and machinery	3-5 years
Office and electronic equipment	3-5 years
Automobiles	5 years
Leasehold improvements	Lesser of useful life and lease term

Expenditures for maintenance and repairs, which do not materially extend the useful lives of the assets, are charged to expense as incurred. Expenditures for major renewals and betterments which substantially extend the useful life of assets are capitalized. The cost and related accumulated depreciation or amortization of assets retired or sold are removed from the respective accounts, and any gain or loss is recognized in the consolidated statements of operations and comprehensive income (loss).

Construction in Progress

Construction in Progress ("CIP") is recorded at cost for property, plant, and equipment where the asset is in construction or development. CIP accumulates cost of construction and transaction costs involved in the progress of acquiring the materials for construction or development. The Company does not commence depreciating the asset in CIP account because the asset has not yet been placed in service. Once an asset is placed in service, all costs associated with the asset that are recorded in the CIP account are transferred to property, plant, and equipment for the asset.

Impairment of Long-Lived Assets

The Company assesses its long-lived assets, including property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Factors which may indicate potential impairment include a significant underperformance relative to the historical or projected future operating results or a significant negative industry or economic trend. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by that asset. If impairment is indicated, a loss is recognized for any excess of the carrying value over the estimated fair value of the asset. The fair value is estimated based on the discounted future cash flows or comparable market values, if available. The Company did not record any impairment loss during the six months ended September 30, 2024 and 2023.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill represents the excess purchase price paid over the fair value of the net assets of acquired companies. Goodwill is not amortized. As of September 30, 2024 and March 31, 2024, the carrying amount of goodwill was \$499,282. Goodwill is tested for impairment on an annual basis, or in interim periods if indicators of potential impairment exist, based on the one reporting unit. The Company has the option to perform a qualitative assessment to determine whether it is necessary to perform the quantitative goodwill impairment test. When performing the quantitative impairment test, the Company compares the fair value of its only reporting unit with the carrying amounts. The Company would recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The Company concluded that no impairment of its goodwill occurred for the six months ended September 30, 2024 and 2023.

Revenue Recognition

Substantially all of the Company's revenue is derived from product sales, which consist of sales of the Company's customized ready-made outerwear for large brand-name retailers and PPE. The Company considers purchase orders to be a contract with a customer. Contracts with customers are considered to be short-term when the time between order confirmation and satisfaction of the performance obligations is equal to or less than one year. Virtually all of the Company's contracts are short-term. The Company has minimal incremental costs of obtaining a contract, which are expensed when incurred. The Company recognizes revenue for the transfer of promised goods to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company typically satisfies its performance obligations in contracts with customers upon shipment of the goods. Generally, payment is due from customers within 14 to 150 days of the invoice date. The contracts do not have significant financing components. Shipping and handling costs associated with outbound freight from Jordan export dock are not an obligation of the Company. Returns and allowances are not a significant aspect of the revenue recognition process as historically they have been immaterial.

The Company also derives revenue from rendering cutting and making services to other apparel vendors who subcontract orders to the Company. Revenue is recognized when the service is rendered. All of the Company's contracts have a single performance obligation satisfied at a point in time and the transaction price is stated in the contract, usually as a price per unit. All estimates are based on the Company's historical experience, complete satisfaction of the performance obligation, and the Company's best judgment at the time the estimate is made. Historically, sales returns have not significantly impacted the Company's revenue.

The Company does not have any contract assets since the Company has an unconditional right to consideration when the Company has satisfied its performance obligation and payment to the accounts receivable from customers is not contingent on a future event. The Company had contract liabilities of \$1,123,163 and \$10,200 as of September 30, 2024 and March 31, 2024, respectively. As of September 30, 2024, \$ 1,123,163 deferred revenue was expected to be recognized within fiscal year 2025. As of March 31, 2024, \$10,200 was received in advance, and \$6,923 of such advance has been recognized as revenue for the six months ended September 30, 2024.

The Company has one revenue generating reportable geographic segment under ASC Topic 280 "Segment Reporting" and derives its sales primarily from its sales of customized ready-made outerwear. The Company believes disaggregation of revenue by geographic region best depicts the nature, amount, timing, and uncertainty of its revenue and cash flows (see "Note 15—Segment Reporting").

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Shipping and Handling

Proceeds collected from customers for shipping and handling costs are included in revenue. Shipping and handling costs are expensed as incurred and are included in operating expenses, as a part of selling, general, and administrative expenses. Total shipping and handling expenses were \$1,370,698 and \$656,536 for the three months ended September 30, 2024 and 2023, respectively. Total shipping and handling expenses were \$1,971,143 and \$1,099,019 for the six months ended September 30, 2024 and 2023, respectively.

Income and Sales Taxes

The Company is subject to income taxes on an entity basis on income arising in or derived from the tax jurisdiction in which each entity is domiciled. Jerash Holdings and Jerash Supplies are incorporated/formed in the State of Delaware and are subject to federal income tax in the United States of America. Treasure Success, Ever Winland, J&B, and Jerash Newtech are registered in Hong Kong and are subject to profit tax in Hong Kong. Jiangmen Treasure Success is incorporated in China and is subject to corporate income tax in China. Jerash Garments, Jerash Embroidery, Chinese Garments, Paramount, Jerash The First, MK Garments, and Kawkab Venus are subject to income tax in Jordan, unless an exemption is granted. In accordance with Development Zone law, Jerash Garments and its subsidiaries were subject to corporate income tax in Jordan at a rate of 19% or 20% plus a 1% social contribution starting from January 1, 2023 to December 31, 2023. Effective January 1, 2024, the income tax rate increased to 20%, plus a 1% social contribution.

Jerash Garments and its subsidiaries are subject to local sales tax of 16% on purchases. Jerash Garments was granted a sales tax exemption from the Jordanian Investment Commission for the period from June 1, 2015 to June 1, 2018 that allowed Jerash Garments to make purchases with no sales tax charge. The exemption has been extended to February 5, 2025.

The Company accounts for income taxes in accordance with ASC 740, "Income Taxes," which requires the Company to use the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between financial statement carrying amounts and the tax bases of existing assets and liabilities and operating loss and tax credit carry forwards. Under this accounting standard, any changes in tax rates and the impact on deferred income taxes are recognized in the income statement in the period when the new rates are enacted. A valuation allowance is recognized if it is more likely than not that some portion, or all of, a deferred tax asset will not be realized.

ASC 740 clarifies the accounting for uncertainty in tax positions. This interpretation requires that an entity recognize in its financial statements the impact of a tax position, if that position is more likely than not of being sustained upon examination, based on the technical merits of the position. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company has elected to classify interest and penalties related to unrecognized tax benefits, if and when required, as part of income tax expense in the consolidated statements of operations and comprehensive income (loss). No significant uncertainty in tax positions relating to income taxes was incurred during the six months ended September 30 2024, and 2023.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Translation

The reporting currency of the Company is the U.S. dollar ("US\$" or "\$"). The Company uses JOD in Jordan companies, HKD in Treasure Success, Ever Winland, J&B, and Jerash Newtech, and Chinese Yuan ("CNY") in Jiangmen Treasure Success as the functional currency of each above-mentioned entity. The assets and liabilities of the Company have been translated into US\$ using the exchange rates in effect at the balance sheet date, equity accounts have been translated at historical rates, and revenue and expenses have been translated into US\$ using average exchange rates in effect during the reporting period. Cash flows are also translated at average translation rates for the periods. Therefore, amounts related to assets and liabilities reported on the consolidated statements of cash flows will not necessarily agree with changes in the corresponding balances on the consolidated balance sheets. Translation adjustments arising from the use of different exchange rates from period to period are included as a separate component of accumulated other comprehensive income or loss. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the consolidated statements of operations and comprehensive income (loss) as incurred, and the total amount of transaction gains and losses were immaterial for the six months ended September 30, 2024 and 2023.

The value of JOD against US\$ and other currencies may fluctuate and is affected by, among other things, changes in Jordan's political and economic conditions. Any significant revaluation of JOD, HKD, and CNY may materially affect the Company's financial condition in terms of US\$ reporting. The following table outlines the currency exchange rates that were used in creating the consolidated financial statements in this report:

	September 30, 2024	March 31, 2024
Period-end spot rate	US\$1=JOD0.7090 US\$1=HKD7.7700 US\$1=CNY7.0138	US\$1=JOD0.7090 US\$1=HKD7.8243 US\$1=CNY7.2190
Average rate	US\$1=JOD0.7090 US\$1=HKD7.8079	US\$1=JOD0.7090 US\$1=HKD7.8240

Stock-Based Compensation

The Company measures compensation expense for stock-based awards based on the awards' initial grant-date fair value. The estimated grant-date fair value of the award is recognized as expense over the requisite service period using the straight-line method.

The Company estimates the fair value of stock options using a Black-Scholes model. This model is affected by the Company's stock price on the date of the grant as well as assumptions regarding a number of variables. These variables include the expected term of the option, expected risk-free rates of return, the expected volatility of the Company's common stock, and expected dividend yield, each of which is more fully described below. The assumptions for the expected term and expected volatility are the two assumptions that significantly affect the grant date fair value.

- Expected Term: the expected term of a warrant or a stock option is the period of time that the warrant or a stock option is expected to be outstanding.
- Risk-free Interest Rate: the Company bases the risk-free interest rate used in the Black-Scholes model on the implied yield at the grant date of the U.S. Treasury zero-coupon issued with an equivalent term to the stock-based award being valued. Where the expected term of a stock-based award does not correspond with the term for which a zero-coupon interest rate is quoted, the Company uses the nearest interest rate from the available maturities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Expected Stock Price Volatility: the Company utilizes the expected volatility of the Company's common stock over the same period of time as the life of the warrant or stock option. When the Company's own stock volatility information is unavailable for such period of time, the Company utilizes comparable public company volatility.
- Dividend Yield: Stock-based compensation awards granted prior to November 2018 assumed no dividend yield, while any subsequent stock-based compensation awards will be valued using the anticipated dividend yield.

Earnings or Loss per Share

The Company computes earnings per share ("EPS") in accordance with ASC 260, "Earnings per Share" ("ASC 260"). ASC 260 requires companies with complex capital structures to present basic and diluted EPS. Basic EPS is measured as net income divided by the weighted average common shares outstanding for the period. Diluted EPS is similar to basic EPS but presents the dilutive effect on a per share basis of potential common shares (e.g., convertible securities, options, and warrants) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Potential common shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS (See "Note 14—Earnings (Loss) per Share").

Comprehensive Income or Loss

Comprehensive income or loss consists of two components, net income or loss and other comprehensive income or loss. The foreign currency translation gain or loss resulting from translation of the financial statements expressed in JOD or HKD or CNY to US\$ is reported in other comprehensive income or loss in the consolidated statements of operations and comprehensive income (loss).

Fair Value of Financial Instruments

ASC 825-10 requires certain disclosures regarding the fair value of financial instruments. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level fair value hierarchy prioritizes the inputs used to measure fair value. The hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Quoted prices in active markets for identical assets and liabilities.
- Level 2 - Quoted prices in active markets for similar assets and liabilities, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Company considers the recorded value of its financial assets and liabilities, which consist primarily of cash, accounts receivable, other current assets, credit facilities, accounts payable, accrued expenses, income tax payables, other payables and operating lease liabilities to approximate the fair value of the respective assets and liabilities at September 30, 2024 and March 31, 2024 based upon the short-term nature of these assets and liabilities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations and Credit Risk

Credit risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash. As of September 30, 2024 and March 31, 2024, respectively, \$5,462,623 and \$6,547,090 of the Company's cash were on deposit at financial institutions in Jordan, where there currently is no rule or regulation requiring such financial institutions to maintain insurance to cover bank deposits in the event of bank failure. As of September 30, 2024 and March 31, 2024, \$129,269 and \$518,485 of the Company's cash were on deposit at financial institutions in China, respectively. Cash maintained in banks within China of less than CNY 0.5 million (equivalent to \$71,288) per bank are covered by "deposit insurance regulation" promulgated by the State Council of the People's Republic of China. As of September 30, 2024 and March 31, 2024, \$12,267,634 and \$6,682,404 of the Company's cash were on deposit at financial institutions in Hong Kong, respectively, which are insured by the Hong Kong Deposit Protection Board subject to certain limitations. While management believes that these financial institutions are of high credit quality, it also continually monitors their creditworthiness. As of September 30, 2024 and March 31, 2024, \$13,527 and \$267,954 of the Company's cash were on deposit in the United States, respectively, and are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Accounts receivable are typically unsecured and derived from revenue earned from customers, and therefore are exposed to credit risk. The risk is mitigated by the Company's assessment of its customers' creditworthiness and its ongoing monitoring of outstanding balances.

Customer and vendor concentration risk

The Company's sales are made primarily in the United States. Its operating results could be adversely affected by U.S. government policies on importing business, foreign exchange rate fluctuations, and changes in local market conditions. The Company has a concentration of its revenue and purchases with specific customers and suppliers. For the three months ended September 30, 2024 and 2023, one customer accounted for 68% and 73% of the Company's total revenue, respectively. For six months ended September 30, 2024, one customer accounted for 70% of the Company's total revenue. For six months ended September 30, 2023, two customers accounted for 69% and 13% of the Company's total revenue, respectively. As of September 30, 2024, three customers accounted for 16%, 13%, and 11% of the Company's total accounts receivable balance, respectively. As of March 31, 2024, four customers accounted for 23%, 23%, 10%, and 10% of the Company's total accounts receivable balance, respectively.

For the three and six months ended September 30, 2024, the Company purchased approximately 10% and 11% of its total purchase in garments and raw materials from one major supplier, respectively. For the three months ended September 30, 2023, there was no major supplier. For the six months ended September 30, 2023, the Company purchased approximately 11% of its total purchase in garments and raw materials from one major supplier. As of September 30, 2024, accounts payable to the Company's one major supplier accounted for 16% of the total accounts payable balance. As of March 31, 2024, accounts payable to the Company's two major suppliers accounted for 22% and 13%, respectively, of the total accounts payable balance.

Risks and Uncertainties

The principal operations of the Company are located in Jordan. Accordingly, the Company's business, financial condition, and results of operations may be influenced by political, economic, and legal environments in Jordan, as well as by the general state of the Jordanian economy. The Company's operations in Jordan are subject to special considerations and significant risks not typically associated with companies in North America. These include risks associated with, among others, the political, economic, and legal environment, foreign currency exchange, and the recent conflict between Israel and Hamas. The Company's results may be adversely affected by changes in the political, regulatory, and social conditions in Jordan. Although the Company has not experienced losses from these situations and believes that it is in compliance with existing laws and regulations including its organization and structure disclosed in Note 1, this may not be indicative of future results.

Since the inception of the turmoil in the Middle East, the Company has been closely monitoring the situation and keeping its customers informed. Currently, production is ongoing as usual, with no changes to customer orders or commitments, and both ports that the Company uses for import and export, in Aqaba and Haifa, are operating normally. In order to provide flexibility, the Company has also been using the Port of Jebel Ali in the United Arab Emirates as an alternative route for raw material import since December 2023. However, in the event of any potential impact on the ports, the Company has prepared a contingency plan, approved by its major customers, to temporarily relocate production to alternate regions.

NOTE 3 – RECENT ACCOUNTING PRONOUNCEMENTS

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," which modifies the rules on income tax disclosures to require disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The standard is intended to benefit investors by providing more detailed income tax disclosures that would be useful in making capital allocation decisions. The guidance is effective for annual periods beginning after December 15, 2024, with early adoption permitted. ASU 2023-09 should be applied on a prospective basis, but retrospective application is permitted. The Company is currently evaluating the potential impact of adopting this new guidance on its consolidated financial statements and related disclosures.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The purpose of the amendment is to enable investors to better understand an entity's overall performance and assess potential future cash flows. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The guidance is to be applied retrospectively to all prior periods presented in the financial statements. Based on management's assessment, the Company has determined that it has only one operating segment as defined by ASC 280.

Except for the above-mentioned pronouncements, there are no new recently issued accounting standards that will have a material impact on the consolidated financial position, statements of operations, and cash flows.

NOTE 4 – ACCOUNTS RECEIVABLE, NET

Accounts receivable consisted of the following:

	As of September 30, 2024 (Unaudited)	As of March 31, 2024
Trade accounts receivable	\$ 5,827,049	\$ 5,451,334
Less: allowances for credit losses	33,821	33,821
Accounts receivable, net	<u><u>\$ 5,793,228</u></u>	<u><u>\$ 5,417,513</u></u>

NOTE 5 – INVENTORIES

Inventories consisted of the following:

	As of September 30, 2024 (Unaudited)	As of March 31, 2024
Raw materials	\$ 14,121,337	\$ 14,664,823
Work-in-progress	1,778,675	3,097,031
Finished goods	4,306,787	9,479,719
Total inventories	<u><u>\$ 20,206,799</u></u>	<u><u>\$ 27,241,573</u></u>

As of September 30, 2024 and March 31, 2024, the Company had \$ nil inventories valuation reserve. This is because 99.9% of its inventories as of September 30, 2024 and March 31, 2024 were directly tied to actual sales orders received, leaving 0.1% of inventories on hand associated with unfulfilled sales orders for each respective period.

NOTE 6 – ADVANCE TO SUPPLIERS, NET

Advance to suppliers consisted of the following:

	As of September 30, 2024 (Unaudited)	As of March 31, 2024
Advance to suppliers	\$ 6,028,433	\$ 3,086,137
Less: allowances for credit losses	-	-
Advance to suppliers, net	\$ 6,028,433	\$ 3,086,137

NOTE 7 – LEASES

The Company has 44 operating leases for manufacturing facilities, offices and staff dormitories. Some leases include one or more options to renew, which is typically at the Company's sole discretion. The Company regularly evaluates the renewal options, and, when it is reasonably certain of exercise, it will include the renewal period in its lease term. New lease modifications result in measurement of operating lease right of use assets and lease liability. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Operating lease right of use assets and related lease obligations are recognized at commencement date based on the present value of remaining lease payments over the lease term.

All of the Company's leases are classified as operating leases and primarily include office space and manufacturing facilities.

Supplemental balance sheet information related to operating leases was as follows:

	As of September 30, 2024 (Unaudited)	As of March 31, 2024
Operating lease right of use assets	\$ 1,033,412	\$ 1,259,395
Operating lease liabilities – current	\$ 343,868	\$ 370,802
Operating lease liabilities – non-current	481,575	618,302
Total operating lease liabilities	\$ 825,443	\$ 989,104

The weighted average remaining lease terms and discount rates for all of operating leases were as follows:

Remaining lease term and discount rate:

	For the period ended	
	September 30, 2024 (Unaudited)	March 31, 2024
Weighted average remaining lease term (years)	2.1	2.4
Weighted average discount rate	6.10%	6.10%

During the three months ended September 30, 2024 and 2023, the Company incurred total operating lease expenses of \$ 607,784 and \$653,933, respectively. During the six months ended September 30, 2024 and 2023, the Company incurred total operating lease expenses of \$1,256,025 and \$1,304,707, respectively.

NOTE 7 – LEASES (continued)

The following is a schedule, by fiscal years, of maturities of lease liabilities as of September 30, 2024:

2025	\$ 298,038
2026	513,517
2027	281,433
2028	9,282
2029	—
Thereafter	—
Total lease payments	1,102,270
Less: imputed interest	(68,858)
Less: prepayments	(207,969)
Present value of lease liabilities	\$ 825,443

NOTE 8 – PROPERTY, PLANT, AND EQUIPMENT, NET

Property, plant, and equipment, net consisted of the following:

	As of September 30, 2024 (Unaudited)	As of March 31, 2024
Land	\$ 2,200,334	\$ 2,200,334
Property and buildings (1)	19,994,223	10,540,962
Equipment and machinery	12,922,273	12,529,813
Office and electric equipment	1,319,045	1,086,203
Automobiles	1,334,074	1,333,823
Leasehold improvements	4,401,532	4,380,202
Subtotal	42,171,481	32,071,337

Construction in progress ⁽²⁾	345,348	9,550,778
Less: Accumulated depreciation and amortization	(17,842,099)	(16,624,019)
Property, plant, and equipment, net	<u>\$ 24,674,730</u>	<u>\$ 24,998,096</u>

(1) In April 2022, the Company commenced a construction project to build a dormitory for employees. The construction is built on a land of 4,516 square meters (approximately 48,608 square feet) in Al Tajamouat Industrial City, Jordan, which was acquired by the Company in 2020. Through September 30, 2024, the Company had spent approximately JOD 6.7 million (approximately \$9.5 million) for the dormitory construction. The dormitory was fully completed and put in service in second quarter of fiscal 2025 and the construction cost has been transferred from construction in process to property and buildings.

(2) Dormitory's kitchen is under construction at an estimated total cost of JOD 650,000 (approximately \$920,000), and approximately JOD 164,000 (approximately \$231,000) in construction has been spent. The kitchen is expected to be fully completed in the third quarter of fiscal year 2025. Dormitory improvement work has cost approximately JOD 81,000 (approximately \$114,000).

For the three months ended September 30, 2024 and 2023, depreciation and amortization expenses were \$ 596,294 and \$615,546, respectively. For the six months ended September 30, 2024 and 2023, depreciation and amortization expenses were \$1,209,053 and \$1,224,322, respectively.

NOTE 9 – EQUITY

Preferred Stock

The Company has 500,000 shares of preferred stock, par value of \$ 0.001 per share, authorized; none were issued and outstanding as of September 30, 2024 and March 31, 2024. The preferred stock can be issued by the board of directors of Jerash Holdings (the “Board of Directors”) in one or more classes or one or more series within any class, and such classes or series shall have such voting powers, full or limited, or no voting powers, and such designations, preferences, rights, qualifications, limitations, or restrictions of such rights as the Board of Directors may determine from time to time.

Common Stock

The Company had 12,294,840 shares of common stock outstanding as of September 30, 2024 and March 31, 2024.

Statutory Reserve

In accordance with the corporate law in Jordan, Jerash Garments, Jerash Embroidery, Chinese Garments, Paramount, Jerash The First, MK Garments, and Kawkab Venus are required to make appropriations to certain reserve funds, based on net income determined in accordance with generally accepted accounting principles of Jordan. Appropriations to the statutory reserve are required to be 10% of net income until the reserve is equal to 100% of the entity's share capital. This reserve is not available for dividend distribution. In addition, PRC companies are required to set aside at least 10% of their after-tax net profits each year, if any, to fund the statutory reserves until the balance of the reserves reaches 50% of their registered capital. The statutory reserves are not distributable in the form of cash dividends to the Company and can be used to make up cumulative prior-year losses.

Dividends

During the six months ended September 30, 2024, the Board of Directors declared a cash dividend of \$ 0.05 per share of common stock on August 5, 2024, and May 21, 2024, respectively. Two cash dividends of \$614,742 each were paid in full on August 23, 2024 and June 7, 2024, respectively.

During the fiscal year ended March 31, 2024, the Board of Directors declared a cash dividend of \$ 0.05 per share of common stock on February 5, 2024, November 3, 2023, August 4, 2023, and May 23, 2023, respectively. Four cash dividends of \$614,742 each were paid in full on February 16, 2024, November 28, 2023, August 23, 2023, and June 9, 2023, respectively.

NOTE 10 – STOCK-BASED COMPENSATION

Warrants issued for services

From time to time, the Company issues warrants to purchase its common stock. These warrants are valued using the Black-Scholes model and using the volatility, market price, exercise price, risk-free interest rate, and dividend yield appropriate at the date the warrants were issued. A total of 57,200 warrants expired in fiscal 2024. As of September 30, 2024, the Company had no outstanding warrants.

Stock Options

On March 21, 2018, the Board of Directors adopted the Jerash Holdings (US), Inc. 2018 Stock Incentive Plan (the “Plan”), pursuant to which the Company may grant various types of equity awards. 1,484,250 shares of common stock of the Company were reserved for issuance under the Plan. In addition, on July 19, 2019, the Board of Directors approved an amendment and restatement of the Plan, which was approved by the Company's stockholders at its annual meeting of stockholders on September 16, 2019. The amended and restated Plan increased the number of shares reserved for issuance under the Plan by 300,000, to 1,784,250, among other changes. As of September 30, 2024, the Company had 114,110 shares remaining available for future issuance under the Plan.

All stock option activities are summarized as follows:

	Option to Acquire Shares	Weighted Average Exercise Price
Stock options outstanding at March 31, 2024	150,000	\$ 6.25
Granted	-	-
Exercised	-	-
Expired	-	-
Stock options outstanding at September 30, 2024	<u>150,000</u>	<u>\$ 6.25</u>

All these outstanding options were fully vested and exercisable. As of September 30, 2024, there were 150,000 stock options outstanding. The weighted average remaining life of the options is 4.3 years.

NOTE 10 – STOCK-BASED COMPENSATION (continued)

Restricted Stock Units (“RSUs”)

On February 9, 2023, the Board of Directors approved the grant of 405,800 RSUs under the Plan to 37 executive officers and employees of the Company, with a two-year vesting period. The fair value of these RSUs on February 15, 2023 was \$ 1,937,695, based on the market price of the Company's common stock as of the date of the grant. As of September 30, 2024, there were \$362,526 unrecognized stock-based compensation expenses to be recognized through February 2025 and 405,100 RSUs remained outstanding.

On March 25, 2024, the Board of Directors approved the grant of 915,040 RSUs under the Plan to 35 executive officers and employees of the Company, with a three-year vesting period. The fair value of these RSUs on March 25, 2024 was \$2,745,120, based on the market price of the Company's common stock as of the date of the grant. As of September 30, 2024, there were \$2,268,798 unrecognized stock-based compensation expenses to be recognized through March 2027 and 915,040 RSUs remained outstanding.

RSUs activities are summarized as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value Per Share
RSUs outstanding at March 31, 2024	1,320,140	\$ 3.55
Granted	-	-
Vested	-	-
Forfeited	-	-
RSUs outstanding at September 30, 2024	<u>1,320,140</u>	<u>\$ 3.55</u>

Total expenses related to the RSUs issued were \$ 474,088 and \$243,448 for the three months ended September 30, 2024 and 2023, respectively. Total expenses related to the RSUs issued were \$943,023 and \$484,250 for the six months ended September 30, 2024 and 2023, respectively.

NOTE 11 – RELATED PARTY TRANSACTIONS

The relationship and the nature of related party transactions are summarized as follow:

Name of Related Party	Relationship to the Company	Nature of Transactions
Yukwise Limited (“Yukwise”)	Wholly owned by the Company's President, Chief Executive Officer, Chairman, and a significant stockholder	Consulting Services
Multi-Glory Corporation Limited (“Multi-Glory”)	Wholly owned by a significant stockholder	Consulting Services

NOTE 11 – RELATED PARTY TRANSACTIONS (continued)

Consulting agreements

On January 12, 2018, Treasure Success and Yukwise entered into a consulting agreement, pursuant to which Mr. Choi will serve as Chief Executive Officer and provide high-level advisory and general management services for \$300,000 per annum. The agreement renews automatically for one-month terms. This agreement became effective as of January 1, 2018. Total consulting fees under this agreement were \$75,000 and \$150,000 for the three and six months ended September 30, 2024 and 2023, respectively.

On January 16, 2018, Treasure Success and Multi-Glory entered into a consulting agreement, pursuant to which Multi-Glory will provide high-level advisory, marketing, and sales services to the Company for \$300,000 per annum. The agreement renews automatically for one-month terms. The agreement became effective as of January 1, 2018. Total consulting fees under this agreement were \$75,000 and \$150,000 for the three and six months ended September 30, 2024 and 2023, respectively.

NOTE 12 – CREDIT FACILITIES

Starting from May and October 2021, the Company has participated in a financing program with two customers, in which the Company may receive early payments for approved sales invoices submitted by the Company through the bank the customer cooperates with. In March 2024, the Company joined a supply chain financing program with one additional customer. For any early payments received, the Company is subject to an early payment charge imposed by the customer's bank, for which the rate is revised based on Secured Overnight Financing Rate (“SOFR”) plus a spread. In certain scenarios, the Company submits the sales invoice and receives payments prior to the shipment of the relative products. In that case, instead of recording the cash receipts as a reduction to accounts receivables, the Company records the cash receipts as receipts in advance from a customer until products are entitled to transfer. The Company records the early payment charge in interest expenses on the consolidated statements of operation and comprehensive income (loss). For the three months ended September 30, 2024 and 2023, the early payment charge was \$467,214 and \$340,699 respectively. For the six months ended September 30, 2024 and 2023, the early payment charge was \$878,051 and \$696,946, respectively.

On January 12, 2022, DBS Bank (Hong Kong) Limited (“DBSHK”) offered to provide a banking facility of up to \$ 5.0 million to Treasure Success pursuant to a facility letter dated January 12, 2022, which was amended pursuant to a facility letter dated January 4, 2024. Pursuant to the amended facility, DBSHK agreed to finance cargo receipt, trust receipt, account payable financing, and certain type of import and export invoice financing up to an aggregate of \$5.0 million, with certain financial covenants. The DBSHK facility bears interest at 1.5% per annum over Hong Kong Interbank Offered Rate (“HIBOR”) for HKD bills and 1.1% to 1.3% per annum over DBSHK's cost of funds for foreign currency bills. The facility is guaranteed by Jerash Holdings and became available to the Company on June 17, 2022.

As of September 30, 2024 and March 31, 2024, the Company had \$ 3,570,237 and \$nil outstanding under the DBSHK facility, respectively. The DBSHK facility is reviewed annually.

NOTE 13 – NONCONTROLLING INTEREST

On March 20, 2023, Treasure Success and P.T. Eratex (Hong Kong) Limited entered into a Joint Venture and Shareholders' Agreement, pursuant to which Treasure Success and P.T Eratex (Hong Kong) Limited acquired 51% and 49% of the equity interest in J&B, respectively, on April 11, 2023.

On October 10, 2023, Treasure Success and Newtech Textile (HK) Limited entered into a Joint Venture and Shareholders' Agreement, pursuant to which Treasure Success and Newtech Textile (HK) Limited acquired 51% and 49% of the equity interest in Jerash Newtech, respectively, on November 3, 2023.

For the three months ended September 30, 2024, the net income generated by J&B was \$ 19,948 and the net loss suffered by Jerash Newtech was \$ 1,048, respectively. The net loss suffered by J&B and Jerash Newtech was \$23,537 and \$1,402 for the six months ended September 30, 2024. Noncontrolling interest as of September 30, 2024 in J&B and Jerash Newtech was \$(12,918) and \$45,039 respectively.

NOTE 14 – EARNINGS (LOSS) PER SHARE

The following table sets forth the computation of basic and diluted earnings (loss) per share for the three and six months ended September 30, 2024 and 2023. As of September 30, 2024, 1,470,140 RSUs and stock options were outstanding. For the three months ended September 30, 2024, stock options were excluded from the EPS calculation as the result would be anti-dilutive. For the six months ended September 30, 2024, all RSUs and stock options were excluded from the EPS calculation as the result would be anti-dilutive. For the three and six months ended September 30, 2023, all RSUs and stock options were excluded from the EPS calculation as the result would be anti-dilutive.

	Three Months Ended September 30, (Unaudited)		Six Months Ended September 30, (Unaudited)	
	2024	2023	2024	2023
Numerator:				
Net income (loss) attributable to Jerash Holdings (US), Inc.'s Common Stockholders	\$ 655,288	\$ 365,617	\$ (689,928)	\$ 862,143
Denominator:				
Denominator for basic earnings per share (weighted-average shares)	12,294,840	12,294,840	12,294,840	12,294,840
Dilutive securities – unexercised RSUs	165,401	-	-	-
Denominator for diluted earnings per share (adjusted weighted-average shares)	12,460,241	12,294,840	12,294,840	12,294,840
Basic and diluted earnings (loss) per share	\$ 0.05	\$ 0.03	\$ (0.06)	\$ 0.07

NOTE 15 – SEGMENT REPORTING

ASC 280, "Segment Reporting," establishes standards for reporting information about operating segments on a basis consistent with the Company's internal organizational structure as well as information about geographical areas, business segments, and major customers in financial statements for details on the Company's business segments. The Company uses the "management approach" in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Company's chief operating decision-maker for making operating decisions and assessing performance as the source for determining the Company's reportable segments. Management, including the chief operating decision maker, reviews operation results by the revenue of the Company's products. The Company's major product is outerwear. For the three months ended September 30, 2024 and 2023, outerwear accounted for approximately 88.2% and 89.7% of total revenue, respectively. For the six months ended September 30, 2024 and 2023, outerwear accounted for approximately 89.3% and 92.0% of total revenue, respectively. Based on management's assessment, the Company has determined that it has only one operating segment as defined by ASC 280.

NOTE 15 – SEGMENT REPORTING (continued)

The following table summarizes sales by geographic areas for the three months ended September 30, 2024 and 2023, respectively.

	For the Three Months Ended September 30, (Unaudited)	
	2024	2023
United States	\$ 34,531,202	\$ 29,224,793
China	2,942,140	304,051
Hong Kong	316,001	2,325,999
Germany	822,116	845,956
Jordan	989,462	320,490
Others	639,206	335,819
Total	\$ 40,240,127	\$ 33,357,108

The following table summarizes sales by geographic areas for the six months ended September 30, 2024 and 2023, respectively.

	For the Six Months Ended September 30, (Unaudited)	
	2024	2023
United States	\$ 71,565,600	\$ 61,887,222
China	4,222,712	806,429
Hong Kong	544,990	2,556,046
Germany	1,942,179	1,290,495
Jordan	1,729,719	625,127
Others	1,170,643	927,446
Total	\$ 81,175,843	\$ 68,092,765

As of September 30, 2024, 74.9% and 24.5% of long-lived assets were located in Jordan and Hong Kong, respectively.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Commitments

On August 28, 2019, Jiangmen Treasure Success was incorporated under the laws of the People's Republic of China in Jiangmen City, Guangdong Province, China, with a total registered capital of HKD 3 million (approximately \$385,000). On December 9, 2020, shareholders of Jiangmen Treasure Success approved to increase its registered capital to HKD 15 million (approximately \$1.9 million). The Company's subsidiary, Treasure Success, as a shareholder of Jiangmen Treasure Success, is required to contribute HKD 15 million (approximately \$1.9 million) as paid-in capital in exchange for 100% ownership interest in Jiangmen Treasure Success. As of September 30, 2024, Treasure Success had made capital contribution of HKD 10 million (approximately \$1.3 million). Pursuant to the articles of incorporation of Jiangmen Treasure Success, Treasure Success is required to complete the remaining capital contribution before December 31, 2029 as Treasure Success' available funds permit.

Contingencies

From time to time, the Company is a party to various legal actions arising in the ordinary course of business. The Company accrues costs associated with these matters when they become probable and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. The Company's management does not expect any liability from the disposition of such claims and litigation individually or in the aggregate would not have a material adverse impact on the Company's consolidated financial position, results of operations, and cash flows.

NOTE 17 – INCOME TAX

Jerash Garments, Jerash Embroidery, Chinese Garments, Paramount, Jerash The First, MK Garments, and Kawkab Venus are subject to the regulations of the Income Tax Department in Jordan. Effective January 1, 2019, the Jordanian government reclassified the area where Jerash Garments and its subsidiaries are to a Development Zone. In accordance with the Development Zone law, Jerash Garments and its subsidiaries were subject to income tax at income tax rate of 19% or 20% plus a 1% social contribution from January 1, 2023 to December 31, 2023. Effective from January 1, 2024, the income tax rate increased to 20% plus 1% social contribution.

On December 22, 2017, the U.S. Tax Cuts and Jobs Act (the "Tax Act") was enacted. The Tax Act imposed tax on previously untaxed accumulated earnings and profits ("E&P") of foreign subsidiaries (the "Toll Charge"). The Toll Charge is based in part on the amount of E&P held in cash and other specific assets as of December 31, 2017. The Toll Charge can be paid over an eight-year period, starting in 2018, and will not accrue interest. Additionally, under the provisions of the Tax Act, for taxable years beginning after December 31, 2017, the foreign earnings of Jerash Garments and its subsidiaries are subject to U.S. taxation at the Jerash Holdings level under the new Global Intangible Low-Taxed Income ("GILTI") regime. \$417,450 of Toll Charge will be paid within one year, which is included in income tax payable - current line item in the consolidated balance sheet as of September 30, 2024.

Interim income tax expenses or benefit is recognized based on the Company's estimated annual effective tax rate, which is based upon the tax rate expected for the full fiscal year applied to the pretax income or loss of the interim period. The Company's consolidated effective tax rate for the three and six months ended September 30, 2024 was 13.7% and (44.9%), respectively, and differed from the effective statutory federal income tax rate of 21.0%, primarily due to GILTI adjustments, foreign tax rate differentials, and valuation allowance adjustments.

NOTE 18 – SUBSEQUENT EVENTS

The Company has evaluated all subsequent events through the date of the filing of this Quarterly Report on Form 10-Q with the SEC to ensure that this filing includes appropriate disclosure of events both recognized in the condensed consolidated financial statements as of September 30, 2024, and events which occurred subsequent to September 30, 2024 but were not recognized in the condensed consolidated financial statements. The Company has determined that there were no subsequent events that required recognition, adjustment to, or disclosure in the condensed consolidated financial statements, except for the following:

On November 8, 2024, the Board of Directors approved the payment of a dividend of \$ 0.05 per share, payable on November 29, 2024 to stockholders of record as of the close of business on November 22, 2024.

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

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q (this "Quarterly Report").

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements." All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws, including, but not limited to: any projections of earnings, revenue, or other financial items; any statements regarding the adequacy, availability, and sources of capital, any statements of the plans, strategies, and objectives of management for future operations; any statements concerning proposed new products, services, or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing. Forward-looking statements may include the words "may," "will," "estimate," "intend," "continue," "believe," "expect," "plan," "project," or "anticipate," and other similar words. In addition to any assumptions and other factors and matters referred to specifically in connection with such forward-looking statements, factors that could cause actual results or outcomes to differ materially from those contained in the forward-looking statements include those factors set forth in the "Risk Factors" section included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2024 and in subsequent reports that we file with the SEC.

Although we believe that the expectations reflected in our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, such as those disclosed in this Quarterly Report. We do not intend, and undertake no obligation, to update any forward-looking statement, except as required by law.

The information included in this Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our unaudited condensed consolidated financial statements and the notes included in this Quarterly Report, and the audited consolidated financial statements and notes and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the fiscal year ended March 31, 2024, filed with the SEC on June 28, 2024. References to fiscal 2025 and fiscal 2024 in this Management's Discussion and Analysis of Financial Condition and Results of Operations refer to our fiscal year ending March 31, 2025, and fiscal year ended March 31, 2024, respectively.

Results of Operations

Three months ended September 30, 2024 and 2023

The following table summarizes the results of our operations during the three-month periods ended September 30, 2024 and 2023, and provides information regarding the dollar and percentage increase or (decrease) during such periods.

(All amounts, other than percentages, in thousands of U.S. dollars)

Statement of Income Data:	Three Months Ended September 30, 2024		Three Months Ended September 30, 2023		Period over Period Increase (Decrease)	
	Amount	As % of Sales	Amount	As % of Sales	Amount	%
Revenue	\$ 40,240	100%	\$ 33,357	100%	\$ 6,883	21%
Cost of goods sold	33,182	82%	27,985	84%	5,197	19%
Gross profit	7,058	18%	5,372	16%	1,686	31%
Selling, general, and administrative expenses	5,450	14%	4,241	13%	1,209	29%
Stock-based compensation expenses	474	1%	243	1%	231	95%
Other expenses, net	364	1%	167	0%	197	118%
Net income before taxation	770	2%	721	2%	49	7%
Income tax expenses	106	0%	352	1%	(246)	(70)%
Net income	\$ 664	2%	\$ 369	1%	\$ 295	80%

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Revenue. Revenue increased by approximately \$6.9 million, or 21%, to \$40.2 million, for the three months ended September 30, 2024, from approximately \$33.4 million for the same period in fiscal 2024. The increase was mainly due to more shipments to our two major customers in the U.S. with some customers we obtained during the past two years.

The following table outlines the dollar amount and percentage of total sales to our customers for the three months ended September 30, 2024 and 2023.

(All amounts, other than percentages, in thousands of U.S. dollars)

	Three Months Ended September 30, 2024		Three Months Ended September 30, 2023	
	Sales Amount	%	Sales Amount	%
VF Corporation (1)	\$ 27,192	68%	\$ 24,403	73%
New Balance	3,524	9%	1,388	4%
Suzhou Unitex	2,941	7%	-	0%
G-III	1,695	4%	2,533	8%
American Eagle Outfitter	880	2%	505	1%
Hugo Boss	822	2%	846	3%
Others	3,186	8%	3,682	11%
Total	\$ 40,240	100%	\$ 33,357	100%

(1) A large portion of our products are sold under The North Face, Timberland, and Vans brands owned by VF Corporation.

Revenue by Geographic Area
(All amounts, other than percentages, in thousands of U.S. dollars)

Region	Three Months Ended September 30, 2024		Three Months Ended September 30, 2023		Period over Period Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
United States	\$ 34,531	86%	\$ 29,225	87%	\$ 5,306	18%
China (including Hong Kong)	3,258	8%	2,630	8%	628	24%
Jordan	990	2%	320	1%	670	209%
Germany	822	2%	846	3%	(24)	(3)%
Others	639	2%	336	1%	303	90%
Total	\$ 40,240	100%	\$ 33,357	100%	\$ 6,883	21%

Since January 2010, all apparel manufactured in Jordan can be exported to the U.S. without customs duty being imposed, pursuant to the United States-Jordan Free Trade Agreement entered into in December 2001. This free trade agreement provides us with substantial competitiveness and benefit that allowed us to expand our garment export business in the U.S.

The increase of approximately 18% in sales to the U.S. during the three months ended September 30, 2024, was mainly attributable to more shipments delivered to our major customers in the U.S.

During the three months ended September 30, 2024, aggregate sales to China, Germany, Jordan, and other locations increased by 38% from \$4.1 million to \$5.7 million from the same period last year. This increase was mainly due to higher demands of our production facility in the period.

Cost of goods sold. Following the increase in sales revenue, our cost of goods sold increased by approximately \$5.2 million, or 19%, to approximately \$33.2 million, for the three months ended September 30, 2024, from approximately \$28.0 million for the same period in fiscal 2024. As a percentage of revenue, the cost of goods sold decreased by approximately two percentage points, from 84% for the same period in fiscal 2024 to 82% for the three months ended September 30, 2024. The decrease in the cost of goods sold as a percentage of revenue was primarily attributable to economy of scale resulting from higher production volume and more shipments.

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For the three months ended September 30, 2024, we purchased 10% of our total purchase in garments and raw materials from one major supplier.

For the three months ended September 30, 2023, we did not have a major supplier for our garments and raw materials.

Gross profit margin. Gross profit margin was approximately 18% for the three months ended September 30, 2024, which increased by two percentage points from approximately 16% for the same period in fiscal 2024. The increase in gross profit margin was primarily driven by higher production volume with more orders shipped to the U.S. that typically generate higher margin.

Operating expenses. Operating expenses increased by 32%, or approximately \$1.4 million, from approximately \$4.5 million for the three months ended September 30, 2023, to approximately \$5.9 million for the three months ended September 30, 2024. The increase was primarily due to higher export logistic costs to catch up with garment shipment schedules of customers, higher shipment volume and more stock-based compensation expenses in the second quarter of fiscal 2025.

Other expenses, net. Other expenses, net were approximately \$364,000 for the three months ended September 30, 2024, as compared to other expenses, net of approximately \$167,000 for the same period in fiscal 2024. The increase was primarily due to higher interest expenses from customers' supply chain financing programs and bank financing to support raw material purchases for the shipments in the latter half of the fiscal year.

Income tax expenses. Income tax expenses for the three months ended September 30, 2024, were approximately \$106,000 compared to income tax expenses of approximately \$352,000 for the same period in fiscal 2024. The decrease in the income tax expenses was mainly due to the reduced operating profit derived from our Jordan subsidiaries and improvement in Hong Kong subsidiaries. The effective tax rate declined to 13.7% for the three months ended September 30, 2024, as compared to 48.8% for the three months ended September 30, 2023.

Net income. Net income for the three months ended September 30, 2024, was approximately \$0.7 million compared to net income of approximately \$0.4 million for the same period in fiscal 2024. The increase in net income was mainly attributable to the increase in gross profit and the decrease in income tax expenses.

Six months ended September 30, 2024 and 2023

The following table summarizes the results of our operations during the six-month periods ended September 30, 2024 and 2023, and provides information regarding the dollar and percentage increase or (decrease) during such periods.

(All amounts, other than percentages, in thousands of U.S. dollars)

Statement of Income Data:	Six Months Ended September 30, 2024		Six Months Ended September 30, 2023		Period over Period Increase (Decrease)	
	Amount	As % of Sales	Amount	As % of Sales	Amount	%
Revenue	\$ 81,176	100%	\$ 68,093	100%	\$ 13,083	19%
Cost of goods sold	69,478	86%	57,153	84%	12,325	22%
Gross profit	11,698	14%	10,940	16%	758	7%
Selling, general, and administrative expenses	10,449	13%	8,476	12%	1,973	23%
Stock-based compensation expenses	943	1%	484	1%	459	95%
Other expenses, net	790	1%	466	1%	324	70%
Net (loss) / income before taxation	(484)	(1)%	1,514	2%	(1,998)	(132)%
Income tax expense	218	0%	650	1%	(432)	(66)%
Net (loss) / income	\$ (702)	(1)%	\$ 864	1%	\$ (1,566)	(181)%

Revenue. Revenue increased by approximately \$13.1 million, or 19%, to \$81.2 million, for the six months ended September 30, 2024, from approximately \$68.1 million for the same period in fiscal 2024. The increase was mainly due to more shipments to one of our major customers in the U.S.

The following table outlines the dollar amount and percentage of total sales to our customers for the six months ended September 30, 2024 and 2023, respectively.

(All amounts, other than percentages, in thousands of U.S. dollars)

	Six Months Ended September 30, 2024		Six Months Ended September 30, 2023	
	Sales Amount	%	Sales Amount	%
VF Corporation (1)	\$ 57,166	70%	\$ 47,183	69%
New Balance	7,590	9%	8,680	13%
Suzhou Unitex	4,219	5%	-	0%
Hugo Boss	1,942	2%	1,290	2%
G-III	1,725	2%	4,715	7%
Dynamic	1,430	2%	167	0%
American Eagle Outfitter	1,213	2%	505	1%
Tharanco	1,160	2%	-	0%
Others	4,731	6%	5,553	8%
Total	\$ 81,176	100%	\$ 68,093	100%

(1) A large portion of our products are sold under The North Face, Timberland and Vans brands that are owned by VF Corporation.

Revenue by Geographic Area

(All amounts, other than percentages, in thousands of U.S. dollars)

Region	Six Months Ended September 30, 2024		Six Months Ended September 30, 2023		Period over Period Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
United States	\$ 71,566	88%	\$ 61,887	91%	\$ 9,679	16%
China (including Hong Kong)	4,768	6%	3,363	5%	1,405	42%
Germany	1,942	2%	1,290	2%	652	51%
Jordan	1,730	2%	625	1%	1,105	177%
Others	1,170	2%	928	1%	242	26%
Total	\$ 81,176	100%	\$ 68,093	100%	\$ 13,083	19%

Since January 2010, all apparel manufactured in Jordan can be exported to the U.S. without customs duty being imposed, pursuant to the United States-Jordan Free Trade Agreement entered into in December 2001. This free trade agreement provides us with substantial competitiveness and benefit that allowed us to expand our garment export business in the U.S.

The increase of approximately 16% in sales to the U.S. during the six months ended September 30, 2024, was mainly attributable to the increase of shipment to one of our major customers in the U.S. with some customers we obtained during the past two years.

During the six months ended September 30, 2024, aggregate sales to China, Germany, Jordan, and other locations increased by 55% from approximately \$6.2 million to \$9.6 million from the same period last year as we were diversifying our customer bases to different geographic locations.

Cost of goods sold. Following the increase in sales revenue, our cost of goods sold increased by approximately \$12.3 million, or 22%, to approximately \$69.5 million, for the six months ended September 30, 2024, from approximately \$57.2 million for the same period in fiscal 2024. As a percentage of revenue, the cost of goods sold increased by approximately 2% points to 86% for the six months ended September 30, 2024 from 84% for the same period in fiscal 2024. The increase in cost of goods sold as a percentage of revenue was primarily attributable to the higher import logistic costs and more overtime work incurred in the first quarter to catch up with the garment delivery schedules of customers.

For the six months ended September 30, 2024 and 2023, we purchased 11% of our garments and raw materials from one major supplier.

Gross profit margin. Gross profit margin was approximately 14% for the six months ended September 30, 2024, which decreased by 2% points from 16% for the same period in fiscal 2024. The decrease in gross profit margin was primarily driven by higher logistic costs and over time work incurred in the first quarter to catch up with garment delivery schedules of customers.

Operating expenses. Operating expenses for the six months ended September 30, 2024 increased by 27%, or approximately \$2.4 million, to approximately \$11.4 million, compared to the same period in fiscal 2024. The increase was primarily due to higher export logistic costs from more sales in the period and higher stock-based compensation expenses in fiscal 2025.

Other expenses, net. Other expenses, net was approximately \$790,000 for the six months ended September 30, 2024, as compared to other expenses, net of approximately \$466,000 for the same period in fiscal 2024. The increase was primarily due to higher interest expenses from customers' supply chain financing programs.

Income tax expenses. Income tax expenses for the six months ended September 30, 2024 were approximately \$0.2 million compared to income tax expenses of approximately \$0.7 million for the same period in fiscal 2024. The decrease in the income tax expenses was mainly due to the reduced operating profit derived from our Jordan subsidiaries. The effective tax rate was declined to (44.9%) for the six months ended September 30, 2024, as compared to 42.9% for the six months ended September 30, 2023.

Net (loss)/income. Net loss for the six months ended September 30, 2024 was approximately \$0.7 million compared to net income of approximately \$0.9 million for the same period in fiscal 2024. The decrease in net income was mainly attributable to a decrease in profit margin due to the higher logistic costs amid the Red Sea turmoil and additional production costs to catch up with customers' delivery schedules, as well as the higher stock-based compensation expenses during the period in fiscal 2025.

Liquidity and Capital Resources

Jerash Holdings is a holding company incorporated in Delaware. As a holding company, we rely on dividends and other distributions from our subsidiaries formed in Jordan and Hong Kong to satisfy our liquidity requirements. Current Jordanian regulations permit our Jordanian subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with Jordanian accounting standards and regulations. In addition, our Jordanian subsidiaries are required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds. These reserves are not distributable as cash dividends. We have relied on direct payments of expenses by our subsidiaries to meet our obligations to date. The subsidiaries generate most of revenue in our group.

As of September 30, 2024, we had cash of approximately \$16.3 million and restricted cash of approximately \$1.5 million compared to cash of approximately \$12.4 million and restricted cash of approximately \$1.6 million as of March 31, 2024. The increase in total cash was mainly a result of more sales in the six-month period and a higher credit facility balance.

Our current assets as of September 30, 2024 were approximately \$51.6 million and our current liabilities were approximately \$16.4 million, which resulted in a ratio of approximately 3.1 to 1. Our current assets as of March 31, 2024 were approximately \$50.9 million, and our current liabilities were approximately \$14.8 million, which resulted in a current ratio of approximately 3.4 to 1.

The primary drivers in the increase in current assets were the increase in cash from more sales in the six-month period. The primary driver in the increase in current liabilities was the increase in credit facilities balance.

Total equity as of September 30, 2024 was approximately \$63.5 million compared to \$64.4 million as of March 31, 2024.

We had net working capital of \$35.2 million and \$36.1 million as of September 30, 2024 and March 31, 2024, respectively. Based on our current operating plan, we believe that cash on hand and cash generated from operating activities will be sufficient to support our working capital needs for the next 12 months from the date this Quarterly Report is released.

Since May and October 2021, we have participated in supply chain financing programs of two of our major customers, respectively. The programs allow us to receive early payments for approved sales invoices submitted by us through the bank the customer cooperates with. For any early payments received, we are subject to an early payment charge imposed by the customer's bank, for which the rate is SOFR plus a spread. The arrangement allows us to have better liquidity without the need to incur administrative charges and handling fees as in bank financing. In March 2024, we participated in an additional supply chain financing program with one customer.

We have funded our working capital needs from our operations. Our working capital requirements are influenced by the level of our operations, the numerical and dollar volume of our sales contracts, the progress of execution on our customer contracts, and the timing of accounts receivable collections.

Credit Facilities

DBS Facility Letter

Pursuant to the DBS facility letter dated January 12, 2022, DBSHK provided a bank facility of up to \$5.0 million to Treasure Success, which was amended pursuant to a facility letter dated January 4, 2024. Pursuant to the amended agreement, DBSHK agreed to finance cargo receipt, trust receipt, account payable financing, and certain types of import and export invoice financing up to an aggregate of \$5.0 million, subject to certain financial covenants. The DBSHK facility bears interest at 1.5% per annum over HIBOR for HKD bills and 1.1% to 1.3% per annum over DBSHK's cost of funds for foreign currency bills. The facility is guaranteed by Jerash Holdings and became available to the Company on June 17, 2022. As of September 30, 2024 and March 31, 2024, we had \$3.6 million and \$nil outstanding under this DBSHK facility, respectively.

Six months ended September 30, 2024 and 2023

The following table sets forth a summary of our cash flows for the periods indicated:

(All amounts in thousands of U.S. dollars)

	Six months ended September 30,	
	2024	2023
Net cash provided by operating activities	\$ 2,426	\$ 8,179
Net cash used in investing activities	(936)	(3,459)
Net cash provided by (used in) financing activities	2,341	(1,198)
Effect of exchange rate changes on cash and restricted cash	16	(124)
Net increase in cash and restricted cash	3,847	3,398
Cash and restricted cash, beginning of six-month period	14,037	19,412
Cash and restricted cash, end of six-month period	\$ 17,884	\$ 22,810

Operating Activities

Net cash provided by operating activities was approximately \$2.4 million for the six months ended September 30, 2024, compared to cash provided by operating activities of approximately \$8.2 million for the same period in fiscal 2024. The decrease in net cash provided by operating activities was primarily attributable to the following factors:

- a decrease in inventory of \$7.0 million in the six months ended September 30, 2024, compared to a decrease of \$13.9 million in the same period in fiscal 2024;
- an increase in accounts receivable of \$0.4 million in the six months ended September 30, 2024, compared to an increase of \$2.9 million in the same period in fiscal 2024;
- an increase in advance to suppliers of \$2.9 million compared to an increase of \$1.9 million in the same period in fiscal 2024;
- a decrease in accounts payable of \$1.9 million in the six months ended September 30, 2024, compared to a decrease of \$1.5 million in the same period in fiscal 2024; and
- a net loss of \$ 0.7 million in the six months ended September 30, 2024, from net income of \$0.9 million in the same period in fiscal 2024.

Investing Activities

Net cash used in investing activities was approximately \$0.9 million for the six months ended September 30, 2024, compared to approximately \$3.5 million in the same period in fiscal 2024. The net cash used in investing activities during the six months ended September 30, 2024 was mainly for investment in property, plant, and machinery and construction of a dormitory. The net cash used in investing activities in the six months ended September 30, 2023 was mainly used in investment in property, plant, and machinery including the ongoing construction of a dormitory and factory expansion.

Financing Activities

Net cash provided by financing activities was approximately \$2.3 million for the six months ended September 30, 2024, which was the net effect of proceeds from the DBSHK facility of approximately \$3.6 million and the payments of \$1.2 million of dividend. Net cash used in financing activities was approximately \$1.2 million for the six months ended September 30, 2023, which was dividend payments in the period.

Statutory Reserves

In accordance with the corporate law in Jordan, subsidiaries of Jerash Holdings in Jordan are required to make appropriations to certain reserve funds, based on net income determined in accordance with generally accepted accounting principles of Jordan. Appropriations to the statutory reserve are required to be 10% of net income until the reserve is equal to 100% of the entity's share capital. Jiangmen Treasure Success is required to set aside 10% of its net income as statutory surplus reserve until such reserve is equal to 50% of its registered capital. These reserves are not available for dividend distribution. The statutory reserve was \$0.4 million as of September 30, 2024 and 2023.

The following table provides the amount of our statutory reserves, the amount of restricted net assets, consolidated net assets, and the amount of restricted net assets as a percentage of consolidated net assets, as of September 30, 2024 and 2023.

(All amounts, other than percentages, in thousands of U.S. dollars)

	As of September 30,	
	2024	2023
Statutory Reserves	\$ 414	\$ 411
Total Restricted Net Assets	\$ 414	\$ 411
Consolidated Net Assets	\$ 63,459	\$ 68,230
Restricted Net Assets as Percentage of Consolidated Net Assets	0.65%	0.60%

Total restricted net assets accounted for approximately 0.65% of our consolidated net assets as of September 30, 2024. As our subsidiaries in Jordan are only required to set aside 10% of net profits to fund the statutory reserves, we believe the potential impact of such restricted net assets on our liquidity is limited.

Capital Expenditures

We had capital expenditures of approximately \$0.9 million and \$3.5 million for the six months ended September 30, 2024 and 2023, for plant and machinery and the construction of a dormitory in both periods. For the six months ended September 30, 2024, payments for additional plant and machinery and the construction of a dormitory amounted to approximately \$0.6 million and \$0.3 million respectively. For the six months ended September 30, 2023, payments for additional plant

and machinery, and construction of a dormitory and factory expansion, amounted to approximately \$0.9 million and \$2.6 million, respectively.

On August 7, 2019, we completed a transaction to acquire 12,340 square meters (approximately three acres) of land in Al Tajamouat Industrial City, Jordan, from a third party to construct a dormitory for our employees with aggregate purchase price JOD 863,800 (approximately \$1,218,303). Management has revised the plan to construct both dormitory and production facilities on the land in order to capture the increasing demand for our capacity. We are conducting engineering design and study on this project with the business growth potential brought about by the new business collaboration with Busana Apparel Group. On February 6, 2020, we completed a transaction to acquire 4,516 square meters (approximately 48,608 square feet) of land in Al Tajamouat Industrial City, Jordan, from a third party to construct a dormitory for our employee with aggregate purchase price JOD 313,501 (approximately \$442,162). The dormitory is completed in second quarter of fiscal year 2025. We have spent approximately \$9.8 million in capital expenditures to build the dormitory. The dormitory's kitchen is under construction at an estimated cost of approximately \$0.9 million.

We project that there will be an aggregate of approximately \$4.1 million and \$8.8 million of capital expenditures in the fiscal years ending March 31, 2025 and 2026, respectively, for further enhancement of production capacity to meet future sales growth. The realization of these investments depends on the progress of our business development, including expanding our client base and securing increased commitments from existing customers. We expect that our capital expenditures will increase in the future as our business continues to develop and expand. We have used cash generated from operations of our subsidiaries to fund our capital commitments in the past and anticipate using such funds to fund capital expenditure commitments in the future.

Off-balance Sheet Commitments and Arrangements

We have not entered into any other financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our own shares and classified as stockholders' equity, or that are not reflected in our consolidated financial statements.

Critical Accounting Estimates

We prepare our consolidated financial statements in conformity with accounting principles generally accepted by the United States of America ("U.S. GAAP"), which require us to make judgments, estimates, and assumptions that affect our reported amount of assets, liabilities, revenue, costs and expenses, and any related disclosures. Although there were no material changes made to the accounting estimates and assumptions in the past three years, we continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates. We have not identified any critical accounting estimates.

Recent Accounting Pronouncements

See "Note 3—Recent Accounting Pronouncements" in the notes to our unaudited condensed consolidated financial statements for a discussion of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a smaller reporting company, we are not required to provide this information.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in the Securities Exchange Act of 1934, as amended (the "Exchange Act") Rule 15d-15(e)) are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, such as this report, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), based on their evaluation of our disclosure controls and procedures as of September 30, 2024, concluded that our disclosure controls and procedures were ineffective as of that date based on reasons set forth below.

In the annual report for fiscal 2024 filed on June 28, 2024, the management concluded that, as of March 31, 2024, our internal control over financial reporting was not effective due to certain control deficiencies that are deemed as material weaknesses, including:

- We failed to maintain effective controls over period-end financial reporting, specifically related to income taxes and the reconciliation of account level balances that resulted in errors; and
- There were ineffective information technology general controls in the areas of privileged user access and the review of user access over certain information technology systems that support our financial reporting processes.

Remedial actions have then been implemented to address some of the issues. However, in the assessment in fiscal 2025, the management still concluded that, as of September 30, 2024, our internal control over financial reporting was not effective due to certain material control weaknesses particularly that we failed to maintain effective controls over period-end financial reporting related to income taxes and the reconciliation of account level balances that resulted in errors.

The Company has put in more resources to strengthen the internal control environment and plans to enhance the communication with external consultants who are assisting the Company in taxation and management information systems. As of the date of this report, we have implemented measures to address the weaknesses by:

- Enhanced communication with the U.S. GAAP advisor to strengthen compliance including but not limited to new promulgations. A review of the manpower structure and workflows is also undergoing to ensure sufficient resources are available to implement identified improvement actions;
- Improved communication with external professional consultants to strengthen our work and review both U.S. tax and local issues in Jordan; and
- Conducting a comprehensive review and strengthened processes on user authorization, access log control, password control mechanism, and documentation of control procedures for the information technology systems supporting our financial reporting processes.

While we believe the Company's remediation efforts to-date have improved and will continue to improve our disclosure controls and procedures, remediation of the material weaknesses will require validation and testing of the operating effectiveness of our disclosure controls over a sustained period of financial reporting cycles. As the Company continues to evaluate and work to improve its internal control over financial reporting, management may determine additional measures are necessary to address control deficiencies or determine that it is necessary to modify the remediation plan described above. Management cannot provide assurance as to when the Company will remediate such weaknesses, nor can management be certain of whether additional actions will be required or the costs of any such actions.

Our remediation efforts are ongoing and are subject to continued management review supported by ongoing design and testing. Notwithstanding the material weaknesses, our management has concluded that the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report present fairly, in all material respects, our financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America.

Changes in Internal Control Over Financial Reporting

Other than our ongoing remediation efforts with respect to our disclosure controls and procedures, which extend to our internal control over financial reporting, there were no changes in our internal control over financial reporting (as the term is defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act) during the quarter ended September 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

JERASH HOLDINGS (US), INC. PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently involved in any material legal proceedings. From time-to-time we are, and we anticipate that we will be, involved in legal proceedings, claims, and litigation arising in the ordinary course of our business and otherwise. The ultimate costs to resolve any such matters could have a material adverse effect on our financial statements. We could be forced to incur material expenses with respect to these legal proceedings, and in the event that there is an outcome in any that is adverse to us, our financial position and prospects could be harmed.

Item 1A. Risk Factors

As a smaller reporting company, we are not required to provide the information required by this item.

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

None.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The exhibits listed below are filed as part of this Quarterly Report on Form 10-Q.

[Index to Exhibits](#)

Exhibit Number	Exhibit Title	Incorporated by Reference (Unless Otherwise Indicated)			
		Form	File	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation	POS AM	333-222596	3.1	September 19, 2018
3.2	Amended and Restated Bylaws	8-K	001-38474	3.1	July 24, 2019
4.1	Specimen Certificate for Common Stock	S-1	333-218991	4.1	June 27, 2017
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—	—	Filed herewith
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—	—	Filed herewith
32.1*	Certification of Principal Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	—	—	—	Furnished herewith
32.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	—	—	—	Furnished herewith
101.INS	Inline XBRL Instance Document	—	—	—	Filed herewith
101.SCH	Inline XBRL Taxonomy Extension Schema Document	—	—	—	Filed herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	—	—	—	Filed herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	—	—	—	Filed herewith

101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	—	—	—	Filed herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	—	—	—	Filed herewith
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	—	—	—	Filed herewith

* In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 34-47986, the certifications furnished in Exhibits 32.1 and 32.2 herewith are deemed to accompany this Form 10-Q and will not be deemed filed for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act or the Exchange Act.

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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 hereunto duly authorized.

Date: November 13, 2024

Jerash Holdings (US), Inc.

By: /s/ Gilbert K. Lee
 Gilbert K. Lee
 Chief Financial Officer
 (Principal Financial Officer)

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**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Choi Lin Hung, certify that:

1. I have reviewed this report on Form 10-Q of Jerash Holdings (US), Inc.;
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(s) 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, including its consolidated subsidiaries, 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.
5. The registrant's other certifying officer(s) 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 registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal controls 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 13, 2024

/s/ Choi Lin Hung

Choi Lin Hung
Chairman of the Board of Directors, Chief Executive Officer,
President, and Treasurer
(Principal Executive Officer)

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Gilbert K. Lee, certify that:

1. I have reviewed this report on Form 10-Q of Jerash Holdings (US), Inc.;
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(s) 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, including its consolidated subsidiaries, 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.
5. The registrant's other certifying officer(s) 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 registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal controls 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 13, 2024

/s/ Gilbert K. Lee

Gilbert K. Lee
Chief Financial Officer (Principal Financial Officer and Principal
Accounting Officer)

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

The undersigned hereby certifies, in his capacity as an officer of Jerash Holdings (US), Inc. (the "Company"), for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- (1) The Quarterly Report of the Company on Form 10-Q for the three months ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 13, 2024

/s/ Choi Lin Hung

Choi Lin Hung
Chairman of the Board of Directors, Chief Executive Officer,
President, and Treasurer
(Principal Executive Officer and Director)

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of a separate disclosure document.

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

The undersigned hereby certifies, in his capacity as an officer of Jerash Holdings (US), Inc. (the "Company"), for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- (1) The Quarterly Report of the Company on Form 10-Q for the three months ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 13, 2024

/s/ Gilbert K. Lee

Gilbert K. Lee
Chief Financial Officer (Principal Financial Officer and Principal
Accounting Officer)

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of a separate disclosure document.