

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Moro Corporation

A Delaware Corporation

841 Worcester St, #511
Natick, MA 01760

Telephone: 484-367-0300
Website: www.morocorp.com
Email: info@morocorp.com

SIC Codes: 1711 – Plumbing, Heating, and Air-Conditioning Contractors (NAICS 238220)
1731 – Electrical Contractors and Other Wiring Installation Contractors (NAICS 238210)
5051 – Metal Service Centers and Other Metal Merchant Wholesalers (NAICS 423510)

Quarterly Report

For the period ending September 30, 2025 (the “Reporting Period”)

Outstanding Shares

The number of shares outstanding of our Common Stock was:

6,119,337 as of November 10, 2025

6,119,337 as of December 31, 2024

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company’s shell status has changed since the previous reporting period:

Yes: No:

Change in Control

Indicate by check mark whether a Change in Control¹ of the company has occurred during this reporting period:

¹ “Change in Control” shall mean any events resulting in:

- (i) Any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company’s then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company’s assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

Yes: No:

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer and names used by predecessor entities, along with the dates of the name changes.

The company was originally incorporated on February 12, 1992 in Delaware as Advanced Media, Inc. The company subsequently filed in Delaware a Certificate of Amendment dated April 29, 1992, which amended the company's name to Applebell Communications, Inc. The company subsequently filed in Delaware a Certificate of Amendment dated October 15, 1993, which amended the company's name to Food Court Entertainment Network, Inc. The company subsequently filed in Delaware a Certificate of Amendment dated June 7, 1999, which amended the company's name to Moro Corporation.

Current State and Date of Incorporation or Registration:

Incorporated in the state of Delaware on 2/12/1992 (under the name of Advanced Media, Inc; see paragraph above for complete history).

Standing in this jurisdiction: (e.g. active, default, inactive):

active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

Incorporated in the state of Delaware on 2/12/1992 (under the name of Advanced Media, Inc; see paragraph above for complete history).

Describe any trading suspension orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

n/a

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

n/a

Address of the issuer's principal executive office:

841 Worcester St, #511
Natick, MA 01760

Address of the issuer's principal place of business:

Check if principal executive office and principal place of business are the same address:

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

No: Yes: If Yes, provide additional details below:

2) Security Information

Transfer Agent

Name: Pacific Stock Transfer, Inc.
Phone: 800-785-7782
Email: info@pacificstocktransfer.com
Address: 6725 Via Austi Pkwy., Suite 300, Las Vegas, NV 89119

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	MRCR	
Exact title and class of securities outstanding:	Common Stock	
CUSIP:	617707104	
Par or stated value:	\$0.001	
Total shares authorized:	25,000,000	as of date: 11/10/2025
Total shares outstanding:	6,119,337	as of date: 11/10/2025
Total number of shareholders of record:	204	as of date: 11/10/2025

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer:

n/a

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

n/a

Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.

n/a

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

Each holder of our common stock is entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. Our stockholders are entitled to receive dividends if and as declared by our Board in its discretion out of funds legally available for this purpose and will share ratably in the assets legally available for distribution to stockholders in the event of our liquidation or dissolution. Holders of common stock do not have cumulative rights in voting for the election of directors nor do they have preemptive, subscription, or conversion rights. Our common stock is not redeemable.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

n/a

3. Describe any other material rights of common or preferred stockholders.

n/a

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

n/a

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities in the past two completed fiscal years and any subsequent interim period.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years

No: Yes: (If yes, you must complete the table below)

Shares Outstanding			*Right-click the rows below and select "Insert" to add rows as needed.						
Opening Balance									
Date _____									
Common: _____									
Preferred: _____									
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to. *You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____

Shares Outstanding on Date of This Report:	
Ending Balance:	Ending _____ Balance _____
Date _____	Common: _____
	Preferred: _____

Example: A company with a fiscal year end of December 31st 2023, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2022 through December 31, 2023 pursuant to the tabular format above.

*****Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

Use the space below to provide any additional details, including footnotes to the table above:

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities :

No: Yes: (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. <small>*You must disclose the control person(s) for any entities listed.</small>	Reason for Issuance (e.g. Loan, Services, etc.)
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

*****Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

Use the space below to provide any additional details, including footnotes to the table above:

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. Ensure that these descriptions are updated on the Company's Profile on www.OTCMarkets.com.

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

The Company is organized into two operating divisions – the Construction Materials Division and the Construction Contracting Division.

Construction Materials Division

This division custom cuts and bends, and distributes, reinforcing steel (also known as rebar) and distributes construction accessories. The products are primarily sold to concrete contractors who use the products as a component in the construction of roads, bridges, buildings and other structures.

The products are sold primarily in New Jersey and southern New England.

The business is a very competitive and largely a commodity driven business. Competitors primarily compete on price and the ability to service customers on a timely basis and on the ability to properly prepare materials to the required size and shape.

Steel is generally purchased directly from one of several domestic steel mills while construction accessories are purchased from various outlets. The Company believes that it has satisfactory relationships with its various vendors. The company anticipates that it will have sufficient supplies and materials to conduct its operations in the ordinary course.

Historically, in any one year there may be one to three customers who each account for 10-15% of total revenues.

Construction Contracting Division

This division provides heating, ventilating and air conditioning (HVAC); plumbing and process piping; industrial electrical products (high voltage, fiber optics, building controls); contracting services as a subcontractor or as a prime contractor.

The Company sells, installs and services heating, ventilating and air conditioning (HVAC) systems to both residential and commercial customers in the Albany, Binghamton and Hudson Valley areas of New York.

The Company provides electrical contracting services for public and private sector customers in the Hudson Valley area of New York.

These are very competitive businesses. Competition is on the basis of price, technical capability and reputation. In its market areas the Company believes it is considered in the industry to be a significant competitor.

This Division purchases steel, steel pipe, HVAC and plumbing equipment, and electrical components from several domestic sources. The Company believes it has satisfactory relationships with its various vendors.

As discussed in the footnote titled "Macroeconomic Factors and Related Considerations" in the Company's Consolidated Financial Statements for the period ended September 30, 2025, the Company faces certain risks and uncertainties resulting from inflation, higher interest rates, and uncertainty in US trade policies, among other factors.

The Company has no patents, trademarks, franchise rights, concessions, or royalty agreements.

B. List any subsidiaries, parent company, or affiliated companies.

At the end of September, 2025, the Company had the operating subsidiaries listed below. The contact information for each subsidiary and its officers, directors, managers or control persons is the same as for the Company as shown on the first page of this Disclosure Statement.

- J.M. Ahle Co., Inc., a Delaware corporation that distributes reinforcement steel
- Appolo Heating, Inc., a New York corporation that provides residential HVAC products and services
- Rondout Electric, Inc., a New York corporation that provides electrical products and services

C. Describe the issuers' principal products or services.

See 4.A. above.

5) Issuer's Facilities

The goal of this section is to provide investors with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

Construction Materials Division

J.M. Ahle Co., Inc. South River, New Jersey	Approximately 600 square feet of office space on 1.75 acres in one location. 1,900 square feet of office space in a second location. These are used for company headquarters, reinforcing steel distribution and inventory storage.
New Bedford, Massachusetts ¹ dba Whaling City Iron Co.	10,000 square foot warehouse building on 1 acre. This location is used for reinforcing and structural steel distribution and inventory storage.

¹ These facilities are leased from JAD Associates, LLC, an entity owned by Greta Kessler, Vivian Israel, and Neil Kessler, who, in varying capacities, are officers and beneficial shareholders of the Company.

Construction Contracting Division

Appolo Heating, Inc. Schenectady, New York	25,800 square foot building on 3 acres of land. This location is used primarily for company headquarters and inventory storage.
Wappingers Falls, New York Endicott, New York	2,000 square foot office and warehouse facility. 2,400 square foot office and storage facility.
Rondout Electric, Inc. Highland, New York	7,805 square foot building on 1.1 acres of land. This location is used for company headquarters and inventory storage.

The Company believes that all facilities are in a condition suitable for the Company's needs.

Additional information regarding the above leases is contained in the notes to the consolidated financial statements for the period ended September 30, 2025.

The issuer and each of its subsidiaries own or lease assets which are sufficient for the conduct of their respective businesses and operations. Such assets are variously located at the properties and facilities listed above.

6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities.

If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of 5% or more)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
Neil H. Kessler	Chairman, President, and Director	Sherborn, MA	1,352,251	Common	22.1%	
Ehud Israel	Chief Strategy Officer and Director	Wayne, NJ	0	Common	0%	
Alexander J. Barna, Jr.	Chief Financial Officer	Downingtown, PA	0	Common	0%	
Greta L. Kessler	Director	Doylestown, PA	1,479,151	Common	24.2%	
Rose Ann Scanlon	Director	Cape May, NJ	0	Common	0%	
Juliana Clawson	Director	Elkins Park, PA	0	Common	0%	
Vivian Kessler Israel	Beneficial owner of more than 5% of common stock	Wayne, NJ	1,194,151	Common	19.5%	
Don & Josephine Smith Family Trust U/A 5-05-2015 ¹	Beneficial owner of more than 5% of common stock	San Diego, CA	445,788	Common	7.3%	

¹ Don B. Smith is the trustee of the Don & Josephine Smith Family Trust U/A 5-05-2015. Number of shares reported are based on information as of November 10, 2025, provided by the Company's Transfer Agent.

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, log in to www.OTCIQ.com to update your company profile.

7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

No

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

No

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

No

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

No

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

No

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

No

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, update your company profile.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: C. Christopher Murillo, Esq.
Firm: Harter Secrest & Emery LLP
Address 1: 1600 Bausch & Lomb Place
Address 2: Rochester, NY 14604-2711
Phone: 585-231-1396
Email: cmurillo@hselaw.com

Accountant or Auditor

Name: Shaun Sheridan
Firm: Whittlesey
Address 1: 280 Trumbull Street, 24th Floor
Address 2: Hartford, CT 06103
Phone: 860-524-4474
Email: ssheridan@wadvising.com

Investor Relations

Name: None
Firm:
Address 1:
Address 2:
Phone:
Email:

All other means of Investor Communication:

X (Twitter): None
Discord:
LinkedIn
Facebook:
[Other]

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: None
Firm:
Nature of Services:
Address 1:
Address 2:
Phone:
Email:

9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name: Neil Kessler

Title: President
Relationship to Issuer: Officer

B. The following financial statements were prepared in accordance with:

- IFRS
 U.S. GAAP

C. The following financial statements were prepared by (name of individual)²:

Name: Alexander J. Barna, Jr.
Title: Chief Financial Officer
Relationship to Issuer: Officer

Describe the qualifications of the person or persons who prepared the financial statements:

Mr. Barna has been working in public accounting since 1987 and been preparing GAAP financial statements since then. Mr. Barna has been a CPA since 1994.

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

Financial Statement Requirements:

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be "machine readable". Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Neil Kessler, certify that:

1. I have reviewed this Disclosure Statement for Moro Corporation;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and

² The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 14, 2025

/s/ NEIL KESSLER

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Principal Financial Officer:

I, Alex J. Barna, Jr., certify that:

1. I have reviewed this Disclosure Statement for Moro Corporation;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 14, 2025

/s/ ALEXANDER J. BARNA, JR.

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

MORO CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 and 2024

MORO CORPORATION AND SUBSIDIARIES CONTENTS

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MORO CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2025 and 2024

	2025	2024
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 7,463,003	\$ 6,622,082
Accounts receivable, net of credit losses of \$111,007 and \$92,131 at September 30, 2025 and 2024, respectively.	3,251,272	2,988,276
Contract receivables, net of credit losses of \$401,168 and \$363,345 at September 30, 2025 and 2024, respectively.	5,411,762	4,717,022
Inventories, net	3,247,655	3,167,735
Contract assets	2,767,196	2,716,238
Prepaid expenses and other current assets	651,245	488,706
Prepaid income taxes	138,471	49,499
Assets of discontinued operations	71,235	71,235
TOTAL CURRENT ASSETS	23,001,839	20,820,793
PROPERTY AND EQUIPMENT, net of accumulated depreciation	703,474	631,983
Right of use (ROU) assets from operating leases	3,013,167	1,519,842
Right of use (ROU) assets from finance leases, net of amortization	643,543	890,965
OTHER ASSETS		
Deferred income taxes, net	37,518	-
Goodwill	1,262,798	1,262,798
TOTAL OTHER ASSETS	1,300,316	1,262,798
TOTAL ASSETS	\$ 28,662,339	\$ 25,126,381
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 10,597	\$ 10,248
Current portion of operating lease liabilities	630,734	414,854
Current portion of finance lease liabilities	162,333	267,464
Accounts payable	2,937,795	2,525,274
Accrued expenses and other current liabilities	188,034	498,405
Contract liabilities	1,899,257	1,811,599
TOTAL CURRENT LIABILITIES	5,828,750	5,527,844
LONG TERM LIABILITIES		
Long-term debt, net of current portion	4,518	15,115
Operating lease liabilities, net of current portion	2,320,519	978,322
Finance lease liabilities, net of current portion	468,097	599,675
Deferred income tax liabilities, net	-	49,417
TOTAL LONG TERM LIABILITIES	2,793,134	1,642,529
TOTAL LIABILITIES	8,621,884	7,170,373
<u>STOCKHOLDERS' EQUITY</u>		
Common stock, \$.001 par value, 25,000,000 shares authorized; 6,369,337 shares issued; 6,119,337 shares outstanding	6,370	6,370
Additional paid-in-capital	963,205	963,205
Retained earnings	19,170,880	17,086,433
	20,140,455	18,056,008
Treasury stock, at cost, 250,000 shares	(100,000)	(100,000)
TOTAL STOCKHOLDERS' EQUITY	20,040,455	17,956,008
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 28,662,339	\$ 25,126,381

MORO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE PERIODS ENDING SEPTEMBER 30, 2025 and 2024

	<u>2025</u>	<u>% of Earned Revenues</u>	<u>2024</u>	<u>% of Earned Revenues</u>
EARNED REVENUES				
Construction material sales	\$ 10,942,720	29.0%	\$ 10,647,027	27.2%
Construction contracts revenue earned	26,768,627	71.0%	28,437,377	72.8%
TOTAL EARNED REVENUES	<u>37,711,347</u>	<u>100.0%</u>	<u>39,084,404</u>	<u>100.0%</u>
COST OF EARNED REVENUES				
Cost of goods sold	9,304,457	24.7%	8,714,657	22.3%
Cost of construction contracts revenue earned	16,619,021	44.1%	18,481,792	47.3%
TOTAL COST OF EARNED REVENUES	<u>25,923,478</u>	<u>68.7%</u>	<u>27,196,449</u>	<u>69.6%</u>
GROSS PROFIT	11,787,869	31.3%	11,887,955	30.4%
GENERAL AND ADMINISTRATIVE EXPENSES	<u>10,101,446</u>	<u>26.8%</u>	<u>10,372,694</u>	<u>26.5%</u>
INCOME FROM OPERATIONS	<u>1,686,423</u>	<u>4.5%</u>	<u>1,515,261</u>	<u>3.9%</u>
OTHER INCOME / (EXPENSE)				
Interest expense	(51,993)	-0.1%	(110,795)	-0.3%
Interest income	201,990	0.5%	276,870	0.7%
Gain from insurance recoveries, net of casualty loss	-	0.0%	17,664	0.0%
Gain on sale of property and equipment	13,203	0.0%	3,000	0.0%
Other income	12,316	0.0%	11,641	0.0%
NET OTHER INCOME	<u>175,516</u>	<u>0.5%</u>	<u>198,380</u>	<u>0.5%</u>
INCOME FROM CONTINUING OPERATIONS BEFORE TAXES	1,861,939	4.9%	1,713,641	4.4%
INCOME TAX EXPENSE	<u>558,583</u>	<u>1.5%</u>	<u>514,093</u>	<u>1.3%</u>
NET INCOME	<u>\$ 1,303,356</u>	<u>3.5%</u>	<u>\$ 1,199,548</u>	<u>3.1%</u>
NET INCOME PER SHARE, BASIC & DILUTED	<u>\$ 0.21</u>		<u>\$ 0.20</u>	
Weighted average common shares and diluted potential common shares.	<u>6,119,337</u>		<u>6,119,337</u>	

MORO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE PERIODS ENDING SEPTEMBER 30, 2025 and 2024

	<u>Common Stock</u>		<u>Retained Earnings</u>	<u>Treasury Stock</u>		<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>		<u>Shares</u>	<u>Amount</u>	
Balance, January 1, 2024	6,369,337	\$ 6,370	\$ 15,886,885	250,000	\$ (100,000)	\$ 16,756,460
Net Income	-	-	1,199,548	-	-	1,199,548
Balance, September 30, 2024	<u>6,369,337</u>	<u>\$ 6,370</u>	<u>\$ 17,086,433</u>	<u>250,000</u>	<u>\$ (100,000)</u>	<u>\$ 17,956,008</u>
Balance, January 1, 2025	6,369,337	\$ 6,370	\$ 17,867,524	250,000	\$ (100,000)	\$ 18,737,099
Net Income	-	-	1,303,356	-	-	1,303,356
Balance, September 30, 2025	<u>6,369,337</u>	<u>\$ 6,370</u>	<u>\$ 19,170,880</u>	<u>250,000</u>	<u>\$ (100,000)</u>	<u>\$ 20,040,455</u>

MORO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDING SEPTEMBER 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,303,356	\$ 1,199,548
Adjustments to reconcile net income to net cash flows from operating activities		
Depreciation and amortization	328,027	436,194
Provision for credit losses	32,457	369,307
Gain from sales of property and equipment	(13,203)	(3,000)
Operating lease expense adjustments	54,176	3,942
Decrease / (increase) in operating assets (from continuing operations)		
Accounts receivable	(188,827)	(551,374)
Contract receivables	(811,321)	265,174
Inventories	(260,887)	348,363
Contract assets	288,590	(330,656)
Prepaid expenses and other current assets	(158,287)	(92,742)
Insurance recoveries receivable	-	74,673
Prepaid income taxes	(138,471)	(49,499)
Increase / (decrease) in operating liabilities (from continuing operations)		
Accounts payable	(534,589)	(300,383)
Accrued expenses and other current liabilities	(204,601)	(130,599)
Income taxes payable	(92,897)	(165,465)
Contract liabilities	132,332	311,313
NET CASH FLOWS / (USES) FROM OPERATING ACTIVITIES	(264,145)	1,384,796
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of property and equipment	13,203	3,000
Purchase of right of use (ROU) assets from finance leases	-	(609,048)
Purchase of property and equipment	(222,286)	(175,896)
NET CASH USES FROM INVESTING ACTIVITIES	(209,083)	(781,944)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayments of lines of credit	-	(200,000)
Principal payments of finance lease liabilities	(195,358)	(240,770)
Proceeds from finance lease liabilities	-	609,048
Principal payments of long-term debt	(7,718)	(7,457)
NET CASH USES FROM FINANCING ACTIVITIES	(203,076)	160,821
NET INCREASE / (DECREASE) IN CASH	(676,304)	763,673
CASH - BEGINNING OF YEAR	8,139,307	5,858,409
CASH - END OF PERIOD	\$ 7,463,003	\$ 6,622,082

MORO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) **Nature of business**

The operations of Moro Corporation (“Moro”) and its wholly-owned subsidiaries (collectively referred to as the “Company”) consist primarily of the sale and distribution of construction materials and construction contracting.

(2) **Summary of significant accounting policies**

Principles of consolidation - The consolidated financial statements include the accounts of Moro and its wholly-owned subsidiaries Appolo Heating, Inc. (“Appolo”), Rondout Electric, Inc. (“Rondout”), J.M. Ahle Co., Inc. (“Ahle”) and its unincorporated division Whaling City Iron (“Whaling”).

During 2022, Moro sold J&J Sheet Metal Works, LLC. (“J&J”), closed Titchener Iron Works, Inc. (“Titchener”), and classified both subsidiaries as discontinued operations (see Note 18).

All material intercompany accounts and transactions are eliminated.

Further, unless otherwise indicated, all disclosures and amounts in the notes to these consolidated financial statements relate to the Company's continuing operations.

Appolo's operations consist of sales, installation, and service of heating, ventilation, and air conditioning systems and related piping and sheet metal work. Appolo operates two lines of business – residential new construction (RNC) in the greater Albany and Schenectady, NY areas (Capital Region), and retail (servicing and retrofitting) in the Capitol Region, Binghamton, and Hudson Valley areas of NY.

Rondout's operations consist of electrical contracting services for public and private sector customers primarily in the Hudson Valley and Northern Westchester County areas in the State of New York.

Ahle's operations consist of custom cutting and bending, and distribution of, concrete reinforcing steel (also known as rebar), as well as distributing structural steel and construction accessories primarily in New Jersey and southern New England.

The Company extends credit to its customers, the majority of which are located in Central/Northern New York State, and does not require collateral. Appolo and Rondout, as a condition for entering into some of their construction contracts, had outstanding surety bonds as of September 30, 2025 and 2024.

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

Management's estimates and assumptions include, but are not limited to, estimates of contract revenue, costs and gross profit, collectability of contract and accounts receivable, the evaluation of goodwill, and salvage values and estimated useful lives of property and equipment. Management's estimates and assumptions are derived from, and are continually evaluated based upon, available information, judgment, and experience. Because of inherent uncertainties in estimating costs on construction contracts, it is reasonably possible that the estimates used will change within the near term.

MORO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(2) Summary of significant accounting policies (continued)

Operating cycle – The Company’s contracting work is performed primarily under fixed-price and time and materials type contracts. The length of the Company’s contracts varies, but is typically completed in periods of one year or less. In situations where contracts are not completed as of the balance sheet date, contract assets and liabilities are recorded in the accompanying consolidated balance sheets.

Revenue recognition – The Company recognizes revenue from construction contracts in accordance with FASB Accounting Standards Codification (“ASC”) Topic 606, “Revenue from Contracts with Customers” (“Topic 606”). Topic 606 provides a five-step model for recognizing revenue from contracts with customers as follows:

1. Identify the contract;
2. Identify the performance obligation(s);
3. Determine the transaction price;
4. Allocate the transaction price; and
5. Recognize revenue.

Revenue Recognition for Construction Contracts

The Company derives the majority of its revenue from fixed-price and time and materials construction contracts. The amount of revenue to be earned from construction contracts is measured based on the amount of consideration specified in the original contract plus the value of subsequent modifications to the original contract.

To determine the proper revenue recognition method for contracts, the Company evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as more than one performance obligation. This evaluation requires significant judgment and the decision to combine a group of contracts or separate a combined or single contract into multiple performance obligations could change the amount of revenue and profit recorded in a given period. Generally, under its construction contracts, the Company provides its customers with a significant service of integrating a complex set of tasks and components into a single project or capability, and therefore are generally accounted for as single performance obligations.

The Company evaluates whether its contracts represent one or more performance obligations which would be presented separately to account for revenue recognition. Generally, each of the Company’s contracts represents a single performance obligation. This evaluation requires significant judgment and could change the amount of revenue and profit recorded in a given period.

The Company recognizes revenue from fixed-price construction contracts over time as the performance obligations are satisfied, due to the continuous transfer of control to the customer. The Company measures progress towards satisfaction of performance obligations and the amount of revenue to recognize using the cost-to-cost method, based on the ratio of costs incurred to date compared to the total amount of estimated costs at completion of the contract. The cost-to-cost method is used as it most accurately depicts the Company’s performance as it directly measures the value of the services transferred to the customer. Changes to total estimated contract cost or losses, if any, are recognized in the period in which they are determined as assessed at the contract or performance obligation level. Pre-contract costs are expensed as incurred unless they are expected to be recovered from the customer.

MORO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(2) Summary of significant accounting policies (continued)

Revenue Recognition for Construction Contracts (continued)

Customer payments on contracts are typically due within 30 to 45 days of billing, depending on the contract. The payment terms of the Company's contracts from time to time require the customer to make advance payments as well as interim payments as work progresses. Advance payments generally are not considered a significant financing component as the Company expects to recognize those amounts in revenue within a year of receipt as work progresses on the related performance obligation.

Variable Consideration

The nature of the Company's contracts gives rise to several types of variable consideration, including claims and unpriced change orders; awards and incentive fees; and liquidated damages and penalties. The Company recognizes revenue for variable consideration when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Company estimates the amount of revenue to be recognized on variable consideration using the expected value (i.e., the sum of a probability-weighted amount) or the most likely amount method, whichever is expected to better predict the amount. The Company's estimates of variable consideration and determination of whether to include such amounts in the transaction price are based largely on an assessment of legal enforceability, anticipated performance and any other information (historical, current or forecasted) that is reasonably available.

Factors considered in determining whether revenue associated with claims (including change orders in dispute and unapproved change orders in regard to both scope and price) should be recognized include whether the following are present: (a) the contract or other evidence provides a legal basis for the claim, (b) additional costs were caused by circumstances that were unforeseen at the contract date and not the result of deficiencies in the Company's performance, (c) claim-related costs are identifiable and considered reasonable in view of the work performed, and (d) evidence supporting the claim is objective and verifiable. If the requirements for recognizing revenue for claims or unapproved change orders are met, revenue is recorded only when the costs associated with the claims or unapproved change orders have been incurred and is constrained to the extent that it is not probable that a significant reversal of revenue will be recognized. Back charges to suppliers or subcontractors are recognized as a reduction of cost when it is determined that recovery of such cost is probable and the amounts can be reliably estimated. Disputed back charges are recognized when the same requirements described above for claims accounting have been satisfied.

Contract Estimates and Modifications

Due to the nature of the work required to be performed on the Company's performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables and requires significant judgment. As a significant change in one or more of these estimates could affect the profitability of the Company's contracts, management routinely reviews and updates contract-related estimates through a disciplined project review process in which management reviews the progress and execution of each performance obligation and the related estimated costs to complete. As part of this process, management reviews information including, but not limited to, outstanding contract matters, progress towards completion, program schedule and the associated changes in estimates of revenues and costs. Management must make assumptions and estimates regarding the availability and productivity of labor, the complexity of the work to be performed, the availability and cost of materials, the performance of subcontractors, and the availability and timing of funding from the customer, along with other risks inherent in performing services under all contracts where the Company recognizes revenue over-time using the cost-to-cost input method.

MORO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(2) Summary of significant accounting policies (continued)

Contract Estimates and Modifications (continued)

The Company recognizes changes in contract estimates on a cumulative catch-up basis in the period in which the changes are identified. Such changes in contract estimates can result in the recognition of revenue in a current period for performance obligations which were satisfied or partially satisfied in a prior period. Changes in contract estimates may also result in the reversal of previously recognized revenue if the current estimate differs from the previous estimate. If at any time the estimate of contract or performance obligation profitability indicates an anticipated loss on the contract or performance obligation, the total loss is recognized in the period it is identified.

Contracts are often modified to account for changes in contract specifications and requirements. Most of the Company's contract modifications are for goods or services that are not distinct from existing contracts due to the significant integration provided in the context of the contract and are accounted for as if they were part of the original contract. The effect of a contract modification on the transaction price and the measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis. The Company accounts for contract modifications as separate contracts when the modification results in the promise to deliver additional goods or services that are distinct and the increase in price of the contract is for the same amount as the stand-alone selling price of the additional goods or services included in the modification.

Contract Assets and Liabilities

Billing practices are governed by the contract terms of each project based upon costs incurred, achievement of milestones or predetermined schedules. Billings do not necessarily correlate with revenue recognized over time using the cost-to-cost input method. Contract assets include costs and estimated earnings in excess of billings on uncompleted contracts which typically result from revenue under long-term contracts when the cost-to-cost input method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer.

Retainage, included in contract assets, represent the amounts withheld from billings to customers pursuant to provisions in the contracts and may not be paid until the completion of specific tasks or the completion of the project and, in some instances, for even longer periods. Retainage may also be subject to restrictive conditions such as performance guarantees. The Company expects to collect all of its outstanding retainage within one year following the date of the balance sheets.

The Company anticipates that substantially all incurred costs associated with contract assets will be billed and collected within one year following the date of the balance sheets.

Contract liabilities consist of advance payments and billings in excess of costs and estimated earnings on uncompleted contracts. The Company anticipates that substantially all such amounts will be earned within one year following the date of the balance sheets.

Refer to Notes 4 and 5 for opening and closing balances of contract receivables, contract assets and contract liabilities.

Warranties

The Company provides limited warranties to customers for work performed under its contracts that typically extend for a limited duration following substantial completion of work on a project. Such warranties are not sold separately and do not provide customers with a service in addition to assurance of compliance with agreed-upon specifications. Accordingly, these types of warranties are not considered to be separate performance obligations. Historically, the Company's warranty claims have not resulted in material costs incurred.

MORO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(2) Summary of significant accounting policies (continued)

Practical Expedients

If the Company has a right to consideration from a customer in an amount that corresponds directly with the value of the Company's performance completed to date, the Company recognizes revenue in the amount to which it has a right to invoice for services performed. The Company has determined their time and materials contracts generally meet this practical expedient and as such, revenue is recognized on these contracts as the associated costs are incurred and the Company has the right to invoice for such services even if not billed.

The Company does not adjust the contract price for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a service to a customer and when the customer pays for that service will be one year or less.

The Company does not typically incur incremental costs in obtaining its contracts; however, the majority of the Company's contracts are for periods of one year or less and as a result, the Company has elected to expense such costs, if and when incurred, as the amortization period of the asset, if recognized, would be for a period of one year or less.

The Company has disclosed the aggregate amount of the transaction price allocated to its remaining performance obligations of its contracts within Note 15, which the Company estimates will be recognized over the next 12 months.

Service Contracts

Appolo's operations include the separate sale of service and maintenance agreements, primarily to residential customers, for existing systems to be repaired and maintained, as opposed to constructed. The Company's performance obligation is to maintain the customer's mechanical system for a specific period of time, generally for periods of one year or less. The Company recognizes revenue associated with such agreements over time; however, for service maintenance agreements in which the full cost to provide services are typically not known, the Company generally recognizes revenue over time using an input method based on time elapsed, which is based on the amount of time the Company has provided their services out of the total time the Company has been contracted to perform those services. The Company has elected to apply the practical expedient to analyze revenue recognition associated with its service contracts under the portfolio approach, whereby the Company has applied the guidance within Topic 606 to its portfolio of service contracts, versus at the individual contract level, as the Company reasonably expects that the effects on the accompanying consolidated financial statements would not differ materially.

The Company generally receives payments for its service contracts up front. During the periods ended September 30, 2025 and 2024, the Company recognized approximately \$1,396,000 and \$1,418,000, respectively, in revenues associated with its service contracts, which are included in construction contracts revenue earned in the accompanying consolidated statement of operations. As of September 30, 2025 and 2024, the Company had contract liabilities of approximately \$841,000 and \$862,000, respectively, which are included as a component of contract liabilities in the accompanying consolidated balance sheets. The Company expects to fully recognize contract liabilities from service contracts as revenue within twelve months following the date of the balance sheets.

MORO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(2) Summary of significant accounting policies (continued)

Product and Materials Sales

The Company also earns revenues from product and materials sales. Revenue is recognized when the Company satisfies its performance obligation(s) under the contract (either implicit or explicit) by transferring the promised product or material to its customer when the customer obtains control of the product or material. A performance obligation is a promise in a contract to transfer a distinct product or material to a customer. A contract's transaction price is allocated to each distinct performance obligation. Substantially all of the Company's contracts have a single performance obligation, as the promise to transfer products or materials is not separately identifiable from other promises in the contract and, therefore, not distinct.

Product and material sale revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products or materials. The nature of the Company's contracts gives rise to several types of variable consideration. As such, revenue is recorded net of estimated discounts, allowances, etc. These estimates are based on historical experience, anticipated performance and the Company's best judgment at the time. Because of the Company's certainty in estimating these amounts, they are included in the transaction price of its contracts.

Substantially all of the Company's revenue is from products and materials transferred to customers at a point in time. The Company recognizes revenue at the point in time in which the customer obtains control of the product or material, which is generally when title passes to the customer when the customer has received the product or material at its physical location.

Sales taxes collected from customers and remitted to governmental authorities are accounted for on a net (excluded from revenues) basis.

The Company did not have significant contract assets or liabilities as of September 30, 2025 and 2024 related to its product and material revenue. The Company has elected to expense all contract costs as incurred.

The costs of shipping and handling are recognized at the time the products are shipped or delivered to the customer and are included in cost of earned revenues in the consolidated statement of operations. Sales-based taxes are excluded from revenue.

Disaggregation of Revenue

The Company has not identified any economic factors that would impact the nature, amount, timing or uncertainty of revenue and cash flows, outside of those previously disclosed above with respect to the Company's revenues from construction contracts, service contracts or product and material sales. The Company's revenues from construction contracts and product and material sales are disaggregated in the accompanying consolidated statements of operations. The Company has disclosed revenue recognized during the periods ended September 30, 2025 and 2024 from its service contracts above. The Company has similar concentrations of customers, types of contracts and geographical location of sales within each of these revenue streams and as such, no further disaggregation of revenue was considered necessary.

MORO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(2) Summary of significant accounting policies (continued)

Cash - The Company considers cash on hand and bank checking, savings, and money market accounts to be cash.

Concentration of credit risk - The majority of the Company's cash is held in an Insured Cash Sweep (ICS) account where the Company's funds are placed in demand deposit accounts spread across multiple partner banks in the IntraFi network to mitigate credit risk. The maximum amount deposited through the ICS account into any partner bank is less than the FDIC insured limit. However, from time-to-time the Company's operating accounts may contain cash in excess of FDIC limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in these accounts.

Contract and accounts receivable - Contract and accounts receivable are carried at cost, less an allowance for expected credit losses. The Company does not accrue finance or interest charges. The Company determines the allowance for credit losses based on the Company's historical experience, the existing economic conditions, management's expectations of future economic conditions and the financial stability of its customers. Contract and accounts receivable are evaluated individually when they do not share similar risk characteristics which could exist in circumstances where amounts are considered at risk or uncollectible. The Company performs ongoing credit evaluations of its customers. A receivable is written off when it is determined that all collection efforts have been exhausted. All nonpublic funded projects are collateralized by normal contractor lien rights against the property.

Inventories - Inventories are stated at the lower of cost or net realizable value using the first-in, first-out method. Cost is determined by using average cost. Market is based upon realizable value, less allowance for selling and distribution expenses and normal gross profit. An allowance is made for obsolete, slow moving or damaged items when appropriate. As of September 30, 2025 and 2024, the Company determined allowances of approximately \$156,000 and \$44,000, respectively, were necessary. Maintenance, operating, and other supplies are expensed as incurred. As of September 30, 2025 and 2024, all inventories consisted of raw materials, equipment, and parts which were available-for-sale.

Contract Assets – Contract assets include amounts due under contractual retainage provisions as well as costs and estimated earnings in excess of billings on uncompleted contracts. Costs and estimated earnings in excess of billings on uncompleted contracts also represent amounts earned and reimbursable under contracts, including affirmative claim recovery estimates, but have a conditional right for billing and payment such as achievement of milestones or completion of the contract. Retainage represents amounts billed to customers where payments have been partially withheld pending completion of certain milestones, satisfaction of other contractual conditions, or completion of the project. Retainage agreements vary from project to project and balances can remain outstanding for several months or years depending on a number of circumstances, such as contract-specific terms, project performance or other variables that may arise as the project moves towards completion. Customer affirmative claims will be settled based on the claims resolution process, which could extend beyond one year. As of September 30, 2025 and 2024, the retainage amounts estimated by management to be collected beyond one-year were minimal.

Property and equipment - Property and equipment are stated at cost and are depreciated over the estimated useful lives of the related assets. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the assets. Depreciation and amortization are computed on the straight-line method for financial reporting purposes over the useful lives of the assets. The Company evaluates property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company does not believe that impairment indicators were present as of September 30, 2025 nor 2024. Accordingly, no such losses have been included in the accompanying consolidated statements of operations for the periods ended September 30, 2025 and 2024.

MORO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(2) Summary of significant accounting policies (continued)

Property and equipment (continued) - Maintenance and repairs are charged to operations when incurred. Betterments and renewals that materially improve capacities or extend useful lives are capitalized. When property and equipment are sold or otherwise disposed of, the asset accounts and related accumulated depreciation or amortization accounts are relieved, and any gain or loss is included in operations.

The estimated useful lives of property and equipment are:

<u>Assets</u>	<u>Estimated Useful Lives</u>
Machinery and equipment	7 Years
Vehicles	5 Years
Office equipment	5 Years

Goodwill - Goodwill represents the excess of cost over fair value of net assets acquired through the Company's acquisition of its subsidiaries. The Company accounts for goodwill in accordance with FASB ASC Topic 350, "Goodwill and Other Intangible Assets." Under ASC Topic 350, goodwill is not amortized but is reviewed at least annually for impairment or more frequently when circumstances indicate impairment may be present. The Company has the option to first perform a qualitative analysis to determine if it is more likely than not that goodwill is impaired. If it is determined that it is more likely than not that goodwill is not impaired, no further analysis is required. If it is determined that it is more likely than not that goodwill is impaired, the Company performs a quantitative analysis to compare the estimated fair value of a reporting unit with its carrying amount. If the estimated fair value is less than the reporting unit's carrying amount, an impairment loss is recognized as the difference between the reporting units' fair value and carrying amount, not to exceed the carrying amount. During the periods ended September 30, 2025 and 2024, based on the qualitative analysis performed, the Company concluded that no impairment of goodwill existed.

Contract Liabilities – Contract liabilities consist of billings in excess of costs and estimated earnings on uncompleted contracts, advance payments received on service agreements, and retainage payable. Billings in excess of costs and estimated earnings on uncompleted contracts are billings to customers on contracts in advance of the work performed, including advance payments negotiated as a contract condition. Generally, unearned project-related costs will be earned over the next twelve months. Retainage represents amounts payable to vendors where payments have been partially withheld pending completion of certain milestones, satisfaction of other contractual conditions, or the completion of the project. Retainage agreements vary from project to project and balances can remain outstanding for several months or years depending on a number of circumstances, such as contract-specific terms, project performance or other variables that may arise as the project moves towards completion. As of September 30, 2025 and 2024, the retainage amounts estimated by management to be remitted beyond one-year were minimal.

Income taxes - The Company accounts for income taxes using the asset and liability method. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each year-end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable for the year and the change during the year in deferred tax assets and liabilities.

MORO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(2) Summary of significant accounting policies (continued)

Income taxes (continued) - The Company accounts for the effect of any uncertain tax positions using FASB ASC Topic 740-10, "Income Taxes," based on a "more likely than not" threshold applied to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. Interest and penalties assessed, if any, are accrued as income tax expense. The Company has determined that it has no tax positions resulting in an uncertainty requiring recognition.

It is the Company's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of September 30, 2025 and 2024, the Company had no accruals for interest and penalties.

The Company is subject to taxation in the United States and various state jurisdictions. As of September 30, 2025, tax years for 2021, 2022, 2023 and 2024 are subject to examination by the tax authorities. With few exceptions, as of September 30, 2025, the Company is no longer subject to U.S. federal, state, or local examinations by tax authorities for years before 2021.

Advertising expense - The Company expenses advertising costs as they are incurred. Advertising expense for the periods ended September 30, 2025 and 2024 was approximately \$125,000 and \$168,000 respectively.

(3) Accounts receivable, net of the allowance for credit losses

Accounts receivable, net of the allowance for credit losses, consisted of the following as of September 30, 2025 and 2024:

	2025	2024
Opening balance accounts receivable, net as of January 1, 2025, and 2024	\$ 3,089,802	\$ 2,466,434
Total accounts receivable as of September 30, 2025, and 2024	\$ 3,362,279	\$ 3,080,407
Less allowance for credit losses	111,007	92,131
Accounts receivable, net as of September 30, 2025, and 2024	\$ 3,251,272	\$ 2,988,276

The changes in the allowance for credit losses related to accounts receivable were as follows:

	2025	2024
Opening balance allowance for credit losses as of January 1, 2025, and 2024	\$ 102,087	\$ 88,562
Current period provision (credit) for credit losses	27,357	29,532
Write-offs charged against the allowance for credit losses	(18,437)	(25,963)
Allowance for credit losses as of September 30, 2025, and 2024	\$ 111,007	\$ 92,131

MORO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(4) Contract receivables, net of the allowance for credit losses

Contract receivables, net of the allowance for credit losses consisted of the following as of September 30, 2025, and 2024:

	2025	2024
Opening balance contract receivables, net as of January 1, 2025, and 2024	\$ 4,605,541	\$ 5,321,971
Total contract receivables as of September 30, 2025, and 2024		
Completed contracts and time and materials jobs	\$ 2,408,041	\$ 1,768,833
Contracts in progress	3,404,889	3,311,534
	5,812,930	5,080,367
Less allowance for credit losses	401,168	363,345
Contract receivables, net as of September 30, 2025, and 2024	\$ 5,411,762	\$ 4,717,022

The Company significantly increased its provision for credit losses from contract receivables during the year ended December 31, 2024 for individual contract receivables considered at risk, which no longer share similar characteristics with its other contract receivables. Management believes the circumstances warranting the increased provision for credit losses are isolated to contract receivables tied to one long-term customer that unexpectedly terminated operations, and do not affect the remaining contract receivables.

The changes in the allowance for credit losses related to contract receivables were as follows:

	2025	2024
Opening balance allowance for credit losses as of January 1, 2025, and 2024	\$ 407,945	\$ 53,873
Current period provision (credit) for credit losses	5,100	339,775
Write-offs charged against the allowance for credit losses	(11,877)	(30,303)
Allowance for credit losses as of September 30, 2025, and 2024	\$ 401,168	\$ 363,345

(5) Contract assets and contract liabilities

As of September 30, 2025 and 2024, contract assets consisted of the following:

	2025	2024
Opening balance contract assets as of January 1, 2025, and 2024	\$ 3,055,786	\$ 2,385,582
Contract Assets:		
Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 2,129,718	\$ 1,611,751
Retainage receivables	637,478	1,104,487
Ending balance contract assets as of September 30, 2025, and 2024	\$ 2,767,196	\$ 2,716,238

MORO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(5) Contract assets and contract liabilities (continued)

As September 30, 2025 and 2024, contract liabilities consisted of the following:

	2025	2024
Opening balance contract liabilities as of January 1, 2025, and 2024	\$ 1,766,925	\$ 1,500,286
Contract liabilities:		
Billings in excess of costs and estimated earnings on uncompleted contracts	\$ 1,057,897	\$ 949,236
Advance payments received on uncompleted service contracts	841,327	862,330
Retainage payable	33	33
Ending balance contract liabilities as of September 30, 2025, and 2024	\$ 1,899,257	\$ 1,811,599

During the periods ended September 30, 2025 and 2024, the Company did not have any significant changes in either the contract asset or contract liability balances, and the Company recognized revenue of approximately \$1,486,000 and \$1,234,000 related to contract liabilities outstanding as of January 1, 2025 and 2024.

Costs and estimated earnings in excess of billings on uncompleted contracts and billings in excess of costs and estimated earnings on uncompleted contracts, as presented above, are calculated as follows:

	2025	2024
Costs incurred on uncompleted contracts	\$ 23,069,058	\$ 21,994,021
Estimated earnings	7,642,048	6,922,470
	30,711,106	28,916,491
Less: billed to date	29,639,285	28,253,976
	\$ 1,071,821	\$ 662,515

Included in the accompanying consolidated balance sheet under the captions of contract assets, and contract liabilities respectively:

	2025	2024
Costs and estimated earnings in excess of billings on uncompleted contracts, included in contract assets	2,129,718	1,611,751
Billings in excess of costs and estimated earnings on uncompleted contracts, included in contract liabilities	(1,057,897)	(949,236)
	\$ 1,071,821	\$ 662,515

MORO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(6) Property and equipment

The following is a summary of property and equipment, at cost, less accumulated depreciation and amortization as of September 30, 2025 and 2024:

	2025	2024
Cost		
Machinery and equipment	\$ 2,860,240	\$ 2,728,317
Vehicles	652,323	612,831
Office equipment	1,354,768	1,313,175
Leasehold improvements	597,576	569,576
Total cost	5,464,907	5,223,899
Accumulated depreciation	(4,761,433)	(4,591,916)
Net property and equipment	\$ 703,474	\$ 631,983

Depreciation and amortization expense on property and equipment for the periods ended September 30, 2025, and 2024, was \$131,509 and \$155,068 respectively.

(7) Goodwill

The following is a summary of goodwill as of September 30, 2025 and 2024:

	2025	2024
Goodwill	1,502,805	1,502,805
Accumulated Impairment loss	(240,007)	(240,007)
Total goodwill, net of impairment losses	\$ 1,262,798	\$ 1,262,798

As of September 30, 2025 and 2024, the Company did not have any reporting units with zero or negative carrying amounts of net assets with allocated goodwill.

(8) Revolving credit facility

In 2023, the Company obtained from Firsttrust Bank a renewal of its revolving credit facility at a lower maximum borrowing capacity of \$2,000,000. The facility replaced the existing \$7,000,000 revolving credit facility from Firsttrust Bank that was slated to expire on September 14, 2023. The new \$2,000,000 revolving credit facility was secured by substantially all of the assets of the Company, including its subsidiaries, and was slated to expire on August 31, 2025 but has since been extended through December 31, 2025. The line of credit bears interest at the Term SOFR rate plus 2.5% per annum, with a minimum interest rate of 5.50% per annum; interest is payable monthly

As of September 30, 2025 and 2024, the Company had borrowings of \$0 on its line of credit. The Company has primarily funded operations from its cash reserves during the periods presented in the financial statements.

The Company incurred interest expense of \$0 and \$4,617 associated with the net funds borrowed on the line of credit during the periods ended September 30, 2025 and 2024 respectively.

MORO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(9) Leases

The Company leases certain facilities, vehicles and equipment under non-cancelable operating leases. Leases with an initial term of 12 months or less are not recorded on the accompanying consolidated balance sheet. The Company accounts for lease components separately from the non-lease components. The Company has some short-term leases on equipment and facilities. Short-term lease expense was not material to the consolidated financial statements and totaled approximately \$36,000 and \$238,000 during the periods ended September 30, 2025 and 2024 respectively. Lease right-of-use assets and liabilities are recognized at the respective lease commencement dates based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company generally use their incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments.

The Company recognizes lease expense, including escalating lease payments and lease incentives, on a straight-line basis over the lease term. Lease expenses related to the Company's operating leases for the periods ended September 30, 2025 and 2024 was approximately \$675,000 and \$395,000 respectively, which is included as a component of cost of earned revenues or general and administrative expenses, as deemed appropriate, in the accompanying consolidated statements of operations. During the periods ended September 30, 2025 and 2024, the Company incurred finance lease costs of approximately \$244,000 and \$310,000, which includes approximately \$207,000 and \$288,000, respectively, of amortization of its right of use assets, which is included as a component of cost of earned revenues or general and administrative expenses, as deemed appropriate, in the accompanying consolidated statements of operations, and \$37,000 and \$22,000, respectively, of interest expenses on its lease liabilities.

The lease terms generally range from two to seven years. Some leases include one or more options to renew, which may be exercised to extend the lease term. The Company includes the exercise of lease renewal options in the lease term when it is reasonably certain that the Company will exercise the option and such exercise is at the Company's sole discretion.

The Company has a lease arrangement with a related party under common ownership (Note 12). Rent paid to this related party for the periods ended September 30, 2025 and 2024 was approximately \$45,000 and \$43,000, respectively.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The maturities of lease liabilities as of September 30, 2025 were as follows:

Maturity Analysis	Operating Leases	Finance Leases	Total
2025	\$ 205,498	\$ 55,117	\$ 260,615
2026	806,450	188,274	994,724
2027	792,266	160,212	952,478
2028	611,559	137,239	748,798
2029	458,778	89,491	548,269
2030	109,026	69,492	178,518
Thereafter	727,830	46,328	774,158
Total	\$ 3,711,407	\$ 746,153	\$ 4,457,560
Less: Present value discount	(760,154)	(115,723)	(875,877)
Lease liability	\$ 2,951,253	\$ 630,430	\$ 3,581,683

MORO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(9) Leases (continued)

Amounts Recognized in the Consolidated Financial Statements and other Lease Metrics

	2025	2024
Finance lease expense		
Amortization of ROU assets	\$ 207,487	\$ 287,913
Interest on lease liabilities	36,584	22,442
Total finance lease expense	244,071	310,355
Operating lease expense	675,024	394,703
Short-term lease expense	36,319	238,031
Total	\$ 955,414	\$ 943,089
 Cash paid for amounts included in the measurement of lease liabilities for finance leases		
Finance - Financing cash flows	189,888	240,770
Finance - Operating cash flows	36,584	22,442
Operating - Operating cash flows	620,847	365,774
 ROU assets obtained in the exchange for lease liabilities		
Finance leases	\$ 43,275	\$ 609,048
Operating leases	326,032	159,620
 Weighted-average remaining lease terms (in years)		
Finance leases	4.48	4.63
Operating leases	5.90	3.51
 Weighted-average discount rate		
Finance leases	7.49%	6.92%
Operating leases	7.19%	5.95%

MORO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(10) Long-term debt

Long-term debt consisted of the following as of September 30, 2025 and 2024:

	2025	2024
Note payable to a finance company, due in monthly installments of approximately \$900, including interest at 3.39%, expiring in March 2027 and secured by a vehicle.	\$ 15,115	\$ 25,363
Total long-term debt	15,115	25,363
Less current portion, net	10,597	10,248
Long-term portion, net	\$ 4,518	\$ 15,115

Annual maturities of long-term debt are as follows:

<u>Years Ending December 31,</u>	Annual Maturities
2025	2,617
2026	11,590
2027	908
	\$ 15,115

(11) Stock option plan

The Company's Stock Option Plan and Agreement permit the granting of stock options to its employees for the purpose of advancing the interests of the Company by providing an incentive to the employee through the encouragement of stock ownership in the Company by the employee. As of September 30, 2025 and 2024, no options were outstanding. The Company's Board of Directors have approved the termination of the Stock Option Plan effective September 18, 2025.

(12) Related-party transactions

Variable interest entities - FASB ASC Topic 810-10, "Consolidations," provides a framework for identifying variable interest entities ("VIEs") and determining when a company should include the assets, liabilities, noncontrolling interests, and results of activities of a VIE in its financial statements. In general, a VIE is a corporation, partnership, limited liability company, trust, or any other legal structure used to conduct activities or hold assets that: (1) has an insufficient amount of equity to carry out its principal activities without additional subordinated financial support, (2) has a group of equity owners that lack the ability to direct the activities of the entity that most significantly impact its economic performance through voting or similar rights, or (3) has a group of equity owners that lack the obligation to absorb losses of the entity or the right to receive returns of the entity.

MORO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(12) Related-party transactions (continued)

An entity with a variable interest in a VIE should consolidate the VIE if that entity has the power to direct the activities that most significantly impact the economic performance of the VIE and the obligation to absorb losses or the right to receive benefits of the VIE that could be significant to the VIE. The entity that consolidates the VIE is called the primary beneficiary. The primary beneficiary can be an entity without voting control of the VIE.

The Company's division, Whaling, leased office space and land from a related party, affiliated through common ownership, during the periods ended September 30, 2025 and 2024. The Company has concluded that it does not have a variable interest in the related party.

Rent expense - The Company leased office space and land from an entity related through common ownership. See Note 9.

(13) Income taxes

The provision for income tax expense (benefit), for the periods ended September 30, 2025 and 2024 consisted of the following:

	2025	2024
Current portion		
Federal	\$ 391,007	\$ 359,867
State	167,576	154,226
	558,583	514,093
Deferred portion		
Federal	-	-
State	-	-
	-	-
Total income tax expense/(benefit)	\$ 558,583	\$ 514,093

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. As of September 30, 2025 and 2024, the significant components of the Company's deferred tax assets and liabilities were as follows:

	2025	2024
Deferred tax assets:		
Allowance for doubtful accounts	\$ 135,093	\$ 38,755
Warranty reserve	13,068	13,068
Inventory reserve	42,925	8,089
Accrued expenses	52,487	36,002
Section 263(A) - Unicap	11,114	12,629
Service agreement reserve	238,706	240,136
Right of use liabilities	386,560	489,448
Net operating losses (NOLs)	525,633	505,034
Deferred tax assets	1,405,586	1,343,161
Valuation allowance	(498,101)	(498,101)
Deferred tax assets	907,485	845,060

MORO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(13) Income taxes (continued)

	2025	2024
Deferred tax liabilities:		
Prepaid expenses	(93,630)	(39,944)
Right of use assets	(405,550)	(512,377)
Fixed assets	(43,093)	(17,945)
Intangibles	(320,595)	(316,934)
Charitable contributions carryforward	(7,099)	(7,277)
Deferred tax liabilities	(869,967)	(894,477)
Deferred income tax liabilities, net	\$ 37,518	\$ (49,417)

The Company recorded a valuation allowance of approximately \$498,000 as of September 30, 2025 and 2024. In determining the need for a valuation allowance, the Company assessed the available positive and negative evidence to estimate whether future taxable income would be generated to permit use of the existing deferred tax assets (“DTA’s”). The Company determined that there is uncertainty regarding the utilization of certain DTA’s such as state net operating losses. Therefore, a valuation allowance has been recorded against the DTA’s for which it is more-likely-than-not they will not be realized. The amount of DTA considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are reduced or increased or if additional weight is given to subjective evidence such as projections for growth.

The effective income tax rate differs from the expected statutory tax rate due to certain permanent differences. The reason for the difference between the effective tax rate and the federal statutory rate is as follows.

	2025	2024
Federal statutory tax rate of:	21.00%	21.00%
Income taxes at the federal statutory rate	391,007	359,867
Increases/(decreases) resulting from:		
Current state taxes	167,576	154,226
Provision for income taxes	\$ 558,583	\$ 514,093

The Company has state net operating loss carryforwards of approximately \$12.6 million as of September 30, 2025 which will expire between 2037 and 2044.

(14) Commitments and contingencies

The Company may be involved in various legal actions from time to time arising in the normal course of business. There are no matters outstanding that would, in management’s view, have a material adverse effect on the financial position or results of operations of the Company.

MORO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(15) Backlog

The following schedule shows a reconciliation of backlog representing signed contracts in existence as of September 30, 2025 and 2024 which correlate to unsatisfied performance obligations and are expected to be recognized over the next 12 months:

	<u>2025</u>	<u>2024</u>
Backlog balance as of January 1, 2025, and 2024	\$ 17,596,208	\$ 15,201,868
New contracts and contract adjustments	16,555,886	20,672,659
	<u>34,152,094</u>	<u>35,874,527</u>
Less contract revenue earned	17,919,148	19,953,332
Backlog balance as of September 30, 2025, and 2024	<u>\$ 16,232,946</u>	<u>\$ 15,921,195</u>

(16) Employee benefit plans

Each subsidiary of the Company sponsors a 401(k) profit-sharing plan for its employees who are not subject to collective bargaining agreements and who meet specified age and service requirements. The plans provide for participants to make contributions which may be matched by each subsidiary of the Company at its discretion. Additionally, each subsidiary of the Company can make profit sharing contributions at its discretion, not to exceed the maximum allowable by the Internal Revenue Code. Company profit sharing contributions were approximately \$92,000 and \$104,000 for the periods ended September 30, 2025 and 2024, respectively.

(17) Cash flow disclosures

The following is a summary of supplemental cash flow information for the periods ended September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Interest paid	<u>\$ 51,993</u>	<u>\$ 81,760</u>
Income taxes paid	<u>\$ 789,242</u>	<u>\$ 745,671</u>
Recording right-of-use asset and lease liability under ASC 842	<u>\$ 369,308</u>	<u>\$ 768,669</u>

(18) Discontinued Operations

In 2022, the Company closed its wholly-owned subsidiary, Titchener Iron Works, whose business was to fabricate and install custom stairs and steel and aluminum railings. During 2022, the Company also sold substantially all of the operating assets of its subsidiary, J&J Sheet Metal Works, LLC.

The discontinued operations had no impact on the Company's results of operations for the current periods ended September 30, 2025 or 2024. There were no assets or liabilities held for sale as of September 30, 2025 or 2024.

MORO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(19) **Macroeconomic Factors and Related Considerations**

During 2024 and 2025, the macroeconomic environment, including the regional economies in which the Company's business units operate, has generally continued to be challenging due to elevated costs from multi-year inflationary pressures and higher interest rates causing economic weakness in the Company's markets. The Company has been able to pass some of the cost increases it has experienced onto its customers without adverse effects; however, it is possible that higher pricing may result in a future reduction in sales volume.

The federal reserve cut its benchmark rate during the last four months of 2024 in response to easing inflationary pressures, then declined to make any additional interest rate cuts until September, 2025 when it cut rates by 0.25%. The Company expects its sales volume and cost structure to generally remain at current levels for the foreseeable future.

In addition, we are continuing to monitor recent macroeconomic factors, including but not limited to changes in global trade policy, tariffs and related reciprocal or retaliatory trade actions announced by the U.S., China and other countries. The degree to which changes in global trade policy, tariffs and other related actions will impact our business, financial condition and results of operations depends on future developments, which are uncertain. Changes in global trade policies, tariffs, the anticipated Supreme Court ruling on tariffs, and other related actions may negatively impact demand, pricing and cost for our products, contribute to the inherent uncertainties in estimating future customer demand and increase our material costs, any of which could negatively impacting our results of operations and cash flows.

(20) **Subsequent Events**

Management has evaluated the accompanying consolidated financial statements for subsequent events through November 14, 2025, the date the accompanying consolidated financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the Company's consolidated financial statements.