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

FORM 10-K

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

For the fiscal year ended March 31, 2023

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	81-4701719
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

277 Fairfield Road, Suite 338, Fairfield, New Jersey 07004
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (201) 285-7973

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

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

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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	☐	Accelerated filer	☐
Non-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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the registrant's common stock, par value $0.001 per share, held by non-affiliates of the registrant, as computed by reference to the September 30, 2022 closing price reported by Nasdaq, was approximately $31,203,742.

The number of the registrant's shares of common stock, $0.001 par value per share, outstanding on June 27, 2023 was 12,294,840.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for its 2023 Annual Meeting of Stockholders are incorporated by reference in Part III of this Annual Report on Form 10-K.

Table of Contents

PART I

Item 1. Business.

Overview

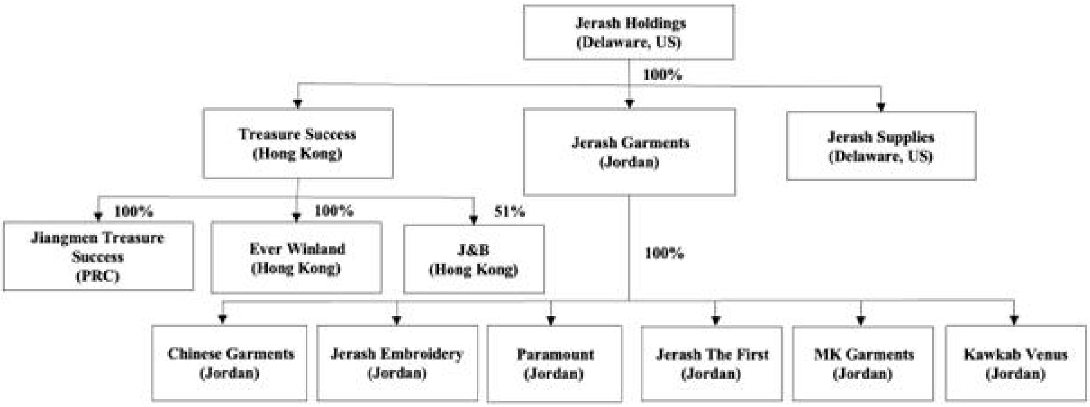
Jerash Holdings (US), Inc. ("Jerash Holdings"), through its wholly owned operating subsidiaries (together the "Group," "we," "us," or "our"), is principally engaged in the manufacturing and exporting of customized, ready-made sportswear and outerwear from knitted fabric and personal protective equipment ("PPE") produced in its facilities in the Hashemite Kingdom of Jordan ("Jordan"). Our website address is http://www.jerashholdings.com. Information available on our website is not a part of, and is not incorporated into, this Annual Report on Form 10-K.

We are a manufacturer for many well-known brands and retailers, such as VF Corporation (which owns brands such as The North Face, Timberland, and Vans), New Balance, G-III (which licenses brands such as Calvin Klein, Tommy Hilfiger, DKNY, and Guess), American Eagle, and Skechers. Our production facilities comprise six factories and five warehouses and we currently employ approximately 5,000 people. The total annual capacity at our facilities was approximately 14 million pieces (average for product categories including t-shirts, polo shirts, pants, shorts, and jackets, and excluding PPE) as of March 31, 2023.

Organizational Structure

Jerash Holdings is a holding company incorporated in Delaware in January 2016. As of the date of this annual report, Jerash Holdings has the following wholly owned subsidiaries: (i) Jerash Garments and Fashions Manufacturing Co., Ltd. ("Jerash Garments"), an entity formed under the laws of Jordan, (ii) Treasure Success International Limited ("Treasure Success"), an entity formed under the laws of Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong" or "HK"), (iii) Chinese Garments and Fashions Manufacturing Co., Ltd. ("Chinese Garments"), an entity formed under the laws of Jordan and a wholly owned subsidiary of Jerash Garments, (iv) Jerash for Industrial Embroidery Co., Ltd. ("Jerash Embroidery"), an entity formed under the laws of Jordan and a wholly owned subsidiary of Jerash Garments, (v) Al-Mutafaweq Co. for Garments Manufacturing Ltd. ("Paramount"), an entity formed under the laws of Jordan and a wholly owned subsidiary of Jerash Garments, (vi) Mustafa and Kamal Ashraf Trading Company (Jordan) for the Manufacture of Ready-Make Clothes LLC ("MK Garments"), an entity formed under the laws of Jordan and a wholly owned subsidiary of Jerash Garments; (vii) Jiangmen Treasure Success Business Consultancy Co., Ltd. ("Jiangmen Treasure Success"), an entity incorporated under the laws of the People's Republic of China ("China" or the "PRC") and a wholly owned subsidiary of Treasure Success, (viii) Jerash The First Medical Supplies Manufacturing Company Limited ("Jerash The First"), an entity formed under the laws of Jordan and a wholly owned subsidiary of Jerash Garments, (ix) Jerash Supplies, LLC ("Jerash Supplies"), an entity formed under the laws of the State of Delaware, (x) Kawkab Venus Dowalyah Lisenaet Albesah ("Kawkab Venus"), a limited liability company established in Amman, Jordan, and (xi) Ever Winland Limited ("Ever Winland"), a limited liability company organized in Hong Kong. As of the date of this annual report, Treasure Success owns 51% of the equity interests in J&B International Limited ("J&B"), a company with limited liability incorporated under the laws of Hong Kong. P. T. Eratex (Hong Kong) Limited ("Eratex"), a company formed in Hong Kong, owns the remaining 49%.

This chart reflects our organizational structure as of the date of this annual report:



Jerash Garments was established in Jordan on November 26, 2000 and operates out of our factory in Al Tajamouat Industrial City, a Development Zone in Amman, Jordan. Jerash Garments' principal activities are to house management offices and to operate production lines and printing, sewing, ironing, packing, and quality control units, as well as house our trims and finished products warehouses. We also operate our factory in Al-Hasa County (as discussed below) under Jerash Garments.

Chinese Garments was established in Jordan on June 13, 2013 and operates out of our factory in Al Tajamouat Industrial City. Chinese Garments' principal activities are to house administration, human resources, finance, and management offices and to operate additional production lines and sewing, ironing, and packing units, as well as house our trims warehouse.

Jerash Embroidery was established in Jordan on March 11, 2013 and operates out of our factory in Al Tajamouat Industrial City. Jerash Embroidery's principal activities are to perform the cutting and embroidery for our products.

Paramount was established in Jordan on October 24, 2004 and operates out of our factory in Al Tajamouat Industrial City. Paramount's principal activities are to manufacture garments per customer orders.

MK Garments was established in Jordan on January 23, 2003. 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. MK Garments operates out of our factory in Al Tajamouat Industrial City. MK Garments' principal activities are to manufacture garments per customer orders.

Treasure Success was established in Hong Kong on July 5, 2016 and operates in Hong Kong. Treasure Success's primary activities are sales of garments and to employ sales and merchandising staff and supporting personnel in Hong Kong to support the business of Jerash Garments and its subsidiaries.

Jiangmen Treasure Success was established in Jiangmen City of Guangdong Province in the PRC on August 28, 2019 and operates in the PRC. Jiangmen Treasure Success's primary activities are to provide support in sales and marketing, sample development, merchandising, procurement, and other areas.

Jerash The First was established in Jordan on July 6, 2020 and operate out of our factory in Al-Hasa County. Jerash The First's principal activities are to manufacture PPE products.

Jerash Supplies was formed in Delaware on November 20, 2020. Jerash Supplies is engaged in the trading of PPE products.

Kawkab Venus was established in Amman, Jordan, 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 an asset acquisition. As of August 21, 2022, Kawkab Venus became a subsidiary of Jerash Garments.

Ever Winland was organized in Hong Kong on December 3, 2020. 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.

J&B is a joint venture company established in Hong Kong on January 10, 2023. On March 20, 2023, Treasure Success and Eratex 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. J&B engages in the business of garment trading and manufacturing for orders from customers.

Products

As a garment manufacturing group, we specialize in manufacturing sportswear and outerwear. Our sportswear and outerwear product offering consists of jackets, polo shirts, t-shirts, pants, and shorts. Our primary product offering in the fiscal year ended March 31, 2023 was shorts, pants, and vests, which accounted for approximately 49% of our total shipped pieces. In the fiscal year ended March 31, 2022, our primary product offering was jackets, which accounted for approximately 35% of our total shipped pieces.

In response to high demand for PPE due to the COVID-19 pandemic, we started manufacturing PPE in 2020. Our PPE product offering consists of branded (washable) and disposable face masks, medical scrubs, protective coveralls, and surgical gowns. In order to advance our PPE market development efforts, we incorporated a new entity, Jerash The First, which received temporary permission from Jordan's Food and Drug Administration to manufacture and export non-surgical PPE. Our production facility for PPE needs to meet certain structural requirements before we can receive a permanent permission and we are still planning the production facility. In September 2020, we successfully registered as a medical device manufacturing facility with the U.S. Food and Drug Administration for the sale and export of our PPE products to the United States. We also received an ISO 13485 designation covering the manufacturing, packing, and selling of medical supplies. The sale and export of PPE products did not contribute to our total revenue in the fiscal year ended March 31, 2023.

Manufacturing and Production

Our production facilities are located in Al Tajamouat Industrial City and in Al-Hasa County in the Tafilah Governorate of Jordan.

Our production facilities in Al Tajamouat Industrial City comprise five factories and five warehouses. Effective as of January 1, 2019, the government of the Hashemite Kingdom of Jordan converted Al Tajamouat Industrial City into a Development Zone. Following this change, we continued to operate under benefits similar to the Qualifying Industrial Zone designation, but were subject to a 10% corporate income tax plus a 1% social contribution. Starting from January 1, 2020, the corporate income tax rate increased to 14% plus a 1% social contribution. On January 1, 2021, the corporate income tax rate increased to 16% plus a 1% social contribution. On January 1, 2022, the corporate income tax rate increased to 18% or 20% plus a 1% social contribution. Effective January 1, 2023, we have been subject to a 19% or 20% corporate income tax rate plus a 1% social contribution. Currently, the first factory, which we own, employs approximately 1,400 people. Its primary functions are to house our management offices, as well as production lines, trims warehouse, and printing, sewing, ironing, and packaging units. The second factory, which we lease, employs approximately 1,400 people. Its primary function is to house our administrative and human resources personnel, merchandising and accounting departments, embroidery, printing, additional production lines, trims and finished products warehouses, and sewing, ironing, packing and quality control units. The third factory, which we lease, employs approximately 200 people. Its primary functions are to perform the cutting for our products. The fourth factory (under Paramount), which we lease, currently employs approximately 1,100 people. Its primary functions are to house additional production lines. The fifth factory (under MK Garments) currently employs approximately 600 people. Its primary function is to manufacture garments for orders from customers.

Our production facility in Al-Hasa County in the Tafilah Governorate of Jordan comprises a factory, which currently employs approximately 300 people and its primary functions are to manufacture garment products per customer orders. We commenced the construction of this factory in 2018 and we started operations in November 2019. This is a joint project with the Jordanian Ministry of Labor and the Jordanian Education and Training Department. According to our agreement with these government agencies, we used this factory without paying rent through December 2022. We have continued to use the factory without paying rent since January 2023 as new arrangements with the Jordanian Ministry of Labor are still being made. See “Item 2. Properties” below for more information regarding this factory.

In 2015, we commenced a project to build a 4,800 square-foot workshop in the Tafilah Governorate of Jordan, which was originally intended to be used as a sewing workshop for Jerash Garments. Construction was temporarily suspended in March 2020 due to the COVID-19 pandemic and was subsequently completed and ready for use as of September 30, 2021 and the building is now used as a dormitory to house management and supervisory staff who work at the factory in Al-Hasa County.

In April 2021, we commenced a construction on a 189,000 square-foot housing facility for our multi-national workforce, situated on a 49,000 square-foot site owned by us, in Al Tajamouat Industrial City. We anticipate the completion and occupancy of the new building for August 2023. To meet increasing demand, we are also completing plans to construct an additional project on a nearby separate 133,000 square-foot parcel that we purchased in 2019 for $1.2 million, with 2/3 of the land allocated for our seventh factory and 1/3 for housing. We have resumed our work with engineering consultants on the architectural design of the building with the consideration of business growth potential bought about by the new business collaboration with Busana Apparel Group.

Total annual capacity at our existing facilities was approximately 14 million pieces (average for product categories including t-shirts, polo shirts, pants, shorts, and jackets, and excluding PPE) as of March 31, 2023. Our production flow begins in the cutting department of our factory. Then the product is sent to the embroidery department for embroidery if applicable. From there, the product moves to be processed by the sewing unit, finishing department, quality control, and finally the ironing and packing units.

We do not have long-term supply contracts or arrangements with our suppliers. Most of our ultimate suppliers for raw materials, such as fabric, zippers, and labels, are designated by customers and we purchase such materials on a purchase order basis.

Employees

As of March 31, 2023, we had an aggregate of approximately 5,500 employees located in Jordan, Hong Kong, the People’s Republic of China, and the United States of America, all of which are full-time employees.

Customers

The following table outlines the dollar amount and percentage of total sales to our customers for the fiscal years ended March 31, 2023 (“fiscal 2023”) and March 31, 2022 (“fiscal 2022”).

	Fiscal 2023		Fiscal 2022	
	Sales (USD, in thousands)	**%**	**Sales (USD, in thousands)**	**%**
VF Corporation[1]	$ 82,661	59.9%	$ 96,450	67.3%
New Balance	24,124	17.5%	34,506	24.1%
Jiangsu Guotai Huasheng Industrial Co (HK)., Ltd	9,454	6.8%	3,245	2.3%
Dynamic	8,175	5.9%	2,235	1.6%
G-III	5,589	4.0%	2,758	1.9%
Classic	1,596	1.2%	-	0%
Soriana	954	0.7%	1,487	1.0%
Others	5,510	4.0%	2,674	1.8%
Total	$ 138,063	100.0%	$ 143,355	100.0%

(1) Most of our products are sold under The North Face and Timberland brands owned by VF Corporation.

In fiscal 2023 and fiscal 2022, we depended on a few key customers for our sales, and most of our sales in fiscal 2023 and 2022 were to one customer, VF Corporation.

We started producing garments for VF Corporation in 2012. Most of the products we manufacture are sold under The North Face and Timberland brands which are owned by VF Corporation. Currently, we manufacture primarily outerwear for The North Face. Approximately 60% and 67% of our sales in fiscal 2023 and 2022 were derived from the sale of manufactured products to VF Corporation, respectively. We are not party to any long-term contracts with VF Corporation or our other customers, and our sales arrangements with our customers do not have minimum purchase requirements. As is common in our industry, VF Corporation and our other customers place purchase orders with us after we complete detailed sample development and approval processes that we and our customers have agreed upon for their purchase of the relevant manufactured garments. It is through the sample development and approval processes that we and VF Corporation and our other customers agree on the purchase and manufacture of the garments. For fiscal 2023, VF Corporation issued approximately 10,500 purchase orders to us in amounts ranging from approximately $6 to $372,000. For fiscal 2022, VF Corporate issued approximately 9,500 purchase orders to us in amounts ranging from approximately $5 to $684,000.

Our customers are in the retail industry, which is subject to substantial cyclical variations. Consequently, there can be no assurance that sales to current customers will continue at the current rate or at all. In addition, our annual and quarterly results may vary, which may cause our profits and the market price of our common stock to decline.

We continue to seek to expand and strengthen our relationship with our current customers and other brand names. However, we cannot assure you that these brands will continue to buy our products in the same volumes or on the same terms as they did in the past or that we will be successful in expanding our relationship with other brand names.

Competition

The markets for the manufacturing of sportswear and outerwear are highly competitive. The competition in those markets is focused primarily on the price and quality of the product and the level of customer service. Our products compete with products of other apparel manufacturers in Asia, Israel, Europe, the United States, and South and Central America.

Competition with other manufacturers in the clothing industry focuses on reducing production costs, reducing supply lead time, design, product quality, and efficiency of supply to the customer. Since production costs depend to a large extent on labor costs, in recent years most production in the industry has been moved to countries where labor costs are low. Some of our competitors have lower cost bases, longer operating histories, larger customer bases, and other advantages over us which allow them to compete with us. As described in more detail under "—*Conditions in Jordan*" below, we are able to sell our products manufactured at our facilities in Jordan to the United States free from customs duties and import quotas under certain conditions. These favorable terms enable us to remain competitive on the basis of price. According to the Association Agreement between the European Union (the "EU") and Jordan, which came into force in May 2002, and the joint initiative on rules of origin reviewed and improved in December 2018 by the EU and Jordan, goods manufactured by us in Jordan that are subsequently shipped to EU countries are shipped free from customs duties.

Conditions in Jordan

Our manufacturing facilities are located in Jordan. Accordingly, we are directly affected by political, security, and economic conditions in Jordan.

From time to time Jordan has experienced instances of civil unrest, terrorism, and hostilities among neighboring countries, including Syria and Israel. A peace agreement between Israel and Jordan was signed in 1994. Terrorist attacks, military activity, rioting, or civil or political unrest in the future could influence the Jordanian economy and our operations by disrupting operations and communications and making travel within Jordan more difficult and less desirable. Political or social tensions also could create a greater perception that investments in companies with Jordanian operations involve a high degree of risk, which could adversely affect the market and price for our common stock.

Jordan is a constitutional monarchy, but the King holds wide executive and legislative powers. The ruling family has taken initiatives that support the economic growth of the country. However, there is no assurance that such initiatives will be successful or will continue. The rate of economic liberalization could change, and specific laws and policies affecting manufacturing companies, foreign investments, currency exchange rates, and other matters affecting investments in Jordan could change as well.

Trade Agreements

Because of the United States-Jordan Free Trade Agreement, which came into force on December 17, 2001, and was implemented fully on January 1, 2010, and the Association Agreement between the EU and Jordan, which came into force in May 2002, we are able to sell our products manufactured at our facilities in Jordan to the U.S. free from customs duties and import quotas under certain conditions and to EU countries free from customs duties.

Income Tax Incentives

Effective January 1, 2019, Jordan’s government converted the geographical area where Jerash Garments and its subsidiaries are located from a Free Zone to a Development Zone. Development Zones are industrial parks that house manufacturing operations in Jordan. In accordance with applicable law, Jerash Garments and its subsidiaries began paying corporate income tax in Jordan at a rate of 10% plus 1% social contribution. Starting from January 1, 2020, the corporate income tax rate in Jordan increased to 14% plus 1% social contribution. Effective January 1, 2021, this rate increased to 16% plus 1% social contribution. On January 1, 2022, this rate further increased to 18% or 20% plus 1% social contribution. On January 1, 2023, this rate further increased to 19% or 20% plus a 1% social contribution. For more information, see “Note 2—Summary of Significant Accounting Policies—Income and Sales Taxes.”

In addition, Jerash Garments and its subsidiaries are subject to local sales tax of 16%. However, Jerash Garments was granted a sales tax exemption from the Jordanian Investment Commission for the period June 1, 2015 to June 1, 2018 that allowed Jerash Garments to make purchases with no sales tax charge. This exemption was extended to February 5, 2024.

Government Regulation

Our manufacturing and other facilities in Jordan and our subsidiaries outside of Jordan are subject to various local regulations relating to the maintenance of safe working conditions and manufacturing practices. Management believes that we are currently in compliance in all material respects with all such regulations. We are not subject to governmental approval of our products or manufacturing process.

Item 1A. Risk Factors.

The following are factors that could have a significant impact on our operations and financial results and could cause actual results or outcomes to differ materially from those discussed in any forward-looking statements.

Risks Related to Our Business and Our Industry

We rely on one key customer for most of our revenue. We cannot assure you that this customer or any other customer will continue to buy our products in the same volumes or on the same terms.

Our sales to VF Corporation (which owns brands such as The North Face, Timberland, and Vans), directly and indirectly, accounted for approximately 60% and 67% of our total sales in fiscal 2023 and fiscal 2022, respectively. From an accounting perspective, we are considered the principal in our arrangement with VF Corporation. We bear the inventory risk before the specified goods are transferred to a customer, and we have the right to determine the price and to change our product during the sample development process with customers in which we determine factors including material usage and manufacturing costs before confirming orders. Therefore, we present the sales and related manufacturing activities on a gross basis.

We are not party to any long-term contracts with VF Corporation or our other customers, and our sales arrangements with our customers do not have minimum purchase requirements. As is common in our industry, VF Corporation and our other customers place purchase orders with us after we complete detailed sample development and approval processes. It is through these sample development and approval processes that we and VF Corporation agree on the purchase and manufacture of the garments in question. From April 1, 2021 to March 31, 2022, VF Corporation issued approximately 9,500 purchase orders to us in amounts ranging from approximately $5 to $684,000. From April 1, 2022 to March 31, 2023, VF Corporation issued approximately 10,500 purchase orders to us in amounts ranging from approximately $6 to $372,000.

We cannot assure you that our customers will continue to buy our products at all or in the same volumes or on the same terms as they have in the past. The failure of VF Corporation to continue to buy our products in the same volumes and on the same terms as in the past may significantly reduce our sales and our earnings.

A material decrease in the quantity of sales made to our principal customers, a material adverse change in the terms of such sales or a material adverse change in the financial condition of our principal customers could significantly reduce our sales and our earnings.

We cannot assure you that VF Corporation will continue to purchase our merchandise at the same historical rate, or at all, in the future, or that we will be able to attract new customers. In addition, because of our reliance on VF Corporation as our key customer and their bargaining power with us, VF Corporation has the ability to exert significant control over our business decisions, including prices.

Any adverse change in our relationship with VF Corporation and its The North Face and Timberland brands, or with their strategies or reputation, would have a material adverse effect on our results of operations.

Most of our products are sold under The North Face and Timberland brands, which are owned by VF Corporation. Any adverse change in our relationship with VF Corporation would have a material adverse effect on our results of operations. In addition, our sales of those products could be materially and adversely affected if the image, reputation, or popularity of either VF Corporation, The North Face, or Timberland were to be negatively impacted.

If we lose our key customer and are unable to attract new customers, then our business, results of operations, and financial condition would be adversely affected.

If our key customer, VF Corporation, fails to purchase our merchandise at the same historical rate, or at all, we will need to attract new customers and we cannot assure you that we will be able to do so. We do not currently invest significant resources in marketing our products, and we cannot assure you that any new investments in sales and marketing will lead to the acquisition of additional customers or increased sales or profitability consistent with prior periods. If we are unable to attract new customers or customers that generate comparable profit margins to VF Corporation, then our results of operations and financial condition could be materially and adversely affected.

If we lose our larger brand name customers, or the customers fail to purchase our products at anticipated levels, our sales and operating results will be adversely affected.

Our results of operations depend to a significant extent upon the commercial success of our larger brand name customers. If we lose these customers, these customers fail to purchase our products at anticipated levels, or our relationships with these customers or the brands and retailers they serve diminishes, it may have an adverse effect on our results and we may lose a primary source of revenue. In addition, we may not be able to recoup development and inventory costs associated with these customers and we may not be able to collect our receivables from them, which would negatively impact our financial condition and results of operations.

If the market share of our customers declines, our sales and earnings may decline.

Our sales can be adversely affected in the event that our direct and indirect customers do not successfully compete in the markets in which they operate. In the event that the sales of one of our major customers decline for any reason, regardless of whether it is related to us or to our products, our sales to that customer may also decline, which could reduce our overall sales and our earnings.

Our financial condition, results of operations, and cash flows in fiscal 2020 and 2021 were adversely affected by the COVID-19 pandemic.

In December 2019, COVID-19 was first identified in Wuhan, China. Less than four months later, on March 11, 2020, the World Health Organization declared COVID-19 a pandemic—the first pandemic caused by a coronavirus. The outbreak has reached more than 160 countries, including Jordan and the United States, resulting in the implementation of significant governmental measures, including lockdowns, closures, quarantines, and travel bans, intended to control the spread of the virus. On March 17, 2020, the country of Jordan announced a shutdown of non-essential activities as part of its proactive national efforts to limit the spread of COVID-19. On April 4, 2020, we resumed operations of our main production facilities in Al Tajamouat Industrial City under the condition that only migrant workers, living in dormitories in Al Tajamouat Industrial City, were allowed to go to work in the factories under strict hygienic precautionary measures, pursuant to an approval from the Jordanian government dated April 1, 2020. Our Al-Hasa factory was also allowed to restart operation on April 26, 2020. Eventually, local employees were also allowed to resume work starting June 1, 2020.

Owing to the national shutdown in Jordan between March 18 and March 31, 2020, the shipment of approximately $1.6 million of our orders which were scheduled to be shipped by March 31, 2020, the end of fiscal 2020, was postponed. We shipped these orders in the first quarter of fiscal 2021. There was also loss of productivity in the shutdown period which negatively impacted our first quarter and full year profitability in fiscal 2021. In fiscal 2022, our production facilities resumed full operation with additional medical and hygienic measures in place. The COVID-19 pandemic did not materially adversely affect our business operations and condition and operating results for fiscal 2023. The Company currently expects that its operation results for the fiscal year ending March 31, 2024 would not be significantly impacted by the COVID-19 pandemic. However, there is still significant uncertainty around the breadth and duration of business disruptions related to the COVID-19 pandemic, as well as its impact on the U.S. and international economies. Given the dynamic nature of these circumstances, should there be resurgence of COVID-19 cases globally and should the U.S. government or the Jordan government implement new restrictions to contain the spread, the Company's business would be negatively impacted.

We may require additional financing to fund our operations and capital expenditures.

As of March 31, 2023, we had cash and cash equivalents of approximately $17.8 million and restricted cash of approximately $1.6 million. There can be no assurance that our available cash, together with resources from our operations, will be sufficient to fund our operations and capital expenditures. In addition, our cash position may decline in the future, and we may not be successful in maintaining an adequate level of cash resources.

Pursuant to a facility letter (the "SCBHK facility") dated June 15, 2018 issued to Treasure Success by Standard Chartered Bank (Hong Kong) Limited ("SCBHK"), SCBHK offered to provide an import facility of up to $3,000,000 to Treasure Success. The SCBHK facility covers import invoice financing and pre-shipment financing under export orders with a combined limit of $3,000,000. SCBHK charges interest at 1.3% per annum over SCBHK's cost of funds. In consideration for arranging the SCBHK facility, Treasure Success paid SCBHK HKD50,000. We were informed by SCBHK on January 31, 2019 that the SCBHK facility had been activated. As of March 31, 2022, there was no outstanding amount under the SCBHK facility. In June 2022, we were informed by SCBHK that the facility was cancelled due to persistently low usage and zero loan outstanding.

Pursuant to the DBS facility letter dated January 12, 2022, DBS Bank (Hong Kong) Limited ("DBSHK") provided a bank facility of up to $5.0 million to Treasure Success. Pursuant to the agreement, DBSHK agreed to finance cargo receipt, trust receipt, account payable financing, and certain type of import invoice financing up to an aggregate of $5.0 million. The DBSHK facility bears interest at 1.5% per annum over Hong Kong Interbank Offered Rate ("HIBOR") for HKD bills and 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.

In addition, we may be required to seek additional debt or equity financing in order to support our growing operations. We may not be able to obtain additional financing on satisfactory terms, or at all, and any new equity financing could have a substantial dilutive effect on our existing stockholders. If we cannot obtain additional financing, we may not be able to achieve our desired sales growth, and our results of operations would be negatively affected.

We may have conflicts of interest with our affiliates and related parties, and in the past we have engaged in transactions and entered into agreements with affiliates that were not negotiated at arms' length.

We have engaged, and may in the future engage, in transactions with affiliates and other related parties. These transactions may not have been, and may not be, on terms as favorable to us as they could have been if obtained from non-affiliated persons. While an effort has been made and will continue to be made to obtain services from affiliated persons and other related parties at rates and on terms as favorable as would be charged by others, there will always be an inherent conflict of interest between our interests and those of our affiliates and related parties. Through his wholly owned entity Merlotte Enterprise Limited, Mr. Choi, our chairman, chief executive officer, president, treasurer, and a significant stockholder, has an indirect ownership interest in Jiangmen V-Apparel Manufacturing Limited, with which we have entered into, or in the future may enter into, agreements or arrangements. See also "Note 11—Related Party Transactions." If we engage in related party transactions on unfavorable terms, our operating results will be negatively impacted.

We are dependent on a product segment comprised of a limited number of products.

Presently, we generate revenue primarily from manufacturing and exporting sportswear and outerwear. A shift in demand from such products may reduce the growth of new business for our products, and reduce existing business in those products. If demand in sportswear and outerwear were to decline, we may endeavor to expand or transition our product offerings to other segments of the clothing retail industry. There can be no assurance that we would be able to successfully make such an expansion or transition, or that our sales and margins would not decline in the event we made such an expansion or transition.

Our revenue and cash requirements are affected by the seasonal nature of our business.

A significant portion of our revenue is received during the first six months of our fiscal year, or from April through September. A majority of our VF Corporation orders are derived from winter season fashions, the sales of which occur in the spring and summer and are merchandized by VF Corporation during the autumn months (September through November). As such, the second half of our fiscal year reflect lower sales in anticipation of the spring and summer seasons. In addition, due to the nature of our relationships with customers and our use of purchase orders to conduct our business, our revenue may vary from period to period.

Changes in our product mix and the geographic destination of our products or source of our supplies may impact our cost of goods sold, net income, and financial position.

From time to time, we experience changes in the product mix and the geographic destination of our products. To the extent our product mix shifts from higher revenue items, such as jackets, to lower revenue items, such as pants, our cost of goods sold as a percentage of gross revenue will likely increase. In addition, if we sell a higher proportion of products in geographic regions where we do not benefit from free trade agreements or tax exemptions, our gross margins will fall. If we are unable to sustain consistent product mix and geographic destinations for our products, we could experience negative impacts to our financial condition and results of operations.

Our direct and indirect customers are in the clothing retail industry, which is subject to substantial cyclical variations and could have a material adverse effect on our results of operations.

Our direct and indirect customers are in the clothing retail industry, which is subject to substantial cyclical variations and is strongly affected by any downturn or slowdown in the general economy. Factors in the clothing retail industry that may influence our operating results from quarter to quarter include:

- the volume and timing of customer orders we receive during the quarter;
- the timing and magnitude of our customers' marketing campaigns;
- the loss or addition of a major customer or of a major retailer nomination;
- the availability and pricing of materials for our products;
- the increased expenses incurred in connection with introducing new products;
- currency fluctuations;
- political factors that may affect the expected flow of commerce; and
- delays caused by third parties.

In addition, uncertainty over future economic prospects could have a material adverse effect on our results of operations. Many factors affect the level of consumer spending in the clothing retail industry, including, among others:

- general business conditions;
- interest rates;
- the availability of consumer credit;
- taxation; and
- consumer confidence in future economic conditions.

Consumer purchases of discretionary items, including our products, may decline during recessionary periods and also may decline at other times when disposable income is lower. Consequently, our customers may have larger inventories of our products than expected, and to compensate for any downturn they may reduce the size of their orders, change the payment terms, limit their purchases to a lower price range, and try to change their purchase terms, all of which may have a material adverse effect on our financial condition and results of operations.

The clothing retail industry is subject to changes in fashion preferences. If our customers misjudge a fashion trend or the price which consumers are willing to pay for our products decreases, our revenue could be adversely affected.

The clothing retail industry is subject to changes in fashion preferences. We design and manufacture products based on our customers' judgment as to what products will appeal to consumers and what price consumers would be willing to pay for our products. Our customers may not be successful in accurately anticipating consumer preferences and the prices that consumers would be willing to pay for our products. Our revenue will be reduced if our customers are not successful, particularly if our customers reduce the volume of their purchases from us or require us to reduce the prices at which we sell our products.

If we experience product quality or late delivery problems, or if we experience financial problems, our business will be negatively affected.

We may from time to time experience difficulties in making timely delivery of products of acceptable quality. Such difficulties may result in cancellation of orders, customer refusal to accept deliveries, or reductions in purchase prices, any of which could have a material adverse effect on our financial condition and results of operations. There can be no assurance that we will not experience difficulties with manufacturing our products.

We face intense competition in the worldwide apparel manufacturing industry.

We compete directly with a number of manufacturers of sportswear and outerwear. Some of these manufacturers have lower cost bases, longer operating histories, larger customer bases, greater geographical proximity to customers, or greater financial and marketing resources than we do. Increased competition, direct or indirect, could reduce our revenue and profitability through pricing pressure, loss of market share, and other factors. We cannot assure you that we will be able to compete successfully with existing or new competitors, as the market for our products evolves and the level of competition increases. We believe that our business will depend upon our ability to provide apparel products of good quality and meeting our customers' pricing and delivery requirements, and our ability to maintain relationships with our major customers. There can be no assurance that we will be successful in this regard.

We may not be successful in integrating acquired businesses.

Our growth and profitability could be adversely affected if we acquire businesses or assets of other businesses and are unable to integrate the business or assets into our current business. To grow effectively, we must find acquisition candidates that meet our criteria and successfully integrate the acquired business into ours. If acquired businesses do not achieve expected levels of production or profitability, we are unable to integrate the business or assets into our business, or we are unable to adequately manage our growth following the acquisition, our results of operations and financial condition would be adversely affected.

Our results of operations are subject to fluctuations in currency exchange rates.

Exchange rate fluctuations between the U.S. dollar and Jordanian Dinar ("JOD"), Hong Kong dollar, or Chinese Yuan ("CNY"), as well as inflation in Jordan, Hong Kong, or the PRC, may negatively affect our earnings. A substantial majority of our revenue and a substantial portion of our expenses are denominated in U.S. dollars. However, a significant portion of the expenses associated with our Jordanian, Hong Kong, or PRC operations, including personnel and facilities-related expenses, are incurred in JOD, Hong Kong dollars, or CNY, respectively. Consequently, inflation in Jordan, Hong Kong, or the PRC will have the effect of increasing the dollar cost of our operations in Jordan, Hong Kong, or the PRC, respectively, unless it is offset on a timely basis by a devaluation of JOD, Hong Kong dollar, or CNY, as applicable, relative to the U.S. dollar. We cannot predict any future trends in the rate of inflation in Jordan, Hong Kong, or the PRC or the rate of devaluation of JOD, Hong Kong dollar, or CNY, as applicable, against the U.S. dollar. In addition, we are exposed to the risk of fluctuation in the value of JOD, Hong Kong dollar, and CNY vis-a-vis the U.S. dollar. There can be no assurance that JOD or Hong Kong dollar will remain effectively pegged to the U.S. dollar. Any significant appreciation of JOD, Hong Kong dollar, or CNY against the U.S. dollar would cause an increase in our JOD, Hong Kong dollar, or CNY expenses, as applicable, as recorded in our U.S. dollar denominated financial reports, even though the expenses denominated in JOD, Hong Kong dollars, or CNY, as applicable, will remain unchanged. In addition, exchange rate fluctuations in currency exchange rates in countries other than Jordan where we operate and do business may also negatively affect our earnings.

We are subject to the risks of doing business abroad.

All of our products are manufactured outside the United States, at our subsidiaries' production facilities in Jordan. Foreign manufacturing is subject to a number of risks, including work stoppages, transportation delays and interruptions, political instability, foreign currency fluctuations, economic disruptions, expropriation, nationalization, the imposition of tariffs and import and export controls, changes in governmental policies (including U.S. policies towards Jordan), and other factors, which could have an adverse effect on our business. In addition, we may be subject to risks associated with the availability of and time required for the transportation of products from foreign countries. The occurrence of certain of these factors may delay or prevent the delivery of goods ordered by customers, and such delay or inability to meet delivery requirements would have a severe adverse impact on our results of operations and could have an adverse effect on our relationships with our customers.

Our ability to benefit from the lower labor costs in Jordan will depend on the political, social, and economic stability of Jordan and in the Middle East in general. We cannot assure you that the political, economic, or social situation in Jordan or in the Middle East in general will not have a material adverse effect on our operations, especially in light of the potential for hostilities in the Middle East. The success of the production facilities also will depend on the quality of the workmanship of laborers and our ability to maintain good relations with such laborers in these countries. We cannot guarantee that our operations in Jordan or any new locations outside of Jordan will be cost-efficient or successful.

Our business could suffer if we violate labor laws or fail to conform to generally accepted labor standards or the ethical standards of our customers.

We are subject to labor laws issued by the Jordanian Ministry of Labor for our facilities in Jordan. In addition, many of our customers require their manufacturing suppliers to meet their standards for working conditions and other matters. If we violate applicable labor laws or generally accepted labor standards or the ethical standards of our customers by, for example, using forced or indentured labor or child labor, failing to pay compensation in accordance with local law, failing to operate our factories in compliance with local safety regulations, or diverging from other labor practices generally accepted as ethical, we could suffer a loss of sales or customers. In addition, such actions could result in negative publicity and may damage our reputation and discourage retail customers and consumers from buying our products.

Our products may not comply with various industry and governmental regulations and our customers may incur losses in their products or operations as a consequence of our non-compliance.

Our products are produced under strict supervision and controls to ensure that all materials and manufacturing processes comply with the industry and governmental regulations governing the markets in which these products are sold. However, if our controls fail to detect or prevent non-compliant materials from entering the manufacturing process, our products could cause damages to our customers' products or processes and could also result in fines being incurred. The possible damages, replacement costs, and fines could significantly exceed the value of our products and these risks may not be covered by our insurance policies.

We depend on our suppliers for machinery and maintenance of machinery. We may experience delays or additional costs satisfying our production requirements due to our reliance on these suppliers.

We purchase machinery and equipment used in our manufacturing process from third-party suppliers. If our suppliers are not able to provide us with maintenance or additional machinery or equipment as needed, we might not be able to maintain or increase our production to meet any demand for our products, which would negatively impact our financial condition and results of operations.

We are a holding company and rely on dividends, distributions, and other payments, advances, and transfers of funds from our subsidiaries to meet our obligations.

We are a holding company that does not conduct any business operations of our own. As a result, we rely on cash dividends and distributions and other transfers from our operating subsidiaries to meet our obligations. The deterioration of income from, or other available assets of, our operating subsidiaries for any reason could limit or impair their ability to pay dividends or other distributions to us, which in turn could adversely affect our financial condition and results of operations.

Periods of sustained economic adversity and uncertainty could negatively affect our business, results of operations, and financial condition.

Disruptions in the financial markets, such as what occurred in the global markets in 2008, may adversely impact the availability and cost of credit for our customers and prospective customers, which could result in the delay or cancellation of customer purchases. In addition, disruptions in the financial markets may have an adverse impact on regional and world economies and credit markets, which could negatively impact the availability and cost of capital for us and our customers. These conditions may reduce the willingness or ability of our customers and prospective customers to commit funds to purchase our services or products, or their ability to pay for our services after purchase. These conditions could result in bankruptcy or insolvency for some customers, which would impact our revenue and cash collections. These conditions could also result in pricing pressure and less favorable financial terms to us and our ability to access capital to fund our operations.

Risks Related to Operations in Jordan

We are affected by conditions to, and possible reduction of, free trade agreements.

Because of the United States-Jordan Free Trade Agreement and the Association Agreement between the EU and Jordan, we are able to sell our products manufactured at our facilities in Jordan to the U.S. free from customs duties and import quotas under certain conditions and to EU countries free from customs duties. If there is a change in such benefits or if any such agreements were terminated, our profitability may be reduced.

Former President Donald Trump expressed antipathy towards trade agreements, and took a starkly protectionist approach that included withdrawal and renegotiation of trade agreements and trade wars with China and U.S. allies alike. President Joe Biden has expressed no desire to withdraw from existing agreements, presumably indicating that his policy will be less protectionist than former President Donald Trump's. On the other hand, President Biden's Buy American plan will make it harder for foreign manufacturers to sell goods in the U.S. and his insistence on strong labor provisions in trade agreements will likely prevent them from being implemented or protect U.S. industries when they are. It remains unclear what specifically President Biden would or would not do with respect to trade agreements, tariffs, and duties relating to products manufactured in Jordan. If President Biden takes action or publicly speaks out about the need to terminate or re-negotiate existing free trade agreements on which we rely, or in favor of restricting free trade or increasing tariffs and duties applicable to our products, such actions may adversely affect our sales and have a material adverse impact on our business, results of operations, and cash flows.

Our results of operations would be materially and adversely affected in the event we are unable to operate our principal production facilities in Jordan.

All of our manufacturing process is performed in a complex of production facilities located in Jordan. We have no effective back-up for these operations and, in the event that we are unable to use the production facilities located in Jordan as a result of damage or for any other reason, our ability to manufacture a major portion of our products and our relationships with customers could be significantly impaired, which would materially and adversely affect our results of operation.

Our operations in Jordan may be adversely affected by social and political uncertainties or change, military activity, health-related risks, or acts of terrorism.

From time to time, Jordan has experienced instances of civil unrest, terrorism, and hostilities among neighboring countries, including Syria and Israel. A peace agreement between Israel and Jordan was signed in 1994. Terrorist attacks, military activity, rioting, or civil or political unrest in the future could influence the Jordanian economy and our operations by disrupting operations and communications and making travel within Jordan more difficult and less desirable. In late May 2018, protests about a proposed tax bill began throughout Jordan. On June 5, 2018, King Abdullah II of Jordan responded to the protests by removing and replacing Jordan's prime minister. If political uncertainty rises in Jordan, our business, financial condition, results of operations, and cash flows may be negatively impacted.

Political or social tensions also could create a greater perception that investments in companies with Jordanian operations involve a high degree of risk, which could adversely affect the market price of our common stock. We do not have insurance for losses and interruptions caused by terrorist attacks, military conflicts, and wars, which could subject us to significant financial losses. The realization of any of these risks could cause a material adverse effect on our business, financial condition, results of operations, and cash flows.

We may face interruption of production and services due to increased security measures in response to terrorism.

Our business depends on the free flow of products and services through the channels of commerce. In response to terrorists' activities and threats aimed at the United States, transportation, mail, financial, and other services may be slowed or stopped altogether. Extensive delays or stoppages in transportation, mail, financial, or other services could have a material adverse effect on our business, results of operations, and financial condition. Furthermore, we may experience an increase in operating costs, such as costs for transportation, insurance, and security as a result of the activities and potential delays. We may also experience delays in receiving payments from payors that have been affected by the terrorist activities. The United States economy in general may be adversely affected by terrorist activities and any economic downturn could adversely impact our results of operations, impair our ability to raise capital, or otherwise adversely affect our ability to grow our business.

We are subject to regulatory and political uncertainties in Jordan.

We conduct substantially all of our business and operations in Jordan. Consequently, government policies and regulations, including tax policies, in Jordan will impact our financial performance and the market price of our common stock.

Jordan is a constitutional monarchy, but the King holds wide executive and legislative powers. The ruling family has taken initiatives that support the economic growth of the country. However, there is no assurance that such initiatives will be successful or will continue. The rate of economic liberalization could change, and specific laws and policies affecting manufacturing companies, foreign investments, currency exchange rates, and other matters affecting investments in Jordan could change as well. A significant change in Jordan's economic policy or any social or political uncertainties that impact economic policy in Jordan could adversely affect business and economic conditions in Jordan generally and our business and prospects.

If we violate applicable anti-corruption laws or our internal policies designed to ensure ethical business practices, we could face financial penalties and reputational harm that would negatively impact our financial condition and results of operations.

We are subject to anti-corruption and anti-bribery laws in the United States and Jordan. Jordan's reputation for potential corruption and the challenges presented by Jordan's complex business environment, including high levels of bureaucracy, red tape, and vague regulations, may increase our risk of violating applicable anti-corruption laws. We face the risk that we, our employees, or any third parties such as our sales agents and distributors that we engage to do work on our behalf may take action determined to be in violation of anti-corruption laws in any jurisdiction in which we conduct business, including the Foreign Corrupt Practices Act of 1977 (the "FCPA"). Any violation of the FCPA or any similar anti-corruption law or regulation could result in substantial fines, sanctions, civil or criminal penalties, and curtailment of operations that might harm our business, financial condition, or results of operations.

Our stockholders may face difficulties in protecting their interests and exercising their rights as a stockholder of ours because we conduct substantially all of our operations in Jordan and certain of our officers and directors reside outside of the United States.

Certain of our officers and directors reside outside the United States. Therefore, our stockholders may experience difficulties in effecting service of legal process, enforcing foreign judgments, or bringing original actions in any of these jurisdictions based upon U.S. laws, including the federal securities laws or other foreign laws against us, our officers, and directors. Furthermore, we conduct substantially all of our operations in Jordan through our operating subsidiaries. Because the majority of our assets are located outside the United States, any judgment obtained in the United States against us or certain of our directors and officers may not be collectible within the United States.

Risk Factors Relating to our Securities

If we fail to comply with the continuing listing standards of the Nasdaq, our common stock could be delisted from the exchange.

If we were unable to meet the continued listing requirements of the Nasdaq Stock Market (“Nasdaq”), our common stock could be delisted from the Nasdaq. Any such delisting of our common stock could have an adverse effect on the market price of, and the efficiency of the trading market for, our common stock, not only in terms of the number of shares that can be bought and sold at a given price, but also through delays in the timing of transactions and less coverage of us by securities analysts, if any. Also, if in the future we were to determine that we need to seek additional equity capital, being delisted from Nasdaq could have an adverse effect on our ability to raise capital in the public or private equity markets.

Future sales and issuances of our common stock or rights to purchase common stock could result in additional dilution of the percentage ownership of our stockholders and could cause the market price of our common stock to decline.

We may issue additional securities in the future. Pursuant to our amended and restated 2018 Stock Incentive Plan, we may issue up to 1,784,250 shares of common stock to certain members of our management and key employees.

Future sales and issuances of our common stock or rights to purchase our common stock could result in substantial dilution to our existing stockholders. We may sell common stock, convertible securities, and other equity securities in one or more transactions at prices and in a manner as we may determine from time to time. If we sell any such securities, our stockholders may be materially diluted. New investors in any future transactions could gain rights, preferences, and privileges senior to those of holders of our common stock.

If securities or industry analysts do not publish research or reports about us, or if they adversely change their recommendations regarding our common stock, our stock price and trading volume of our common stock could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us, our industry, and our market. If no analyst elects to cover us and publish research or reports about us, the market for our common stock could be severely limited and our stock price could be adversely affected. In addition, if one or more analysts ceases coverage of us or fails to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. If one or more analysts who elect to cover us issue negative reports or adversely change their recommendations regarding our common stock, the market price of our common stock could decline.

The requirements of being a public company, including compliance with the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the requirements of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act"), may strain our resources, increase our costs, and distract management, and we may be unable to comply with these requirements in a timely or cost-effective manner.

We are required to comply with the laws, regulations, requirements, and certain corporate governance provisions under the Exchange Act and the Sarbanes-Oxley Act. Complying with these statutes, regulations, and requirements occupies a significant amount of time of our board of directors and management, significantly increases our costs and expenses, and makes some activities more time-consuming and costly. As a reporting company, we are:

- instituting a more comprehensive compliance function;
- preparing and distributing periodic and current reports under the federal securities laws;
- establishing and enforcing internal compliance policies, such as those related to insider trading; and
- involving and retaining outside counsel and accountants to a greater degree than before we became a reporting company.

Our ongoing compliance efforts will increase general and administrative expenses and may divert management's time and attention from the development of our business, which may adversely affect our financial condition and results of operations.

During the course of the audit of our consolidated financial statements, we identified material weaknesses in our internal control over financial reporting. If we are unable to effectively implement and maintain our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, our ability to accurately and timely report our financial results or prevent fraud may be adversely affected, and investor confidence and the market price of our common stock may be adversely impacted.

We have been required to evaluate our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act beginning with the annual report on Form 10-K for the fiscal year ended March 31, 2019. The process of designing and implementing internal controls over financial reporting may divert our internal resources and take a significant amount of time and expense to complete.

In connection with the preparation and external audit of our consolidated financial statements for the fiscal year ended March 31, 2023, we identified certain material weaknesses in our internal control over financial reporting and have formulated plans for remedial measures. See "Item 9A. Controls and Procedures." Measures that we implement may not fully address the material weaknesses in our internal control over financial reporting and we may not be able to conclude that the material weaknesses have been fully remedied.

Failure to correct the material weaknesses and other control deficiencies or failure to discover and address any other control deficiencies could result in inaccuracies in our consolidated financial statements and could also impair our ability to comply with applicable financial reporting requirements and make related regulatory filings on a timely basis. As a result, our business, financial condition, results of operations, and prospects, as well as the trading price of our common stock, may be materially and adversely affected. Due to the material weaknesses in our internal control over financial reporting as described above, our management concluded that our internal control over financial reporting was not effective as of March 31, 2023. This could adversely affect the market price of our common stock due to a loss of investor confidence in the reliability of our reporting processes.

The reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors, which may lead to volatility and a decrease in the market price of our common stock.

For as long as we continue to be an emerging growth company, we may take advantage of exemptions from reporting requirements that apply to other public companies that are not emerging growth companies. Investors may find our common stock less attractive because we may rely on these exemptions, which include not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. If investors find our common stock less attractive as a result of exemptions and reduced disclosure requirements, there may be a less active trading market for our common stock and our stock price may be more volatile or may decrease.

We are currently operating in a period of economic uncertainty and capital market disruption, which has been significantly impacted by geopolitical instability due to the ongoing military conflict between Russia and Ukraine. Our business, financial condition, and results of operations could be materially adversely affected by any negative impact on the global economy and capital markets resulting from the conflict in Ukraine or any other geopolitical tensions.

U.S. and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the start of the military conflict between Russia and Ukraine. On February 24, 2022, a full-scale military invasion of Ukraine by Russian troops was reported. Although the length and impact of the ongoing military conflict is highly unpredictable, the conflict in Ukraine could lead to market disruptions, including significant volatility in commodity prices, credit and capital markets, and supply chain interruptions.

The military conflict in Ukraine has led to sanctions and other penalties being levied by the United States, European Union, and other countries against Russia. Additional potential sanctions and penalties have also been proposed and/or threatened. Russian military actions and the resulting sanctions could adversely affect the global economy and financial markets and lead to instability and lack of liquidity in capital markets, potentially making it more difficult for us to obtain additional funds. In addition, in managing an organization operating globally, we are subject to the risks and challenges related to the potential to subject our business to materially adverse consequences should the situation escalate beyond its current scope, including, among other potential impacts, the geographic proximity of the situation relative to the Middle East, where a material portion of our business is conducted.

Although our business has not been materially impacted by the ongoing military conflict between Russian and Ukraine to date, it is impossible to predict the extent to which our operations, or those of our suppliers and manufacturers, will be impacted in the short and long term, or the ways in which the conflict may impact our business. The extent and duration of the military action, sanctions, and resulting market disruptions are impossible to predict, but could be substantial. Any such disruptions may also magnify the impact of other risks described in this annual report.

We may be adversely affected by the effects of inflation and a potential recession.

Inflation has the potential to adversely affect our liquidity, business, financial condition, and results of operations by increasing our overall cost structure, particularly if we are unable to achieve commensurate increases in the prices we charge our customers. The existence of inflation in the economy has resulted in, and may continue to result in, higher interest rates and capital costs, shipping costs, supply shortages, increased costs of labor, weakening exchange rates, and other similar effects. As a result of inflation, we have experienced and may continue to experience, cost increases. In addition, poor economic and market conditions, including a potential recession, may negatively impact market sentiment, decreasing the demand for sportswear and outerwear, which would adversely affect our operating income and results of operations. If we are unable to take effective measures in a timely manner to mitigate the impact of the inflation as well as a potential recession, our business, financial condition, and results of operations could be adversely affected.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Jerash Garments owns an industrial building of approximately 89,300 square feet and two pieces of land totaling approximately 181,000 square feet in Al Tajamouat Industrial City. We lease additional space totaling approximately 448,000 square feet in industrial buildings in Al Tajamouat Industrial City. In addition, we lease space for our workers in dormitories located inside and outside of Al Tajamouat Industrial City.

Treasure Success leased its office space in Hong Kong from Ever Winland pursuant to a tenancy agreement dated February 26, 2021. The tenancy agreement had a term from February 26, 2021 to February 25, 2023, with a rent in the amount of HK$119,540 (approximately $15,326) per month. On August 29, 2022, Ever Winland became a subsidiary of Treasure Success. See "—Item 1. Business—Organizational Structure."

In 2015, we commenced a project to build a 4,800 square-foot workshop in the Tafilah Governorate of Jordan, which was previously intended to be used as a sewing workshop for Jerash Garments, but which we now use as a dormitory to house management and supervisory staff who work at the factory in Al-Hasa County as discussed below. Construction was temporarily suspended in March 2020 due to the COVID-19 pandemic but subsequently completed and ready for use as of September 30, 2021.

In 2018, we commenced another project to build a 54,000 square-foot factory in Al-Hasa County in the Tafilah Governorate of Jordan, which started operation in November 2019. This project is a joint project with the Jordanian Ministry of Labor and the Employment and Training Department in Jordan. Pursuant to the agreement between these parties and us, we guaranteed up to JOD112,500 (approximately $159,000) for this project and agreed to employ at least 500 workers for the first 12 months following the completion of the project, which requirement we have complied with. The Ministry of Labor financed the building of the factory and the Employment and Training Department supported 50% of the workers' salaries, as well as transportation and social security costs in the first 12 months following the completion of the project. We used the factory without paying rent through December 2022. We have continued to use the factory without paying rent since January 2023 as new arrangements with the Jordanian Ministry of Labor are still being made.

In April 2021, we commenced construction on a 189,000 square-foot housing facility for our multi-national workforce, situated on a 49,000 square-foot site owned by us, located in Al Tajamouat Industrial City. We anticipate the completion of the construction and the subsequent occupancy of the new building by August 2023. To meet increasing demand, we were also finalizing plans to construct an additional project on a nearby separate 133,000 square-foot parcel that we purchased in 2019 for $1.2 million, with 2/3 of the land allocated for the establishment of our seventh factory and 1/3 for housing purposes. We have resumed to work with engineering consultants to proceed with the architectural design of these buildings.

On July 1, 2020, Jiangmen Treasure Success and Jiangmen V-Apparel Manufacturing Limited entered into a factory lease agreement, which was a replacement of a previous lease agreement dated August 31, 2019. The new lease has a one-year term with monthly rent amount of CNY28,300 (approximately $4,100) for additional office space and sample production purposes. On April 30, 2021, the factory lease agreement between Jiangmen Treasure Success and Jiangmen V-apparel Manufacturing Limited was terminated.

On January 1, 2021, Jiangmen Treasure Success entered a factory lease agreement with an independent third party. The lease has a five-year term with monthly rent amount of CNY50,245 (approximately $7,300) for the first year, CNY60,270 (approximately $8,800) for the second year, and 5% further annual increments starting from the third year.

On June 24, 2021, we entered into an agreement through Jerash Garments to acquire all of the stock of an existing garment manufacturing business in order to operate our fifth manufacturing facility in Al Tajamouat Industrial City located in Amman, Jordan. This acquisition increased Jerash's annual capacity from 12 million pieces to 14 million pieces. The new facilities are an existing garment manufacturing operation adjacent to Jerash's four largest manufacturing centers. Jerash assumed ownership of all of the machinery and equipment owned by MK Garments through the acquisition.

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 an asset acquisition. As of August 21, 2022, Kawkab Venus became a subsidiary of Jerash Garments.

We believe the real property that we own and lease is sufficient to conduct our operations as they are currently conducted.

Item 3. 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 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock has been traded and quoted on the Nasdaq Capital Market under the symbol "JRSH" since May 4, 2018. Before that, our stock was not traded on any stock exchange. As of June 27, 2023, there were 12,294,840 shares of common stock issued and outstanding held by approximately 41 stockholders of record.

Since November 2018, the Board of Directors of Jerash Holdings has declared a quarterly cash dividend payable to holders of its common stock. Subject to the discretion of the Board of Directors and applicable law, we currently expect to continue declaring comparable quarterly cash dividends in the future.

For information on securities authorized for issuance under our existing equity compensation plan, see Item 12 under the heading "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters."

On June 13, 2022, the Board of Directors of Jerash Holdings authorized a share repurchase program, under which the Company may repurchase up to $3.0 million of its outstanding shares of common stock. The share repurchase program expired on March 31, 2023.

Total share repurchases under the share repurchase program for the three months ended March 31, 2023 are as follows:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of the publicly announced program	Approximate dollar value of shares still available to be purchased under the program (in millions)
01/01/2023 - 01/31/2023	-	-	156,593	2.2
02/01/2023 - 02/28/2023	29,270	4.74	185,863	2.1
03/01/2023 - 03/31/2023	53,615	4.82	239,478	0
Total	82,885	4.79	239,478	0

During the fiscal years ended March 31, 2023 and 2022, we did not have sales of unregistered securities other than those already disclosed in the quarterly reports on Form 10-Q in the fiscal years 2023 and 2022 and current reports on Form 8-K.

Item 6. [Reserved].

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this filing.

EXECUTIVE OVERVIEW

Seasonality of Sales

A significant portion of our revenue is received during the first six months of our fiscal year. The majority of our VF Corporation orders are derived from winter season fashions, the sales of which occur in Spring and Summer and are merchandized by VF Corporation during the months of September through November. As such, the second half of our fiscal years reflect lower sales in anticipation of the spring and summer seasons. One of our strategies is to increase sales with other customers where clothing lines are stronger during the spring months. This strategy also reflects our current plan to increase our number of customers to mitigate our current concentration risk with VF Corporation.

Results of Operations

The following table presents certain information from our statements of income and comprehensive income for fiscal 2023 and 2022 and should be read, along with all of the information in this management's discussion and analysis, in conjunction with the consolidated financial statements and related notes included elsewhere in this filing.

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

	Fiscal Years Ended March 31,					
	2023		2022		Year over Year	
Statement of Income Data:	**Amount**	**As % of Sales**	**Amount**	**As % of Sales**	**Amount**	**%**
Revenue	$ 138,063	100%	$ 143,355	100%	$ (5,292)	(4)%
Cost of goods sold	116,273	84%	116,023	81%	250	-%
Gross profit	21,790	16%	27,332	19%	(5,542)	(20)%
Selling, general, and administrative expenses	17,375	13%	16,843	12%	532	3%
Other expenses, net	(331)	0%	(45)	0%	(286)	636%
Net income before taxation	$ 4,084	3%	$ 10,444	7%	$ (6,360)	(61)%
Income tax expense	1,664	1%	2,524	2%	(860)	(34)%
Net income	$ 2,420	2%	$ 7,920	5%	$ (5,500)	(69)%

Revenue. Revenue decreased by approximately $5.3 million, or 4%, to approximately $138.1 million in fiscal 2023 from approximately $143.4 million in fiscal 2022. This slight decrease was mainly due to a decline in export sales to two major U.S. customers. Despite receiving orders from new customers and observing an increase in shipments to other existing customers, these efforts were not enough to offset the shortfall in sales.

The following table outlines the dollar amount and percentage of total sales to our customers for the fiscal years ended March 31, 2023 and 2022, respectively.

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

	Fiscal Year Ended March 31, 2023		Fiscal Year Ended March 31, 2022	
	Sales Amount	**%**	**Sales Amount**	**%**
VF Corporation[(1)]	$ 82,661	59.9%	$ 96,450	67.3%
New Balance	24,124	17.5%	34,506	24.1%
Jiangsu Guotai Huasheng Industrial Co (HK)., Ltd	9,454	6.8%	3,245	2.3%
Dynamic Design Enterprise, Inc	8,175	5.9%	2,235	1.6%
G-III	5,589	4.0%	2,758	1.9%
Classic	1,596	1.2%	-	0%
Soriana	954	0.7%	1,487	1.0%
Others	5,510	4.0%	2,674	1.8%
Total	$ 138,063	100.0%	$ 143,355	100.0%

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

Revenue by Geographic Area

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

	Fiscal Years Ended March 31,					
	2023		2022		Year over Year	
Region	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
United States	$ 122,318	89%	$ 136,068	95%	$ (13,750)	(10)%
Hong Kong	9,474	7%	3,280	2%	6,194	189%
Jordan	4,892	3%	1,950	1%	2,942	151%
Others	1,379	1%	2,057	2%	(678)	(33)%
Total	$ 138,063	100%	$ 143,355	100%	$ (5,292)	(4)%

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 decrease of approximately 10% in sales to the U.S. during fiscal year ended March 31, 2023 was mainly attributable to the decrease in the export sales to two major customers in the U.S. due to challenges related to inflation, which impacted customer demand for new orders.

During the fiscal year ended March 31, 2023, aggregate sales to Jordan, Hong Kong, and other locations, such as mainland China, increased significantly by 116% from approximately $7.3 million to $15.7 million. This surge in sales can be attributed to receiving more orders from these regions to fill up the production capacity released from the decrease in shipments to the aforementioned two major customers in the U.S.

Cost of goods sold. Our cost of goods sold experienced a slight increase of approximately $0.3 million to approximately $116.3 million in fiscal 2023 from approximately $116.0 million in fiscal 2022, despite the decrease in sales. As a percentage of revenue, the cost of goods sold increased by approximately 3 percentage points to 84% in fiscal 2023 from 81% in fiscal 2022. The increase in the cost of goods sold as a percentage of revenue was primarily attributable to a lower proportion of export orders to our two major customers in the U.S., which typically generated higher profit margin for the company.

For the fiscal year ended March 31, 2023, we purchased approximately 11% of our garments from one major supplier. For the fiscal year ended March 31, 2022, we purchased approximately 20% and 11% of our garments and raw materials from two major suppliers, respectively.

Gross profit margin. Our gross profit margin was approximately 16% in fiscal 2023, representing a decrease by approximately 3 percentage points from 19% in fiscal 2022. The decrease in gross profit margin was primarily influenced by a lower proportion of export orders from our two major customers in the U.S., which typically generated higher profit margin.

Selling, general, and administrative expenses. Selling, general, and administrative expenses increased by approximately 3% from approximately $16.8 million in fiscal 2022 to approximately $17.4 million in fiscal 2023. The increase was mainly attributable to (i) the acquisition of MK Garments, resulting in higher headcounts, and (ii) increased travelling costs for migrant workers.

Other expenses, net. Other expenses, net were approximately $0.3 million in fiscal 2023 and other expenses, net was approximately $45,000 in fiscal 2022. The increase in other expenses was primarily due to the increase in net interest expenses.

Taxation. Income tax expenses for the fiscal 2023 were approximately $1.7 million, compared to income tax expenses of approximately $2.5 million for fiscal 2022. The effective tax rate for fiscal 2023 increased to 40.7%, compared to 24.2% for fiscal 2022. The increase in the effective tax rate mainly resulted from lower operating profit in Jordanian companies, operating loss in Jerash Holdings during the fiscal year, increases in the foreign statutory tax rates, and prior year adjustments. In addition, the higher corporate income tax rate in Jordan, which increased from a combined rate of 17% to 20% or 21% since January 1, 2023.

Net income. Net income for fiscal 2023 decreased by 69.4% to approximately $2.4 million, compared to approximately $7.9 million for fiscal 2022. The decrease in net income was mainly attributable to lower sales to two of our major export customers.

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 Jordanian and Hong Kong subsidiaries 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 (which generate revenue) to meet our obligations to date. To the extent payments are due in U.S. dollars, we have occasionally paid such amounts in JOD to an entity controlled by our management capable of paying such amounts in U.S. dollars. Such transactions have been made at prevailing exchange rates and have resulted in immaterial losses or gains on currency exchange but no other profit.

As of March 31, 2023, our cash balance was approximately $17.8 million and restricted cash was approximately $1.6 million, compared to cash of approximately $25.2 million and restricted cash of approximately $1.4 million as of March 31, 2022. The decrease in total cash was primarily due to (i) the acquisition of Ever Winland and Kawkab Venus for approximately $5.1 million and $2.2 million, respectively (ii) investment in the construction of a new dormitory building and extension of one of our major factory buildings, and purchases of property, plant, and machinery, which amounted to a total of approximately $5.8 million, (iii) dividends distribution of $2.5 million, and (iv) a share repurchase program totaling $1.2 million.

Our current assets as of March 31, 2023 were approximately $57.3 million, and our current liabilities were approximately $14.4 million, which resulted in a current ratio of approximately 4.0:1. Our current assets as of March 31, 2022 were approximately $69.9 million, and our current liabilities were approximately $14.1 million, which resulted in a current ratio of approximately 4.9:1. The decrease in current assets were primarily due to (i) reduced accounts receivable resulting from the adoption of supply chain financing programs for two of our major customers, which shortened the payment lead time from 90 days to around 10 days, and (ii) decreased cash due to the investment in the construction of a new dormitory building, the extension in one of our major factory buildings, and the acquisition in Ever Winland and Kawkab Venus. The primary driver in the increase in current liabilities was the increased accounts payable due to the increase in inventory levels with credit terms from suppliers.

We had net working capital of $42.8 million and $55.7 million as of March 31, 2023 and 2022, respectively. Based on our current operating plan, we believe that cash on hand and cash generated from operation will be sufficient to support our working capital needs for the next 12 months from the date of this Annually Report.

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 London Interbank Offered Rate ("LIBOR") 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.

We have funded our working capital needs from 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. Pursuant to the agreement, DBSHK agreed to finance cargo receipt, trust receipt, account payable financing, and certain type of import 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 Hong Kong Interbank Offered Rate (“HIBOR”) for HKD bills and 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 March 31, 2023 and 2022, we had $nil outstanding under this DBSHK facility.

Capital Bank of Jordan Credit Facility

Jerash Garments recently received documents from Capital Bank of Jordan for a credit facility of $10 million. Our board of directors has reviewed the documents and approved to enter into the credit facility on June 1, 2023. Execution is still in process and the credit facility is not effective as of the date of this annual report. Details of the credit facility will be provided after execution is complete and the facility is effective.

Fiscal Years ended March 31, 2023 and 2022

The following table sets forth a summary of our cash flows for the fiscal years ended March 31, 2023 and 2022.

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

	For the fiscal years ended March 31,	
	2023	**2022**
Net cash provided by operating activities	$ 10,807	$ 8,963
Net cash used in investing activities	(13,775)	(8,673)
Net cash (used in) provided by financing activities	(3,953)	3,289
Effect of exchange rate changes on cash	(250)	144
Net (decrease) increase in cash and restricted cash	(7,171)	3,723
Cash and restricted cash, beginning of year	26,583	22,860
Cash and restricted cash, end of year	$ 19,412	$ 26,583
Supplemental disclosure information		
Cash paid for interest	$ 768	$ 211
Income tax paid	$ 1,748	$ 1,762
Non-cash investing and financing activities		
Equipment obtained by utilizing long-term deposit	$ 237	$ 322
Acquisition of Kawkab Venus by utilizing long-term deposit	$ 500	$ -
Right of use assets obtained in exchange for operating lease obligations	$ 191	$ 1,022

Operating Activities

Net cash provided by operating activities was approximately $10.8 million in fiscal 2023, compared to net cash provided by operating activities of approximately $9.0 million in fiscal 2022. The increase in net cash provided by operating activities was primarily attributable to the following factors:

- an increase in inventory of $4.4 million during fiscal 2023, compared to an increase of $3.2 million during fiscal 2022;
- a decrease in accounts receivable of $8.8 million during fiscal 2023, compared to a decrease of $0.8 million in fiscal 2022;
- a decrease in prepaid expenses and other current assets of $0.3 million, compared to an increase of $0.9 million in fiscal 2022;
- an increase in advance to suppliers of $0.2 million, compared to a decrease of $1.7 million in fiscal 2022;
- an increase in accounts payable of $0.9 million during fiscal 2023, compared to a decrease of $3.1 million in fiscal 2022; and
- a decrease of net income to $2.4 million during fiscal 2023 from a net income of $7.9 million in fiscal 2022.

Investing Activities

Net cash used in investing activities was approximately $13.8 million and $8.7 million for fiscal 2023 and 2022, respectively. The increase in net cash used in investing activities was mainly attributable to (i) the acquisition of Ever Winland and Kawkab Venus, amounting to $5.1 million and $2.2 million, respectively, (ii) $5.1 million of payments for construction in progress, including the building of a dormitory building and an extension in one of our major factory buildings, and (iii) $0.7 million used for the acquisition of plant and machinery.

Financing Activities

Net cash used in financing activities was approximately $4.0 million for fiscal 2023, mainly due to dividend payments of approximately $2.5 million and payments for a share repurchase program of approximately $1.2 million this fiscal year. There was a net cash inflow of $3.3 million in fiscal 2022 resulting from the net proceeds of $6.3 million in a placement completed in October 2021 and outflows of dividend payments of approximately $2.4 million and repayments of short-term loans of approximately $0.6 million.

Statutory Reserves

In accordance with the corporate Law in Jordan, Jerash Holdings' subsidiaries 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 $410,847 and $379,323 as of March 31, 2023 and 2022, respectively.

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 March 31, 2023 and 2022.

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

	As of March 31,	
	2023	**2022**
Statutory Reserves	$ 411	$ 379
Total Restricted Net Assets	$ 411	$ 379
Consolidated Net Assets	$ 68,234	$ 69,304
Restricted Net Assets as Percentage of Consolidated Net Assets	0.60%	0.55%

Total restricted net assets accounted for approximately 0.60% of our consolidated net assets as of March 31, 2023. 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 $13.8 million and $8.7 million in fiscal 2023 and 2022, respectively. For the year ended March 31, 2023, our capital expenditures included investments in additional plant and machinery, the construction of a dormitory and factory expansion, the acquisition of Kawkab Venus, and the acquisition of Ever Winland, which totaled approximately $0.7 million, $5.1 million, $2.2 million, and $5.1 million, respectively. For the year ended March 31, 2022, payments for the construction of a dormitory and factory expansion amounted to $2.1 million, and payments for the acquisition of all the share capital of MK Garment was 2.7 million.

In 2018, we commenced another project to build a 54,000 square-foot factory in Al-Hasa County in the Tafilah Governorate of Jordan, which started operation in November 2019 with approximately 240 workers. This project was constructed in conjunction with the Jordanian Ministry of Labor and the Jordanian Education and Training Department.

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 JOD863,800 (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 bought 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 JOD313,501 (approximately $442,162). We expect to spend approximately $8.2 million in capital expenditures to build the dormitory. Due to the ongoing COVID-19 pandemic, management decided to put on hold the construction project in fiscal 2021 to retain financial resources to support our operations, and also to wait and see how the global economy and customer demand recover after the outbreak. The preparation work resumed in early 2021 and construction work commenced in April 2021. The dormitory is expected to be completed and ready for use in August 2023.

We project that there will be an aggregate of approximately $2.6 million and $8.5 million of capital expenditures in the fiscal years ending March 31, 2024 and 2025, respectively, for further enhancement of production capacity to meet future sales growth. 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.

For Management's Discussion and Analysis of the fiscal years ended March 31, 2022 and 2021, please see our Annual Report on Form 10-K for the fiscal year ended March 31, 2022, filed with the SEC on June 27, 2022.

Critical Accounting Policies and Estimates

We prepare our financial statements in conformity with accounting principles generally accepted by the United States of America, 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 two 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 believe that certain accounting policies involve a higher degree of judgment and complexity in their application and require us to make significant accounting estimates. The policies that we believe are the most critical to understanding and evaluating our consolidated financial condition and results of operations are summarized in "Note 2—Summary of Significant Accounting Policies" in the notes to our audited financial statements.

Recent Accounting Pronouncements

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

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 8. Financial Statements and Supplementary Data.

JERASH HOLDINGS (US), INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
TABLE OF CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and

Stockholders of Jerash Holdings (US), Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Jerash Holdings (US), Inc. (the "Company") as of March 31, 2023, the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for the year ended March 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2023, and the results of its operations and its cash flows for the year ended March 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Marcum LLP
Marcum LLP

We have served as the Company's auditor since 2016 (such date takes into account the acquisition of certain assets of Friedman LLP by Marcum LLP effective September 1, 2022).

Marlton, New Jersey
June 28, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and

Stockholders of Jerash Holdings (US), Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Jerash Holdings (US), Inc. (the "Company") as of March 31, 2022, the related consolidated statements of income and comprehensive income, changes in stockholders' equity and cash flows for the year ended March 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2022, and the results of its operations and its cash flows for year ended March 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Friedman LLP

We have served as the Company's auditor from 2016 to 2022.

New York, New York
June 27, 2022

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

	March 31, 2023	March 31, 2022
ASSETS		
Current Assets:		
Cash	$ 17,801,614	$ 25,176,120
Accounts receivable, net	2,240,537	11,049,069
Bills receivable	87,573	-
Tax recoverable	16,763	374,377
Inventories	32,656,833	28,255,179
Prepaid expenses and other current assets	2,947,815	3,233,592
Investment deposits	-	500,000
Advance to suppliers, net	1,533,091	1,284,601
Total Current Assets	57,284,226	69,872,938
Restricted cash – non-current	1,609,989	1,407,368
Long-term deposits	841,628	419,597
Deferred tax assets, net	153,873	352,590
Property, plant and equipment, net	22,355,574	10,933,147
Goodwill	499,282	499,282
Right of use assets	974,761	1,826,062
Total Assets	**$ 83,719,333**	**$ 85,310,984**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Credit facilities	$ -	$ -
Accounts payable	5,782,570	4,840,225
Accrued expenses	2,930,533	3,115,953
Income tax payable – current	2,846,201	2,861,272
Other payables	1,477,243	2,278,816
Deferred revenue	928,393	-
Amount due to a related party	-	300,166
Operating lease liabilities – current	481,502	739,101
Total Current Liabilities	14,446,442	14,135,533
Operating lease liabilities – non-current	287,247	869,313
Income tax payable – non-current	751,410	1,001,880
Total Liabilities	**15,485,099**	**16,006,726**
Commitments and Contingencies (Note 15)		
Stockholders' Equity		
Preferred stock, $0.001 par value; 500,000 shares authorized; none issued and outstanding	$ -	$ -
Common stock, $0.001 par value; 30,000,000 shares authorized; 12,534,318 and 12,334,318 shares issued; 12,294,840 and 12,334,318 shares outstanding as of March 31, 2023 and 2022, respectively	12,534	12,334
Additional paid-in capital	22,931,046	22,517,346
Treasury stock, 239,478 and none shares as of March 31, 2023 and 2022, respectively	(1,169,046)	-
Statutory reserve	410,847	379,323
Retained earnings	46,172,082	46,268,110
Accumulated other comprehensive (loss) gain	(123,229)	127,145
Total Jerash Holdings (US), Inc.' Stockholders' Equity	68,234,234	69,304,258
Total Liabilities and Stockholders' Equity	**$ 83,719,333**	**$ 85,310,984**

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

JERASH HOLDINGS (US), INC.,
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	For the Fiscal Years Ended March 31, 2023	2022
Revenue, net	$ 138,063,309	$ 143,354,902
Cost of goods sold	116,273,569	116,023,267
Gross Profit	21,789,740	27,331,635
Selling, general and administrative expenses	16,960,978	15,895,998
Stock-based compensation expenses	413,900	947,079
Total Operating Expenses	17,374,878	16,843,077
Income from Operations	4,414,862	10,488,558
Other Income (Expenses):		
Interest expenses	(768,131)	(210,576)
Other income, net	437,002	165,893
Total other expenses, net	(331,129)	(44,683)
Net income before provision for income taxes	4,083,733	10,443,875
Income tax expenses	1,664,110	2,524,275
Net Income	$ 2,419,623	$ 7,919,600
Other Comprehensive Income (Loss):		
Foreign currency translation (loss) income	(250,374)	143,046
Comprehensive Income Attributable to Jerash Holdings (US), Inc.'s Common Stockholders	$ 2,169,249	$ 8,062,646
Earnings Per Share Attributable to Common Stockholders:		
Basic and diluted	$ 0.19	$ 0.67
Weighted Average Number of Shares		
Basic	12,635,785	11,821,779
Diluted	12,675,351	11,897,717
Dividend per share	$ 0.20	$ 0.20

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

JERASH HOLDINGS (US), INC.,
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

	Preferred Stock		Common Stock		Additional Paid-in Capital	Treasury Stock	Statutory Reserve	Retained Earnings	Accumulated Other Comprehensive Gain (Loss)	Total Equity
	Shares	Amount	Shares	Amount						
Balance at March 31, 2021	-	$ -	11,332,974	$ 11,333	$15,301,268	$ -	$ 346,315	$40,748,314	$ (15,901)	$56,391,329
Stock-based compensation expense for the restricted stock units issued under stock incentive plan	-	-	-	-	947,079	-	-	-	-	947,079
Cashless exercise of warrants	-	-	1,344	1	(1)	-	-	-	-	-
Common stock issued net of stock issuance costs of $730,000	-	-	1,000,000	1,000	6,269,000	-	-	-	-	6,270,000
Net income	-	-	-	-	-	-	-	7,919,600	-	7,919,600
Dividend payments	-	-	-	-	-	-	-	(2,366,796)	-	(2,366,796)
Statutory Reserve	-	-	-	-	-	-	33,008	(33,008)	-	-
Foreign currency translation gain	-	-	-	-	-	-	-	-	143,046	143,046
Balance at March 31, 2022	-	$ -	12,334,318	$ 12,334	$22,517,346	$ -	$ 379,323	$46,268,110	$ 127,145	$69,304,258
Balance at March 31, 2022	-	$ -	12,334,318	$ 12,334	$22,517,346	$ -	$ 379,323	$46,268,110	$ 127,145	$69,304,258
Stock-based compensation expense for the restricted stock units issued under stock incentive plan	-	-	-	-	413,900	-	-	-	-	413,900
Issuance of common stocks upon vesting of restricted stock units	-	-	200,000	200	(200)	-	-	-	-	-
Share repurchase	-	-	-	-	-	(1,169,046)	-	-	-	(1,169,046)
Net income	-	-	-	-	-	-	-	2,419,623	-	2,419,623
Dividend payments	-	-	-	-	-	-	-	(2,484,127)	-	(2,484,127)
Statutory Reserve	-	-	-	-	-	-	31.524	(31,524)	-	-
Foreign currency translation loss	-	-	-	-	-	-	-	-	(250,374)	(250,374)
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

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

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

	For the Fiscal Years Ended March 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 2,419,623	$ 7,919,600
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,430,692	2,149,419
Stock-based compensation expenses	413,900	947,079
Bad debt expense	-	221,584
Amortization of operating lease right-of-use assets	989,220	803,056
Changes in operating assets:		
Accounts receivable	8,808,532	762,614
Bills receivable	(87,573)	-
Inventories	(4,401,654)	(3,219,213)
Prepaid expenses and other current assets	285,782	(904,305)
Advance to suppliers	(248,490)	1,752,091
Deferred tax assets	198,717	(203,928)
Changes in operating liabilities:		
Accounts payable	942,345	(3,082,614)
Accrued expenses	(185,421)	783,087
Other payables	(801,574)	823,608
Deferred revenue	928,393	-
Operating lease liabilities	(977,584)	(759,919)
Income tax payable, net of recovery	92,226	971,386
Net cash provided by operating activities	10,807,134	8,963,545
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(722,770)	(2,955,328)
Payments for construction of properties	(5,084,044)	(2,098,323)
Acquisition of MK Garments	-	(2,700,000)
Acquisition of Ever Winland	(5,100,000)	-
Acquisition of Kawkab Venus	(2,200,000)	(500,000)
Payment for long-term deposits	(668,337)	(419,597)
Net cash used in investing activities	(13,775,151)	(8,673,248)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend payment	(2,484,127)	(2,366,796)
Share repurchase	(1,169,046)	-
Repayment from short-term loan	(7,197,995)	(612,703)
Repayment to a related party	(300,166)	(1,763)
Proceeds from short-term loan	7,197,995	-
Net proceeds from issuance of common stock	-	6,270,000
Net cash (used in) provided by financing activities	(3,953,339)	3,288,738
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND RESTRICTED CASH	(250,529)	143,990
NET (DECREASE) INCREASE IN CASH AND RESTRICTED CASH	(7,171,885)	3,723,025
CASH, AND RESTRICTED CASH, BEGINNING OF THE YEAR	26,583,488	22,860,463
CASH, AND RESTRICTED CASH, END OF THE YEAR	$ 19,411,603	$ 26,583,488
CASH, AND RESTRICTED CASH, END OF THE YEAR	19,411,603	26,583,488
LESS: NON-CURRENT RESTRICTED CASH	1,609,989	1,407,368
CASH, END OF THE YEAR	$ 17,801,614	$ 25,176,120
Supplemental disclosure information:		
Cash paid for interest	$ 768,131	$ 210,576
Income tax paid	$ 1,747,635	$ 1,762,254
Non-cash investing and financing activities		
Equipment obtained by utilizing long-term deposit	$ 237,412	$ 321,862
Acquisition of Kawbab Venus by utilizing long-term deposit	$ 500,000	$ -
Right of use assets obtained in exchange for operating lease obligations	$ 190,654	$ 1,022,172

The accompanying notes are an integral part of these 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 Lisenaet 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 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, the People's Republic of China ("China"), as a limited liability company for the primary purpose of employing staff from 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, China, 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)

Jiangmen Treasure Success Business Consultancy Company Limited ("Jiangmen Treasure Success") was organized on August 28, 2019 under the laws of China in Guangzhou City of Guangdong Province in China with a total registered capital of 15 million Hong Kong Dollars ("HKD") (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 sportwear 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 consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC").

The consolidated financial statements include the financial statements of Jerash Holdings and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the 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 March 31, 2023 and 2022, 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 and labor import requirements under the 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable, Net

Accounts receivable are recognized and carried at the original invoiced amount less an estimated allowance for uncollectible accounts. The Company usually grants extended payment terms to customers with good credit standing and determines the adequacy of reserves for doubtful accounts based on individual account analysis and historical collection trends. The Company establishes a provision for doubtful receivables when there is objective evidence that the Company may not be able to collect amounts due. The allowance is based on management's best estimates of specific losses on individual exposures, as well as a provision on historical trends of collections. The provision is recorded against accounts receivables balances, with a corresponding charge recorded in the consolidated statements of comprehensive income. Actual amounts received may differ from management's estimate of creditworthiness and the economic environment. Delinquent account balances are written off against the allowance for doubtful accounts after management has determined that the likelihood of collection is not probable.

Inventories

Inventories are stated at the lower of cost or net realizable value. Inventories include the 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. The Company uses the aging method to estimate the allowance for the questionable balances. In addition, at each reporting date, the Company generally determines the adequacy of allowance for doubtful accounts by evaluating all available information, and then records specific allowances for those advances based on the specific facts and circumstances.

Property, Plant, and Equipment

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 comprehensive income.

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 plant, 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 fiscal years ended March 31, 2023 and 2022.

Asset Acquisition

An asset acquisition is an acquisition of an asset, or a group of assets, that does not meet the definition of a business, as substantially all of the fair value of the gross assets acquired are concentrated in a single or group of similar, identifiable assets. Asset acquisitions are accounted for by using the cost accumulation model, whereby the cost of the acquisition, including certain transaction costs, is allocated to the assets acquired on a relative fair value basis. Determining and valuing intangible assets requires judgment.

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 March 31, 2023 and 2022, the carrying amount of goodwill was both $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 year ended March 31, 2023 and 2022.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 seven 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 rendering cutting and making services to other apparel vendors who subcontract order 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 from customers is not contingent on a future event. The Company had contract liabilities of $928,393 and $nil as of March 31, 2023 and 2022. For the fiscal years ended March 31 2023 and 2022, there was no revenue recognized from performance obligations related to prior periods. As of March 31, 2023, $928,393 deferred revenue was expected to be recognized within fiscal 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 14—Segment Reporting").

As of March 31, 2023 and 2022, there was $928,393 and $nil receipts in advance from a customer. The Company recorded the receipts in advance as deferred revenue on the consolidated balance sheet as of March 31, 2023. These advances arose from early settlements from a customer's supply chain program that arranged for payments in accordance to estimated shipment dates before March 31, 2023 while the actual shipments dates were after the fiscal year end.

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 $1,856,218 and $1,864,202 for the fiscal years ended March 31, 2023 and 2022, 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 and Ever Winland 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 16% plus a 1% social contribution between January 1, 2021 and December 31, 2021. The income tax rate increased to 18% or 20% plus a 1% social contribution starting from January 1, 2022. Effective January 1, 2023, the income tax rate increased to 19% or 20%, plus a 1% social contribution.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income and Sales Taxes (continued)

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, 2024.

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, the effect on deferred income taxes of a change in tax rates is recognized in income in the period that includes the enactment date. 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 comprehensive income. No significant uncertainty in tax positions relating to income taxes were incurred during the fiscal years ended March 31, 2023 and 2022.

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 and Ever Winland, and Chinese Yuan ("CNY") in Jiangmen Treasure Success as 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 comprehensive income as incurred, and the balance of transaction gains and losses were immaterial as of the years ended March 31, 2023 and 2022.

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:

	March 31, 2023	**March 31, 2022**
Period-end spot rate	US$1=JOD0.7090	US$1=JOD0.7090
	US$1=HKD7.8496	US$1=HKD7.8325
	US$1=CNY6.8666	US$1=CNY6.3393
Average rate	US$1=JOD0.7090	US$1=JOD0.7090
	US$1=HKD7.8383	US$1=HKD7.7844
	US$1=CNY6.8506	US$1=CNY6.4180

Stock-Based Compensation

The Company measures compensation expense for stock-based awards based upon 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 highly complex and subjective 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 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.

- 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 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 13–Earnings per Share").

Comprehensive Income

Comprehensive income consists of two components, net income and other comprehensive income (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 (loss) in the consolidated statements of comprehensive income.

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, bills receivables, other current assets, credit facilities, accounts payable, accrued expenses, income tax payables, other payables, amount due to a related party and operating lease liabilities to approximate the fair value of the respective assets and liabilities at March 31, 2023 and 2022 based upon the short-term nature of these assets and liabilities.

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 March 31, 2023 and 2022, respectively, $7,264,247 and $12,735,486 of the Company's cash was 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 March 31, 2023 and 2022, respectively, $172,939 and $351,255 of the Company's cash was on deposit at financial institutions in China. Cash maintained in banks within China of less than CNY0.5 million (equivalent to $72,815) per bank are covered by "deposit insurance regulation" promulgated by the State Council of the People's Republic of China. As of March 31, 2023 and 2022, respectively, $11,700,512 and $13,311,340 of the Company's cash was on deposit at financial institutions in Hong Kong, 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 credit worthiness. As of March 31, 2023 and 2022, respectively, $171,496 and $37,342 of the Company's cash was on deposit in the United States 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 fiscal year ended March 31, 2023 and 2022, two customers accounted for 60% and 17%, and 67% and 24% of the Company's total revenue, respectively. As of March 31, 2023, four end-customer accounts for 50%, 13%, 10%, and 10%, respectively, of the Company's total accounts receivable balance. As of March 31, 2022, one end-customer accounted for 89% of the Company's total accounts receivable balance.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For the fiscal year ended March 31, 2023, the Company purchased approximately 11% of its garments from one major supplier. For the fiscal year ended March 31, 2022, the Company purchased approximately 20% and 11% of its garments from two major suppliers, respectively. As of March 31, 2023, accounts payable to the Company's one major supplier accounted for 36% of the total accounts payable balance. As of March 31, 2022, accounts payable to the Company's three major suppliers accounted for 11%, 11%, and 10% of the total accounts payable balance, respectively.

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 and foreign currency exchange. 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.

NOTE 3 – RECENT ACCOUNTING PRONOUNCEMENTS

The Company considers the applicability and impact of all accounting standards updates ("ASUs"). Management periodically reviews new accounting standards that are issued.

In September 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This ASU is intended to improve financial reporting by requiring timelier recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. This ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This ASU requires enhanced disclosures to help investors and other financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of the Company's portfolio. These disclosures include qualitative and quantitative requirements that provide additional information about the amounts recorded in the financial statements. In November 2019, the FASB issued ASU 2019-10, which amended the effective dates of ASU 2016-13. For public business entities that meet the definition of an SEC filer, excluding entities eligible to be smaller reporting companies ("SRC") as defined by the SEC, ASU 2016-13 will become effective for the fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. For all other entities, ASU 2016-13 will become effective for the fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. As an SRC, the Company plans to adopt this ASU effective April 1, 2023. The Company is currently evaluating the impact of the adoption of ASU 2016-13 on its consolidated financial statements.

NOTE 4 – ACCOUNTS RECEIVABLE, NET

Accounts receivable consisted of the following:

	As of March 31, 2023	As of March 31, 2022
Trade accounts receivable	$ 2,462,120	$ 11,270,652
Less: allowances for doubtful accounts	221,583	221,583
Accounts receivable, net	$ 2,240,537	$ 11,049,069

NOTE 5 – INVENTORIES

Inventories consisted of the following:

	As of March 31, 2023	As of March 31, 2022
Raw materials	$ 15,240,198	$ 17,714,578
Work-in-progress	2,932,519	2,010,417
Finished goods	14,484,116	8,530,184
Total inventory	$ 32,656,833	$ 28,255,179

As of March 31, 2023 and 2022, the Company had $nil inventory valuation reserve as the Company arranged its inventory based on 93.4% and 90.0% with actual orders received, respectively. 6.6% and 10.0% of inventories held on hand were associated with unfulfilled sales orders, respectively.

NOTE 6 – ADVANCE TO SUPPLIERS, NET

Advance to suppliers consisted of the following:

	As of March 31, 2023	As of March 31, 2022
Advance to suppliers	$ 1,533,091	$ 1,284,601
Less: allowances for doubtful accounts	-	-
Advance to suppliers, net	$ 1,533,091	$ 1,284,601

NOTE 7 – LEASES

The Company has 48 operating leases for manufacturing facilities and offices. 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 the right of use (“ROU”) assets and lease liability. The Company’s lease agreements do not contain any material residual value guarantees or material restrictive covenants. ROU 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.

NOTE 7 – LEASES (CONTINUED)

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

	March 31, 2023
ROU assets	$ 974,761
Operating lease liabilities – current	$ 481,502
Operating lease liabilities – non-current	287,247
Total operating lease liabilities	$ 768,749

The weighted average remaining lease terms and discount rates for all of operating leases were as follows as of March 31, 2023:

Remaining lease term and discount rate:

Weighted average remaining lease term (years)	1.6
Weighted average discount rate	6.10%

During the fiscal years ended March 31, 2023 and 2022, the Company incurred total operating lease expenses of $2,696,593 and $2,542,431, respectively.

The following is a schedule, by fiscal years, of maturities of lease liabilities as of March 31, 2023:

2024	$ 707,818
2025	227,337
2026	91,825
2027	—
2028	—
Thereafter	—
Total lease payments	1,026,980
Less: imputed interest	(52,219)
Less: prepayments	(206,012)
Present value of lease liabilities	$ 768,749

NOTE 8 – PROPERTY, PLANT, AND EQUIPMENT, NET

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

	As of March 31, 2023	As of March 31, 2022
Land(3)	$ 2,200,334	$ 1,831,192
Property and buildings(3)	9,308,426	1,911,818
Equipment and machinery	11,853,445	11,091,566
Office and electric equipment	992,735	915,686
Automobiles	871,756	802,399
Leasehold improvements	4,088,980	4,002,833
Subtotal	29,315,676	20,555,494
Construction in progress (1)(2)	7,182,367	2,098,323
Less: Accumulated depreciation and amortization	(14,142,469)	(11,720,670)
Property, plant, and equipment, net	$ 22,355,574	$ 10,933,147

(1) In January 2022, the Company commenced a construction project of an expansion of the Company's own premises in Al Tajamouat Industrial City, Jordan. Through March 31, 2023, the Company had paid approximately JOD 803,000 (approximately $1,133,000) and the entire balance was recorded as construction in progress. The estimated construction cost is revised to approximately JOD 870,000 (approximately $1.2 million). The project is expected to be completed and ready to use in fiscal 2024.

NOTE 8 – PROPERTY, PLANT, AND EQUIPMENT, NET (CONTINUED)

(2) 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. The dormitory is expected to cost $8.8 million. Through March 31, 2023, the Company had spent approximately JOD 4.3 million (approximately $6.1 million) for the construction. The dormitory is expected to be completed and ready for use in fiscal 2024.

(3) In August 2022, the Company completed the acquisitions of Ever Winland and Kawkab Venus. Ever Winland holds office premises of HK$39.6 million (approximately $5.1 million), which are classified as property and buildings. Kawkab Venus holds land with factory premises, which are classified as land and property and buildings of approximately $370,000 and approximately $2.3 million, respectively. Ever Winland and Kawkab Venus only contain fixed assets (buildings and land) and neither of these two entities have any other assets or liabilities, operations, or employees as of the acquisition date, so the acquisitions of Ever Winland and Kawkab Venus were accounted as asset acquisitions.

For the fiscal year ended March 31, 2023 and 2022, depreciation expenses were $2,430,692 and $2,149,419, 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 March 31, 2023 and 2022. 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 and 12,334,318 shares of common stock outstanding as of March 31, 2023 and 2022, respectively.

On June 24, 2021, the Board of Directors approved the grant of 200,000 Restricted Stock Units (“RSUs”) under the Plan to 32 executive officers and employees of the Company, with a one-year vesting period. All RSUs were vested and 200,000 additional shares were issued on June 30, 2022.

On June 13, 2022, the Board of Directors authorized a share repurchase program, under which the Company may repurchase up to $3.0 million of its outstanding shares of common stock. The share repurchase program was effective through March 31, 2023. As of March 31, 2023, 239,478 shares had been repurchased at market rate with a total consideration of $1,169,046.

Statutory Reserve

In accordance with the Corporate Law in Jordan, Jerash Garments, Jerash Embroidery, Chinese Garments, Paramount, Jerash The First, and 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 fiscal year ended March 31, 2023, the Board of Directors declared a cash dividend of $0.05 per share of common stock on February 3, 2023, November 4, 2022, August 5, 2022, and May 16, 2022, respectively. The cash dividends of $618,886, $621,809, $626,716, and $616,716 were paid in full on February 21, 2023, November 28, 2022, August 24, 2022, and June 3, 2022, respectively.

During the fiscal year ended March 31, 2022, the Board of Directors declared a cash dividend of $0.05 per share of common stock on February 4, 2022, November 2, 2021, August 5, 2021, and May 14, 2021, respectively. The cash dividends of $616,715, $616,716, $566,716, and $566,649 were paid in full on February 22, 2022, November 29, 2021, August 24, 2021, and June 2, 2021, 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. The major assumptions used in the Black Scholes model included the followings: the expected term is five years; risk-free interest rate is 1.8% to 2.8%; and the expected volatility is 50.3% to 52.2%. For fiscal 2023, 137,210 warrants expired. There were 57,200 warrants outstanding as of March 31, 2023 with a weighted average exercise price of $8.75. All of the outstanding warrants were fully vested and exercisable as of March 31, 2023 and 2022. The remaining warrants expired on May 14, 2023.

All stock warrants activities are summarized as follows:

	Option to Acquire Shares	Weighted Average Exercise Price
Stock warrants outstanding at March 31, 2022	194,410	$ 6.71
Granted	-	-
Exercised	-	-
Expired	(137,210)	5.86
Stock warrants outstanding at March 31, 2023	57,200	$ 8.75

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. On March 31, 2023, the Company had 42,650 of shares remaining available for future issuance under the Plan.

On April 9, 2018, the Board of Directors approved the issuance of 989,500 nonqualified stock options under the Plan to 13 executive officers and employees of the Company in accordance with the Plan at an exercise price of $7.00 per share, and a term of five years. The fair value of these options was estimated as of the grant date using the Black-Scholes model with the major assumptions that expected terms are five years; risk-free interest rate is 2.6%; and the expected volatility is 50.3%.

On August 3, 2018, the Board of Directors granted the Company's then Chief Financial Officer and Head of U.S. Operations a total of 150,000 nonqualified stock options under the Plan in accordance with the Plan at an exercise price of $6.12 per share and a term of 10 years. The fair value of these options was estimated as of the grant date using the Black-Scholes model with the major assumptions that the expected terms are 10 years; risk-free interest rate is 2.95%; and the expected volatility is 50.3%.

On November 27, 2019, the Board of Directors granted the Company's Chief Financial Officer 50,000 nonqualified stock options under the amended and restated Plan in accordance with the amended and restated Plan at an exercise price of $6.50 per share and a term of 10 years. All these outstanding options became fully vested and exercisable in May 2020. The fair value of the options was estimated as of the grant date using the Black-Scholes model with the major assumptions of the expected term of 10 years; risk-free interest rate of 1.77%; expected volatility of 48.59%; and dividend yield of 3.08%.

All these outstanding options were fully vested and exercisable. As of March 31, 2023, there were 1,136,500 stock options outstanding. The weighted average remaining life of the options is within one year.

All stock option activities are summarized as follows:

	Option to Acquire Shares	Weighted Average Exercise Price
Stock options outstanding at March 31, 2022	1,136,500	$ 6.90
Granted	—	—
Exercised	—	—
Forfeited	—	—
Stock options outstanding at March 31, 2023	1,136,500	$ 6.90

NOTE 10 – STOCK-BASED COMPENSATION (CONTINUED)

Restricted Stock Units

On June 24, 2021, the Board of Directors approved the grant of 200,000 RSUs under the Plan to 32 executive officers and employees of the Company, with a one-year vesting period. The fair value of these RSUs on June 24, 2021 was $1,266,000, based on the market price of the Company's common stock as of the date of the grant. On June 30, 2022, all 200,000 RSUs were vested.

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 March 31, 2023, there were $1,815,275 unrecognized stock-based compensation expenses to be recognized in the future. 700 RSUs were forfeited during the fiscal year and 405,100 RSUs remained as of March 31, 2023.

Total expenses related to the RSU issued were $413,900 and $947,079 for the years ended March 31, 2023 and 2022, 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, and Chairman, and a significant stockholder	Consulting Services
Multi-Glory Corporation Limited ("Multi-Glory")	Wholly owned by a significant stockholder	Consulting Services
Jiangmen V-Apparel Manufacturing Limited	Affiliate, subsidiary of Ford Glory Holdings ("FGH"), which is 49% indirectly owned by the Company's President, Chief Executive Officer, and Chairman, and a significant stockholder	Operating Lease
Victory Apparel (Jordan) Manufacturing Company Limited ("Victory Apparel")	Affiliate, controlled by the Company's President, Chief Executive Officer, Chairman, and a significant stockholder and another significant stockholder	Borrowings

a. Related party lease and purchases agreement

On July 1, 2020, Jiangmen Treasure Success and Jiangmen V-Apparel Manufacturing Limited entered into a factory lease agreement for office and sample production purposes in Jiangmen, China from Jiangmen V-Apparel Manufacturing Limited for a monthly rent in the amount of CNY 28,300 (approximately $4,100). The lease had a one-year term and could be renewed with a one-month notice. On April 30, 2021, the factory lease agreement between Jiangmen Treasure Success and Jiangmen V-apparel Manufacturing Limited was terminated.

b. 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 $300,000 for the fiscal years ended March 31, 2023 and 2022.

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 $300,000 for the fiscal years ended March 31, 2023 and 2022.

c. Borrowings from a related party

As of March 31, 2023 and 2022, the Company had outstanding balances due to Victory Apparel of $nil and $300,166, respectively. These advances were non-interest bearing and due on demand. The outstanding balance as of March 31, 2022 was repaid in the first quarter of fiscal 2023.

NOTE 12 – CREDIT FACILITIES

On January 31, 2019, Standard Chartered Bank (Hong Kong) Limited ("SCBHK") offered to provide an import facility of up to $3.0 million to Treasure Success pursuant to a facility letter dated June 15, 2018. Pursuant to the agreement, SCBHK agreed to finance import invoice financing and pre-shipment financing of export orders up to an aggregate of $3.0 million. The SCBHK facility bears interest at 1.3% per annum over SCBHK's cost of funds. As of March 31, 2023 and 2022, the Company had $nil outstanding amount in import invoice financing under the SCBHK facility. In June 2022, the Company was informed by SCBHK that the facility was cancelled due to persistently low usage and zero loan outstanding.

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. 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 based on London Interbank Offered Rate ("LIBOR") 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 comprehensive income. For the years ended March 31, 2023 and 2022, the early payment charge was $647,906 and $210,576, 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. Pursuant to the facility, DBSHK agreed to finance cargo receipt, trust receipt, account payable financing, and certain type of import 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 1.3% 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 March 31, 2023 and 2022, the Company had $nil outstanding amount under the DBSHK facility. The DBSHK facility is reviewed annually.

NOTE 13 – EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share for the fiscal years ended March 31, 2023 and 2022. As of March 31, 2023, 1,598,800 RSUs, warrants, and stock options were outstanding. For the fiscal years ended March 31, 2023 and 2022, 1,193,700 and 1,043,700 warrants and stock options were excluded from the EPS calculation, respectively, as they were anti-dilutive.

	Fiscal Year Ended March 31, (in $000s except share and per share information)	
	2023	**2022**
Numerator:		
Net income attributable to Jerash Holdings (US), Inc.'s Common Stockholders	$ 2,420	$ 7,920
Denominator:		
Denominator for basic earnings per share (weighted-average shares)	12,635,785	11,821,779
Dilutive securities – unexercised warrants and options	39,566	75,938
Denominator for diluted earnings per share (adjusted weighted-average shares)	12,675,351	11,897,717
Basic and diluted earnings per share	$ 0.19	$ 0.67

NOTE 14 – 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 fiscal years ended March 31, 2023 and 2022, outerwear accounted for approximately 94.1% and 93.4% of total revenue. Based on management's assessment, the Company has determined that it has only one operating segment as defined by ASC 280.

NOTE 14 – SEGMENT REPORTING (CONTINUED)

The following table summarizes sales by geographic areas for the fiscal years ended March 31, 2023 and 2022, respectively.

	For the Fiscal Year Ended March 31,	
	2023	2022
United States	$ 122,318,376	$ 136,067,702
Hong Kong	9,474,112	3,279,777
Jordan	4,891,883	1,950,408
Others	1,378,938	2,057,015
Total	$ 138,063,309	$ 143,354,902

70.7% and 28.2% of long-lived assets were located in Jordan and Hong Kong, respectively, as of March 31, 2023.

NOTE 15 - 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 March 31, 2023, 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 16 – 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. In accordance with the Investment Encouragement Law, Jerash Garments' export sales to overseas customers were entitled to a 100% income tax exemption for a period of 10 years commencing on the first day of production. This exemption had been extended for five years until December 31, 2018. 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 16% plus a 1% social contribution between January 1, 2021 and December 31, 2021. The income tax rate increased to 18% or 20% plus a 1% social contribution starting from January 1, 2022. Effective January 1, 2023, the income tax rate increased to 19% or 20%, plus a 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 of 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.

NOTE 16 – INCOME TAX (CONTINUED)

Income tax payable consisted of the following:

	As of March 31, 2023	As of March 31, 2022
Income tax payable – current	$ 2,846,201	$ 2,861,272
Income tax payable – non-current	751,410	1,001,880
	$ 3,597,611	$ 3,863,152

The provision for income taxes consisted of the following:

	For the fiscal years ended March 31,	
	2023	2022
Domestic and foreign components of income (loss) before income taxes		
Domestic	$ (1,761,439)	$ (2,508,655)
Foreign	5,845,172	12,952,530
Total	$ 4,083,733	$ 10,443,875

	For the fiscal years ended March 31,	
	2023	2022
Provision (benefit) for income taxes		
<u>Current tax:</u>		
U.S. federal	$ —	$ (147)
U.S. state and local	750	700
Foreign	1,464,643	2,727,650
Total Current Tax	1,465,393	2,728,203
<u>Deferred tax:</u>		
U.S. federal	198,717	(203,928)
Total deferred tax	198,717	(203,928)
Total tax	$ 1,664,110	$ 2,524,275
Effective tax rates	40.7%	24.2%

A reconciliation of the effective tax rate was as follows:

	For the fiscal years ended March 31,	
	2023	2022
Tax at statutory rate	$ 857,052	$ 2,193,499
State tax, net of federal benefit	593	593
Non-deductible expenses	85,589	431
Non-taxable income	—	(474)
Global Intangible Low-Taxed Income	846,116	1,783,313
Tax Credits	(558,642)	(1,455,812)
Foreign tax rate differential	237,688	159,053
Valuation Allowance	—	(151,246)
Provision to return adjustments	195,714	(5,082)
Total	$ 1,664,110	$ 2,524,275

NOTE 16 – INCOME TAX (CONTINUED)

The Company's deferred tax assets and liabilities as of March 31, 2023 and 2022 consisted of the following:

Deferred tax assets	As of March 31, 2023	As of March 31, 2022
Stock-based compensation	$ 154,227	$ 352,590
Deferred tax liabilities	(354)	—
Net operating losses carried forward	—	—
Less: valuation allowance	—	—
Deferred tax assets, net	$ 153,873	$ 352,590

Deferred tax assets are reduced by a valuation allowance when it is considered more likely than not that some portion or all of the deferred tax assets will not be realized. As of March 31, 2023 and 2022, the allowance for deferred tax assets was $nil.

As of March 31, 2023, the Company had cumulative book-tax basis differences in its foreign subsidiaries of approximately $18.0 million. The Company has not recorded a U.S. deferred tax liability for the book-tax basis in its foreign subsidiaries as these amounts continue to be indefinitely reinvested in foreign operations. The reversal of this temporary difference would occur upon the sale or liquidation of the Company's foreign subsidiaries, and the estimated impact of the reversal of this temporary difference is approximately $3.8 million.

The Company files income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years prior to April 1, 2016.

NOTE 17 – SUBSEQUENT EVENTS

On May 23, 2023, the Board of Directors approved the payment of a dividend of $0.05 per share, payable on June 9, 2023, to stockholders of record as of the close of business as of June 2, 2023.

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. J&B engages in the garment trading and manufacturing business for orders from customers.

Jerash Garments recently received documents from Capital Bank of Jordan for a credit facility of $10 million. Our board of directors has reviewed the documents and approved to enter into the credit facility on June 1, 2023. Execution is still in process and the credit facility has not been effective as of the date of this annual report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

There has been no change in independent accountants for our Company during the two most recent fiscal years or any subsequent interim period except as previously reported in our Current Report on Form 8-K filed with the SEC on September 23, 2022. There have been no disagreements of the type required to be disclosed by Item 304(b) of Regulation S-K.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in 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, as appropriate, 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 March 31, 2023, concluded that our disclosure controls and procedures were not effective as of that date due to certain material control 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.

We have formulated plans to address the above weaknesses by:

- improving multi-level checking and documentation of account level balance reconciliation;
- working with external professional consultants to strengthen our work and review on U.S. tax issues; and
- rolling out a password control mechanism to exercise control and checking on the work of the privileged user access for all information technology systems supporting our financial reporting processes.

We will implement the above initiatives as soon as practicable to address the identified weaknesses.

Internal Control Over Financial Reporting

Management's annual report on internal control over financial reporting. Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, with the participation of our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), has assessed the effectiveness of our internal control over financial reporting as of March 31, 2023. In making this assessment, management used the criteria set forth in the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control—Integrated Framework (2013)*.

Based on the assessment using those criteria, management concluded that, as of March 31, 2023, our internal control over financial reporting was not effective due to certain material control 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.

We have formulated plans to address the above weaknesses by:

- improving the checking and documentation of account level balance reconciliation;
- working with external professional consultant to strengthen our work and review on US tax issues; and
- rolling out a password control mechanism to exercise control and checking on the work of the privileged user access for all information technology systems supporting our financial reporting processes.

We will implement the above initiatives will as soon as practicable to address the identified weaknesses.

Attestation report of the registered public accounting firm. This Annual Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Our management's report was not subject to attestation by our independent registered public accounting firm pursuant to the rules of the SEC that permit us to provide only management's report in this Annual Report.

Changes in 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 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not Applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

In response to this Item, the information set forth in our Proxy Statement for our 2023 Annual Meeting of Stockholders (the "2023 Proxy Statement") to be filed within 120 days following the end of our fiscal year, under the headings "Proposal No. 1—Election of Directors," "Our Executive Officers," "Section 16(a) Compliance," and "Corporate Governance Practices and Policies" is incorporated herein by reference.

Item 11. Executive Compensation.

In response to this Item, the information set forth in the 2023 Proxy Statement under the headings "Executive Compensation" and "Corporate Governance Practices and Policies" is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table provides information regarding shares outstanding and available for issuance under our existing equity compensation plans as of June 27, 2023.

Equity Compensation Plan Information

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	150,000	$ 6.25	1,029,150
Equity compensation plans not approved by security holders	-	$ -	-
Total	150,000	$ 6.25	1,029,150

For additional information concerning our equity compensation plans, see the discussion in "Note 10—Stock-Based Compensation."

The remainder of the information required by this Item is set forth in the 2023 Proxy Statement under the headings "Executive Compensation—Equity Compensation Plan Information" and "Security Ownership of Certain Beneficial Owners and Management" and is hereby incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

In response to this Item, the information set forth in the 2023 Proxy Statement under the headings "Certain Relationships and Related Party Transactions" and "Corporate Governance Practices and Policies—Board and Committee Independence" is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

In response to this Item, the information set forth in the 2023 Proxy Statement under the heading "Proposal No. 2—Ratification of Appointment of Independent Registered Public Accounting Firm—Matters Relating to the Independent Registered Public Accounting Firm" is incorporated herein by reference.

PART IV

Item 15. Exhibit and Financial Statement Schedules

(a) *Financial Statements*

We have filed the financial statements in Item 8. Financial Statements and Supplementary Data as a part of this Annual Report on Form 10-K.

(b) *Exhibits*

The following is a list of all exhibits filed or incorporated by reference as part of this Annual Report on Form 10-K.

Exhibit Number	Description	Location
3.1	Amended and Restated Certificate of Incorporation	Incorporated herein by reference to Exhibit 3.1 to the Post-Effective Amendment No. 1 to Form S-1, filed with the SEC on September 19, 2018
3.2	Amended and Restated Bylaws	Incorporated herein by reference to Exhibit 3.1 to the Form 8-K, filed with the SEC on July 24, 2019
4.1	Specimen Certificate for Common Stock	Incorporated herein by reference to Exhibit 4.1 to the Form S-1, filed with the SEC on June 27, 2017
4.2	Description of Securities	Incorporated herein by reference to Exhibit 4.1 to the Form 10-K, filed with the SEC on June 28, 2019
10.1+	Unified Work Contract for Migrant Workers, dated May 1, 2023, by and between Jerash Garments and Fashions Manufacturing Company Limited and Wei Yang	File herewith
10.2+	Consulting Agreement, dated January 12, 2018, by and between Treasure Success and Yukwise Limited	Incorporated herein by reference to Exhibit 10.1 to the Form 8-K, filed with the SEC on January 16, 2018
10.3+	Consulting Agreement, dated January 16, 2018, by and between Treasure Success and Multi-Glory Corporation Ltd.	Incorporated herein by reference to Exhibit 10.18 to the Form S-1, filed with the SEC on January 18, 2018
10.4+	Amended and Restated 2018 Stock Incentive Plan	Incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed with the SEC on September 19, 2019
10.5+	Form of Option Award Notice and Agreement (Employee)	Incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K, filed with the SEC on March 23, 2018
10.6+	Form of Option Award Notice and Agreement (Consultant)	Incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K, filed with the SEC on March 23, 2018

10.7+	Employment Agreement dated November 27, 2019 by and between Jerash Holdings and Gilbert K. Lee	Incorporated herein by reference to Exhibit 10.1 to the Form 8-K, filed with the SEC on December 2, 2019
10.8	Director Offer Letter dated June 15, 2020 by and between Jerash Holdings and Bill Korn	Incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed with the SEC on June 15, 2020
10.9+	Option Award Agreement dated November 27, 2019 by and between Jerash Holdings and Gilbert K. Lee	Incorporated herein by reference to Exhibit 10.2 to the Form 8-K, filed with the SEC on December 2, 2019
10.10+	Form of Indemnification Agreement	Incorporated herein by reference to Exhibit 10.2 to the Form 8-K, filed with the SEC on June 15, 2020
10.11	Factory Lease Agreement dated January 1, 2021 between Jiangmen Treasure Success and Guangdong Huadian Technology Industry Co., Ltd.	Incorporated herein by reference to Exhibit 10.20 to the Annual Report on Form 10-K, filed with the SEC on June 23, 2021
10.12+	Letter of Employment dated April 22, 2022 between Treasure Success and Choi Lin Hung	Incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed with the SEC on April 28, 2022
10.13+	Letter of Employment dated April 22, 2022 between Treasure Success and Ng Tsze Lun	Incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K, filed with the SEC on April 28, 2022
10.14	Facility Letter dated January 12, 2022 by and between Treasure Success and DBS Bank (Hong Kong) Limited	Incorporated herein by reference to Exhibit 10.18 to the Annual Report on Form 10-K, filed with the SEC on June 27, 2022
10.15	Purchase and Sale Agreement dated June 22, 2022 by and between Treasure Success and Wong Bing Lun and Chow Lai Ming	Incorporated herein by reference to Exhibit 10.19 to the Annual Report on Form 10-K, filed with the SEC on June 27, 2022
10.16+	Joint Venture and Shareholder's Agreement dated March 20, 2023 by and between Treasure Success and P.T. Eratex	Incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed with the SEC on March 21, 2023
14.1	Code of Ethics	Incorporated herein by reference to Exhibit 14.1 to the Annual Report on Form 10-K, filed with the SEC on June 29, 2020
21.1	Subsidiaries of Jerash Holdings (US), Inc.	Filed herewith
23.1	Consent of Marcum LLP	Filed herewith
23.2	Consent of Friedman LLP	Filed herewith
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

\+ Indicates a management contract or compensatory plan, contract, or arrangement.

* 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-K 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.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

JERASH HOLDINGS (US), INC.

Date: June 28, 2023

By: /s/ Gilbert K. Lee
Name: Gilbert K. Lee
Title: Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated below on June 28, 2023.

Signature	Title
/s/ Choi Lin Hung Choi Lin Hung	Chairman, Chief Executive Officer, President and Treasurer (Principal Executive Officer)
/s/ Gilbert K. Lee Gilbert K. Lee	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
/s/ Wei Yang Wei Yang	Vice President, Secretary, and Director
/s/ Bill Korn Bill Korn	Director
/s/ Ibrahim H. Saif Ibrahim H. Saif	Director
/s/ Mak Chi Yan Mak Chi Yan	Director

Exhibit 10.1

Unified Work Contract for Migrant Workers

Jordan Garments, Accessories & Textiles Exporters Association
Association of Owners of Factories, Workshops and Garments
General Trade Union of Workers in Textile, Garment and Clothing Industry

First Party

Employer:	Jerash Garments & Fashions Manufacturing Co. Ltd
Represented by Mr. / Ms.:	Ala’a Nawaf Awaisheh
Address:	Al-Tajamouat Industrial Estate
Telephone:	[*]

Second Party

Employee:	Wei Yang
Date of Birth (Day/ Month/ Year) :	1 Oct 1982
Nationality:	Chinese
Passport number:	[*]
Address:	Abdun -Amman
Telephone:	[*]

The two parties have agreed under this contract that the Second Party (hereinafter referred to as “worker”) shall work for the First Party (hereinafter referred to as “employer”) under the supervision and management of the First Party for a wage in accordance with the following terms and conditions:

1. Drafting of Contract

This contract has been drafted in _______ Arabic and in selected by the worker as a language that he understands and in three original copies signed by the two parties. Each party shall keep a copy of the contract. A copy shall also be kept with the Ministry of Labor for the purposes of issuing a work permit.

2. Term of Contract

The two parties have agreed that the term of this contract shall be 3 years during which work permits shall be issued in accordance with the procedures in place at the Ministry of Labor. The term of the contract shall commence as of the date of the arrival of the worker in the Hashemite Kingdom of Jordan (hereinafter referred to as “Jordan”). The employer, at his own expense, shall complete the legal requirements, including the issuance of a residency permit and a work permit for the worker.

3. Type and Place of Work

A. The worker shall be employed in the profession of Administration. The worker shall undertake to perform his duties and responsibilities according to the nature of his work and under the supervision and management of the employer or someone on his behalf.

B. The main location of work of the worker shall be at the enterprise of the employer in the area of Amman. The employer may relocate the worker to other branches of the enterprise within Jordan provided that the worker is informed in writing of the relocation decision one week prior to the relocation and that this shall not affect his financial entitlements.

4. Employment and Travel Arrangements

A. The employer shall undertake to complete the conditions of employment and travel arrangements without the worker incurring any fee or expenses except the official expenses that he incurs in his home country in accordance with the laws there. The worker shall confirm his knowledge that he is not obliged to pay any fee to any entity except the official expenses in his home country.

B. The employer shall:

1. Receive the worker at the place of his arrival in Jordan and transport him from the place of arrival to the place of work free of charge.

2. Provide the worker with an air travel ticket from his home country to Jordan upon recruitment and another free air travel ticket to his home country upon the end of the work relationship while taking into consideration Paragraph 3 below of this clause.

3. Taking into consideration the provisions of Article 29 of the Labor Law, if the worker terminates the work relationship before completing the term of the contract, the employer shall not cover the full cost of the air travel ticket from Jordan to the home country of the worker. In this case, the employer shall cover a percentage of the cost of the air travel ticket equivalent to the period in which the worker spent of the total term of the work contract.

5. Wage and Working Hours/Obligations of Employer

In return for the work performed by the worker, the employer shall fulfill the following obligations and provide the following benefits:

A. **Monetary Wage:** The worker shall be paid a monthly wage of 3500 Jordanian dinars, while taking into consideration the conditions of the collective agreements signed between the Jordan Garments, Accessories & Textiles Exporters Association, the Association of Owners of Factories, Workshops and Garments, and the General Trade Union of Workers in Textile, Garment and Clothing Industry, including the provisions related to annual increases and incentives stipulated in these agreements.

B. **In-Kind Wage:** The employer shall provide food and accommodation to the worker as follows:

1. Three meals daily in reasonable quantity and quality to provide adequate nutrition.

2. Free transportation to the worker to and from the place of residence to worksites if the place of residence is 1 km or more away from the premises of the factory while taking into consideration the terms of the collective agreements signed between the Jordan Garments, Accessories & Textiles Exporters Association, the Association of Owners of Factories, Workshops and Garments, and the General Trade Union of Workers in Textile, Garment and Clothing Industry.

3. Shared accommodation of the worker according to the conditions stipulated in relevant legislation that governs the standards of worker accommodation in Jordan.

C. **Working Hours:** Regular working hours shall be 8 hours a day or 48 hours a week, excluding the time taken for meals and breaks.

D. **Payment:** The employer shall pay the wage, bonuses, incentives, overtime, and any other entitlements that are part of the concept of wage within not more than seven days of the date of entitlement either in cash or through bank or electronic transfer as agreed on between the two parties.

E. **Cash and in-kind wage** shall be subject to tax and social security deductions, as well as any other legal deductions, in the percentages and according to the conditions stipulated in relevant legislation.

6. Overtime and Incentives

A. Overtime (if any) shall be optional. If the worker agrees to work overtime, the wages for this work shall be calculated as follows:

1. If he works overtime during weekdays more than the daily or weekly working hours, he shall receive a wage of not less than 125% of his regular wage.

2. If he works on the day of his weekly holiday or during religious or official holidays, he shall receive an additional wage of not less than 150% of his regular wage.

B. Incentives:

1 . The worker shall be informed of the value of incentives of work and production and the method of payment of these incentives in writing.

2. The value of the incentives shall be clearly noted in the monthly wage statement of the worker.

7. Wage Statement and Overtime: Upon payment of the wage, the employer shall provide the worker with a detailed monthly statement that includes the name of the worker, the amount of the wage, allowances, increases, any other benefits, legal deductions, and the number of overtime hours that the worker worked and the amount of money corresponding to this.

8. Leaves

A. **Annual Leave:** The worker shall be entitled to a 14-day paid annual leave for every year of service. The annual leave shall be increased to 21 days if the worker spends five successive years with the employer. Weekly holidays and religious and official holidays shall not be calculated as part of annual leave.

B. **Sick Leave:** The worker shall be entitled to a 14-day paid sick leave within one year with full wage based on a report by the doctor approved by the enterprise. The leave may be renewed for another 14 days with full wage if he is hospitalized based on a report by the doctor approved by the enterprises whose number of workers is less than 20 workers. As for enterprises whose number of workers is more than 20 workers, a medical committee shall be authorized for the purpose of approving medical reports.

C. **Weekly Holiday:** The worker shall be entitled to one fully paid day for rest every week and it shall be on Friday. (If the nature of work requires that the holiday be a day other than Friday, the day approved by the enterprise shall be specified as the day of weekly holiday must be fixed and not changeable).

D. **Paternity Leave:** The worker shall be entitled to a three-day paid paternity leave.

9. Social Security: The provisions of the Social Security Law and its amendments, and the regulations and instructions issued pursuant thereto, shall be applied in connection to contributions, entitlements, work injuries, and other types of insurance relevant to the worker.

10. Health Care

The employer shall undertake the following:

A. Make arrangements for a preliminary medical examination and routine medical checkups in accordance with the Instructions on Medical Examinations of Workers issued pursuant to the Jordanian Labor Law and the official form issued by the Ministry of Labor concerning these examinations.

B. In emergency cases, the medical staff of the employer must refer the worker to a specialized doctor or hospital expeditiously and without delay so that the worker may receive the necessary medical care and proper treatment at the expense of the employer.

11. Work Permits, Residency Permit, and Identity Card Documents

The employer must:

A. Not withhold any of the identification documents of the worker, including the passport, residency permit, and work permit while observing the procedures for renewing the work permit and residency.

B. Obtain the work and residency permits of the worker throughout the duration of the work relationship without letting the worker incur any costs, even if the contract is prematurely terminated.

12. Non-Discrimination

The employer must not discriminate between the worker and other workers on the ground of race, color, sex, religion, political opinion, nationality, or social origin.

13. Freedom of Association and Collective Bargaining

The employer must respect the worker’s right to freedom of association, as stipulated by the Jordanian Labor Law and its amendments. This includes the right to join the General Trade Union of Workers in Textile, Garment and Clothing Industry in Jordan without harassment, interference, or prejudice to any of his rights.

14. Disciplinary Measures

A. The employer may take disciplinary measures or impose fines against the worker, as stipulated in the list of penalties approved by the Minister of Labor or someone whom he authorizes.

B. The worker must be informed of the terms of the bylaw of the factory that is approved by the Ministry of Labor.

15. Confidentiality

The worker shall undertake not to disclose any confidential information related to commercial, financial, or technical information at the enterprise of the employer for any reason whatsoever, whether during the term of the employment relationship or after its end. The employer may terminate the work of the worker if he discloses such information and he may take legal action against him to seek compensation for the losses he caused. Confidential information includes all non-public information concerning commercial, financial, or technical aspects of the business of the employer, which, if disclosed, could be used by competitors of the employer.

16. Termination of Work Contract

A. The work contract shall end in any of the following cases:

1 .. If the two parties agree to end it.

2. If the term of the work contract ends or the work itself ends.

3. If the worker dies or is unable to work due to illness or disability, as proven by a medical report issued by a medical authority.

4. If the worker meets the conditions of old-age retirement as stipulated in the Social Security Law unless the two parties agree otherwise.

B. If the employer terminates the work contract before its term has ended, or the worker terminates the work contract for one of the reasons set out in Article 29 of the Jordanian Labor Law, the worker shall be entitled to all the rights and dues specified in the contract, including wage, benefits, and other amounts due to the worker in accordance with the law for the remainder of the term of the contract provided that the contract has not been terminated in accordance with Article 28 of the Jordanian Labor Law.

C. If the worker terminates the work contract for reasons that are not within the provisions of Article 29 of the Jordanian Labor Law, the employer may claim compensation for the losses he incurred due to the termination of the contract. The competent court shall determine the value of the compensation provided that it shall not exceed half of the wage of the worker for the remaining period of the contract.

17. Termination Settlement

Upon the end of the contractual relationship, the worker shall be entitled to a prompt settlement of all outstanding payments, including wage and overtime payments, which should be completed within seven days of the worker's last day of work. The employer shall provide the worker with accommodation and meals until travel arrangements are finalized.

18. Death

The employer and worker agree that in the event of the death of the worker during the term of the work contract:

A. The employer shall notify the embassy of the worker's home country within 24 hours and cover the costs of the body's repatriation to his home country.

B. The employer shall pay all outstanding dues of the worker to his heirs or any authorized person with an official power of attorney certified by the home country of the worker, and the embassy of his home country shall be notified.

19. Settlement of Disputes

A. The worker may file a complaint with the labor union committee that is mediating between the worker and employer to settle the dispute. If the labor union committee fails to settle the dispute within five days, the worker may have recourse to the General Trade Union of Workers in Textile, Garment and Clothing Industry to resolve the complaint. If the worker does not wish to refer the matter to the union, he may file the complaint with the Ministry of Labor or the wage authority or court of peace, depending on the nature of the dispute and the provisions governing this.

B. The courts of the Hashemite Kingdom of Jordan shall have jurisdiction to decide on any dispute arising in relation to the application, implementation or interpretation of this contract. Claims shall be filed before the competent court located in the place of employment.

20. Labor Law

The provisions of the Labor Law shall apply to the two parties where no explicit stipulation is mentioned in this contract.

21. Declaration

The employer and worker declare that they fully understand the provisions of this contract. Both parties signed the contract and each kept a copy of it.

Signature of Employer

/s/ Ala'a Nawaf Awaisheh

Date: 1/5/2023 (date, month, year)

Signature of Worker

/s/ Wei Yang

Date: 1/5/2023 (date, month, year)

Subsidiaries of the Registrant

Subsidiaries	Place of Incorporation
Treasure Success International Limited	Hong Kong
Jerash Garments and Fashions Manufacturing Co., Ltd.	Jordan
Chinese Garments and Fashions Manufacturing Co., Ltd.	Jordan
Jerash for Industrial Embroidery Company Limited	Jordan
Al-Mutafaweq Co. for Garments Manufacturing Ltd.	Jordan
Jerash The First Medical Supplies Manufacturing Company Limited	Jordan
Mustafa and Kamal Ashraf Trading Company (Jordan) for the Manufacture of Ready-Make Clothes LLC	Jordan
Kawkab Venus Dowalyah Lisenaet Albesah	Jordan
Jiangmen Treasure Success Business Consultancy Co., Ltd.	PRC
Jerash Supplies, LLC	Delaware
Ever Winland Limited	Hong Kong
J&B International Limited	Hong Kong

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statements of Jerash Holdings (US), Inc. on Form S-3 (File No. 333-258447 and File No. 333-264265) and the Registration Statements on Form S-8 (File No. 333-223916 and File No. 333-255028) of our report dated June 28, 2023 with respect to our audit of the consolidated financial statements of Jerash Holdings (US), Inc. as of March 31, 2023 and for the year ended March 31, 2023, which report is included in this Annual Report on Form 10-K of Jerash Holdings (US), Inc. for the year ended March 31, 2023.

/s/ Marcum LLP
Marcum LLP
Marlton, New Jersey
June 28, 2023

Exhibit 23.2

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statements of Jerash Holdings (US), Inc. on Form S-3 (File No. 333-258447 and File No. 333-264265) and the Registration Statements on Form S-8 (File No. 333-223916 and File No. 333-255028) of our report dated June 27, 2022, with respect to our audit of the consolidated financial statements of Jerash Holdings (US), Inc. as of March 31, 2022 and for the year ended March 31, 2022, which report is included in this Annual Report on Form 10-K of Jerash Holdings (US), Inc. for the year ended March 31, 2022. We resigned as auditors on September 20, 2022 and, accordingly, we have not performed any audit or review procedures with respect to any financial statements for the periods after the date of our resignation.

/s/ Friedman LLP

Friedman LLP
New York, New York
June 28, 2023

Exhibit 31.1

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-K 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: June 28, 2023

/s/ Choi Lin Hung

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

Exhibit 31.2

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-K 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: June 28, 2023

/s/ Gilbert K. Lee

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

Exhibit 32.1

**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 Annual Report of the Company on Form 10-K for the fiscal year ended March 31, 2023 (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: June 28, 2023

/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.

Exhibit 32.2

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 Annual Report of the Company on Form 10-K for the fiscal year ended March 31, 2023 (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: June 28, 2023

/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.