

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, 2025

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 001-42122

Fly-E Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

92-0981080

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

**136-40 39th Avenue, Suite 202
Flushing, New York**

(Address of principal executive offices)

11354

(Zip Code)

(929) 410-2770

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	FLYE	The Nasdaq Stock Market LLC

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

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 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 voting and non-voting common stock of Fly-E Group, Inc. held by non-affiliates was approximately \$4.73 million based upon the closing price per share of \$3.05 on September 30, 2024.

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

As of July 15, 2025, there were 18,096,873 shares of common stock of the registrant issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any annual report filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1980). None.

Table of Contents

	Page
<u>Cautionary Note Regarding Forward-Looking Statements</u>	ii
<u>Part I</u>	1
<u>Item 1. Business</u>	1
<u>Item 1A. Risk Factors</u>	14
<u>Item 1B. Unresolved Staff Comments</u>	32
<u>Item 1C. Cybersecurity</u>	32
<u>Item 2. Properties</u>	32
<u>Item 3. Legal Proceedings</u>	32
<u>Item 4. Mine Safety Disclosures</u>	32
<u>Part II</u>	33
<u>Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	33
<u>Item 6. [Reserved]</u>	33
<u>Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	33
<u>Item 7A. Quantitative and Qualitative Disclosures About Market Risk</u>	43
<u>Item 8. Financial Statements and Supplementary Data</u>	43
<u>Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures</u>	43
<u>Item 9A. Controls and Procedures</u>	43
<u>Item 9B. Other Information</u>	44
<u>Item 9C. Disclosure Regarding Foreign Jurisdiction that Prevent Inspections.</u>	44
<u>Part III</u>	45
<u>Item 10. Directors, Executive Officers and Corporate Governance</u>	45
<u>Item 11. Executive Compensation</u>	49
<u>Item 12. Security Ownership of Certain Beneficial Owner and Management and Related Stockholder Matters</u>	54
<u>Item 13. Certain Relationships and Related Transactions, and Director Independence</u>	55
<u>Item 14. Principal Accounting Fees and Services</u>	56
<u>Part IV</u>	57
<u>Item 15. Exhibits, Financial Statement Schedules</u>	57
<u>Item 16. Form 10-K Summary</u>	57
<u>Signatures</u>	59

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report, including, without limitation, statements under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These forward-looking statements can be identified by the use of forward-looking terminology, including the words “believes,” “estimates,” “anticipates,” “expects,” “intends,” “plans,” “may,” “will,” “potential,” “projects,” “predicts,” “continue,” or “should,” or, in each case, their negative or other variations or comparable terminology. These statements are based on management’s current expectations, but actual results may differ materially due to various factors, including, but not limited to:

- our ability to obtain additional funding to market our vehicles and develop new products;
- our ability to produce our vehicles with sufficient volume and quality to satisfy customers;
- the inability of our principal vendors to deliver the necessary components for our vehicles at prices and volumes acceptable to us;
- our principal vendors failing to perform quality control on our products;
- the inability to obtain sufficient intellectual property protection for our brand and technologies;
- our vehicles failing to perform as expected;
- our facing product warranty claims or product recalls;
- our facing adverse determinations in significant product liability claims;
- customers not adopting electric vehicles;
- the development of alternative technology that adversely affects our business;
- our ability to regain and maintain compliance with the continued listing standards of the Nasdaq;
- the changes or developments with respect to domestic and international customs, tariffs, and trade policies, corresponding or retaliatory actions by other countries and related uncertainties;
- increased government regulation of our industry; and
- tariffs and currency exchange rates.

The forward-looking statements contained in this annual report are based on our current expectations and beliefs concerning future developments and their potential effects on us. Future developments affecting us may not be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) and other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and developments in the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this annual report. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Part I

Item 1. Business

Overview

Fly-E Group, Inc. (“Fly-E Group,” and collectively with its subsidiaries, the “Company,” “we” or similar terminology), is an electric vehicle (“EV”) company that is principally engaged in designing, installing and selling smart electric motorcycles (“E-motorcycles”), electric bikes (“E-bikes”), electric scooters (“E-scooters”) and related accessories under the brand “Fly E-Bike.” At Fly E-Bike, our commitment is to encourage people to incorporate eco-friendly transportation into their active lifestyles, ultimately contributing towards building a more environmentally friendly future.

Our first store was established in 2018 in New York. Our business has grown rapidly since then and we believe we are now one of the leading providers of E-bikes for food delivery workers in New York City. As of July 15, 2025, we have 20 stores, including 19 retail stores in the U.S and one retail store in Canada. The Company offers rental services from selected locations in New York, Toronto, and Los Angeles. We also operate one online store at flyebike.com, focusing on selling E-motorcycles, E-bikes and E-scooters, serving customers in the United States. In addition, we plan to open a second online store focusing on selling gas bikes in the future. In addition, we plan to extend our business into South America and Europe.

We have a diversified product portfolio that is designed to satisfy the various demands of our customers and address different urban travel scenarios. Additionally, we aim to refresh our product offerings continuously to align with evolving market trends. As of July 15, 2025, we offered 27 E-motorcycle products, 36 E-bike products and 38 E-scooter products.

We build our smart E-bikes based on advanced and innovative technologies, including smart technologies, powertrain and battery technologies and automotive inspired functionalities. Adhering to our user-centric philosophy in product design, we collect user feedback and product performance data to develop new products or functionalities to satisfy unmet demand. All our products are designed to embody themes of style, freedom and technology. Some of our E-bikes are specifically designed for food delivery workers and are featured with longer battery life and stable backseat for holding a basket. In addition, we designed an easy battery swap system for these E-bikes, allowing food delivery workers to easily replace a fully charged battery at any of our stores within a minute.

Our net revenues were approximately \$25.4 million for the year ended March 31, 2025, consisting of retail sales revenue of approximately \$21.7 million, wholesale revenue of approximately \$3.5 million, and rental services revenue of \$171,867. Our net revenues were approximately \$32.2 million for the year ended March 31, 2024, consisting of retail sales revenue of approximately \$26.4 million and wholesale revenue of \$5.8 million.

Recent Developments

2024 Stock Split

In April 2024, we effected a stock split of our authorized and all issued and outstanding shares of our common stock and preferred stock at a split ratio of 1-for-110,000, where the par value of the Company’s common stock remained unchanged at \$0.01 per share, and number of authorized shares of the Company’s capital stock was increased from 440 to 48,400,000, with the number of authorized shares of common stock and preferred stock being increased from 400 to 44,000,000 and from 40 to 4,400,000, respectively. The issued and outstanding common stock and preferred stock increased at a split ratio of 1-for-110,000.

IPO

On June 7, 2024, we consummated our initial public offering (the “IPO”) and sold 450,000 shares of common stock, at a price of \$20.00 per share. The gross proceeds of the offering were \$9.0 million, prior to deducting the underwriting discounts, commissions and offering expenses payable by the Company. In addition, we granted the underwriters a 30-day option to purchase an additional 67,500 shares of common stock at the initial public offering price, less underwriting discounts and commissions, to cover over-allotments. On June 25, 2024, we sold an additional 67,500 shares of common stock to the underwriters of our IPO for gross proceeds of \$1.4 million upon full exercise of the underwriters’ over-allotment option. Net proceeds received by us from our initial public offering, including the exercise of the over-allotment option, were approximately \$9.2 million. We also issued to The Benchmark Company, LLC (the “IPO Representative”), the representative of the IPO underwriters warrants to purchase 25,875 shares. None of such warrants were exercised as of the date of this annual report.

Loan and Security Agreement

On August 5, 2024, the Company, Fly E-Bike, Inc. (“Fly E-Bike”), a Delaware corporation, and Fly EV, Inc. (collectively with the Company and Fly E-Bike, the “Borrower”) entered into a loan and security agreement (the “Loan Agreement”) with Peapack-Gladstone Bank (the “Lender”). Pursuant to the Loan Agreement, the Lender made available to the Borrower a \$5 million revolving credit facility (the “Revolving Credit”), which the Borrower will use periodically for operating needs and to help facilitate acquisitions. The Loan Agreement has a one-year term. The principal balance of the loan under the Revolving Credit bears interest at a per annum rate equal to the term SOFR plus a spread of 3.50%, with a floor of 5.50%. The Borrower will make interest-only payments quarterly, starting on November 1, 2024. The entire amount of outstanding principal and interest is due on August 31, 2025.

As security for the payment of the loan, the Borrower granted the Lender a continuing lien on and security interest in all assets of the Borrower, including accounts, chattel paper, documents, instruments, inventory, general intangibles, equipment, fixtures, deposit accounts, goods, letter-of-credit rights, supporting obligations, investment property, commercial tort claims, property in the Lender’s possession, additions, and proceeds. The Borrower paid a non-refundable revolving credit closing fee of \$20,000 at closing, agreed to pay an unused line fee of 0.25% quarterly, and a late charge of 5% on any payments not made within five days of the due date. Upon an event of default, the Lender may terminate the Revolving Credit, declare the Borrower’s obligations immediately due and payable, and exercise rights under the UCC and other applicable laws, including taking possession of the collateral and selling it.

Rental Program

We launched a rental program to meet the increasing market demand for safe, UL-certified e-bikes in compliance with New York State regulations in October 2024. The rental service, now available in New York City, Toronto, and Los Angeles via the Go Fly rental service mobile app and select Fly E-Bike stores, provides users with a flexible and affordable e-bike rental option. As part of our growth strategy, we plan to expand the rental service to Miami in the near term.

Trade-in Program

In January 2025, the New York City Department of Transportation (“NYC DOT”) launched a \$2 million trade-in program, allowing eligible food delivery workers to replace their unsafe e-bikes, e-mobility devices, and batteries with high-quality versions. Our Fly-11 PRO was chosen as the official model of NYC DOT and participates in this program. From January 2025 to June 2025, we participated in this program and completed the delivery of Fly-11 Pro models to our retail partner participating in the program.

Increase in Authorized Shares

In March 2025, we amended our amended and restated certificate of incorporation to increase the authorized shares of common stock from 100,000,000 shares to 300,000,000 shares.

UL Litigation

On or about March 12, 2025, UL LLC (“UL”) filed a complaint against the Company, along with the Company’s certain subsidiaries and certain individuals, in the Eastern District of New York (the “Complaint”). The Complaint alleges that the Company improperly used UL’s trademark by claiming certain products were certified by UL. The Complaint seeks \$2,000,000 for each instance an allegedly counterfeit UL mark was used and asserts claims for federal trademark infringement and counterfeiting, unfair competition and false designations of the origin and false and misleading representations, common law unfair competition, common law unjust enrichment, and unlawful deceptive acts and practices.

On May 21, 2025, Company, along with its certain subsidiaries and certain individuals, and UL entered into a settlement and release agreement (the “Settlement Agreement”) on mutually acceptable settlement terms. Pursuant to the Settlement Agreement, the Company and the other defendants agreed to pay UL an aggregate amount of \$1,000,000 before November 30, 2025, and entered into a Consent Judgment and Permanent Injunction pursuant to which the Company and the other defendants agreed not to offer for sale, sell, or distribute products with UL Marks that were not tested and certified by UL. From May 28 to July 15, 2025, the Company paid \$350,000 to UL.

The Settlement Agreement fully resolves all pending litigation between UL and the Company, and each party fully releases the other party from any and all past or present claims, demands, causes of action, obligations, damages, liabilities, expenses, or compensation of whatever kind or nature, that were or could have been asserted in connection with the Company's sales of products with a UL Mark which were not tested and certified by UL.

2025 Reverse Stock Split

On March 10, 2025, the Company held a special meeting of stockholders. At the special meeting, the stockholders approved a proposal to amend the Company's amended and restated certificate of incorporation to effect a reverse stock split of the Company's issued and outstanding shares of common stock, par value \$0.01 per share, by a ratio in the range of 1-for-2 to 1-for-15, with such ratio to be determined in the discretion of the board of directors of the Company and with such action to be effected at such time and date, if at all, as determined by the board of directors within one year after the conclusion of the special meeting.

On June 16, 2025, the board of directors approved a one-for-five (1:5) reverse stock split of the Company's issued and outstanding shares of common stock (the "2025 Reverse Stock Split"). On July 2, 2025, the Company filed with the Secretary of State of the State of Delaware the Second Certificate of Amendment to its Certificate of Incorporation (the "Certificate of Amendment") to effect the 2025 Reverse Stock Split. The 2025 Reverse Stock Split became effective as of 5:00 p.m., Eastern Time, on July 3, 2025, and the Company's common stock began trading on the Nasdaq Stock Market on a split-adjusted basis on July 7, 2025.

After the 2025 Reverse Stock Split, every five (5) shares of the Company's issued and outstanding common stock have been automatically converted into one share of common stock, without any change in the par value per share. In addition, (i) a proportionate adjustment has been made to the per share exercise price and the number of shares issuable upon the exercise of all outstanding warrants to purchase shares of common stock, and (ii) the number of shares reserved for issuance pursuant to the Company's stock incentive plan has been reduced proportionately. Any fraction of a share of common stock created as a result of the 2025 Reverse Stock Split was rounded up to the nearest whole share.

The Company's common stock continues to trade on the Nasdaq Capital Market under the symbol "FLYE." The new CUSIP number for common stock following the 2025 Reverse Stock Split is 343927208.

Unless otherwise noted, the share and per share information in this annual report reflects the 2024 Stock Split and the 2025 Reverse Stock Split.

Registered Direct Offering

On June 2, 2025, we closed our registered direct offering of an aggregate of (i) 5,719,111 shares of our common stock, par value \$0.01 and (ii) 11,438,222 warrants (the "Warrants") to purchase 11,438,222 shares of common stock at a combined purchase price per share and accompanying Warrants of \$1.2140, resulting in net proceeds to us of \$6.24 million after deducting placement agent fees and offering expenses. All of the shares (including shares underlying the Warrants) were registered under the Securities Act pursuant to a registration statement on Form S-1, as amended (File No. 333-286678), which was declared effective by the Securities and Exchange Commission on May 15, 2025. American Trust Investment Services, Inc. ("ATIS") acted as the exclusive placement agent for the offering. We paid ATIS aggregate commissions of \$219,430 and incurred offering expenses of \$178,625.

Disposal of Certain Subsidiaries

During the year ended March 31, 2025 and from April to July 2025, the Company disposed several subsidiaries as part of an disposal plan aimed at simplifying its legal and operational structure and improving administrative efficiency. The divestitures were not intended to be a strategic withdrawal from any specific geographic region or industry, but rather a measure to streamline the Company's corporate structure and reduce complexity in financial reporting. Between December 2024 and July 2025, the Company sold 15 subsidiaries to third-party individuals in multiple transactions, for an aggregated cash consideration of approximately \$1.3 million, of which \$133,000 has been collected as of July 15, 2025. See "Note 14— Disposal of Subsidiaries and Note 15-Subsequent Events" in the accompanying consolidated financial statements for details.

Our History and Corporate Structure

We initially started our business in 2018 as Ctate Inc. ("Ctate"), a New York corporation. Our business has experienced rapid growth since then and we opened multiple retail stores within a short period of time. In the interest of efficient management, each retail store was managed by a separate company wholly owned by Ctate.

Fly E-Bike, Inc. ("Fly E-Bike"), a Delaware corporation, was a wholly owned subsidiary of Ctate incorporated on August 22, 2022. On September 12, 2022, Ctate and Fly E-Bike entered into an Agreement and Plan of Merger, pursuant to which Ctate merged into and with Fly E-Bike, with Fly E-Bike being the surviving corporation.

Fly-E Group, a Delaware corporation, was incorporated on November 1, 2022. On December 21, 2022, Fly E-Bike, the stockholders of Fly E-Bike and Fly-E Group entered into a Share Exchange Agreement, pursuant to which Fly-E Group acquired all of the issued and outstanding shares of Fly E-Bike by issuing its shares to the stockholders of Fly E-Bike on a one-for-one basis (the “Share Exchange”). As a result of the Share Exchange, Fly E-Bike became a wholly owned subsidiary of Fly-E Group. Fly-E Group has no substantive operations other than holding all of the issued and outstanding shares of Fly E-Bike and Fly EV, Inc. Our business is primarily conducted through Fly E-Bike and its subsidiaries. Fly EV, Inc. is a Delaware corporation incorporated on November 1, 2022 and currently has no substantive operations.

Our Industry

E-motorcycles, E-bikes and E-scooters are the two-wheelers that run on electric energy that is converted into mechanical energy rather than running on fuel. They are chargeable and eco-friendly automotive solutions. E-motorcycles and E-bikes are built with solid metal and fiber frames that are combined with mechanical and electronic components. An E-scooter is a plug-in EV powered by electric power. These scooters offer additional advantages such as agility, flexibility, versatility and ease of maneuver in high traffic congestion areas.

The EV industry has been experiencing significant growth and innovation in recent years. With the advancement of technology and the increasing demand for environmentally friendly transportation options, E-bikes, E-motorcycles and E-scooters have become popular choices for commuting, leisure and sports. As the demand for sustainable transportation options continues to grow, the EV industry is poised for further growth and development.

Some of the major trends driving the growth of the EV industry include the increasing demand for sustainable transportation options, advancements in battery and motor technology, and the growing popularity of E-bike sharing services. Government incentives and regulations, such as tax credits and subsidies for the purchase of EVs, are also driving the growth of the industry.

The Asia-Pacific region is the largest market for the electric two-wheelers due to the growing awareness about the benefits of electric vehicles, rising personal disposable income, growing demand for affordable electric vehicles for short-distance commuting and increasing adoption of smart technologies. We believe that North America is expected to experience significant growth in the future due to growing government initiatives to raise awareness of such products among individuals.

City bikes and city E-bikes are popular in big cities in the United States, such as New York City, Miami and Dallas. There is also a growing popularity of E-scooters as an increasing number of EV merchants are launching their businesses in these cities.

The growth of the EV industry is further accelerated by the rise in small package deliveries in big cities. New York City is a major commercial hub and the largest metropolitan area in the United States. As a result, the volume of small package deliveries in New York City is remarkably high, and it has continued to grow over the years. With the rise of E-commerce and online shopping, more and more people in New York City are relying on package deliveries for their everyday needs, leading to a significant increase in small package delivery volume. The COVID-19 pandemic has further accelerated this trend as more people have turned to online shopping.

The high volume of package deliveries in New York City has led to concerns about traffic congestion and delivery vehicle emissions, which the city is working to address through initiatives such as congestion pricing and EV incentives. For short-distance deliveries within urban areas, E-bike delivery can be a more efficient and environmentally friendly option compared to truck delivery. E-bikes can navigate through congested city streets, often taking shorter routes that trucks cannot access, and deliver packages quickly without contributing to traffic congestion or air pollution. Additionally, E-bikes are often cheaper to operate and maintain than trucks. We expect that other large densely populated cities in the United States, such as Miami and Dallas, face similar challenges and will continue to adopt the use of E-bikes, E-motorcycles, and E-scooters to meet their delivery needs.

Our Strengths

Early Entry into the Market: We entered the EV market early and were able to seize the market opportunities to experience rapid growth. We started our business in 2018 and were able to leverage the potential created by the thriving E-commerce industry. Additionally, the COVID-19 lockdown further amplified the demand for online food and essential item deliveries, creating a favorable environment for the expansion and utilization of EVs, particularly E-bikes, which further accelerated our business growth.

Brand Reputation: We have a strong brand reputation for consistent delivery of high-quality EV products and excellent customer service. Our brand and retail stores have become reliable business partners for most food delivery workers, especially in New York City. As a result, they have come to recognize our name and trust our services, establishing a loyal customer base for us.

Innovative Products and Services: We continue to offer innovative, differentiated products and services that help set us apart from our competitors. Since 2018, we have launched over 67 new products and introduced new versions to our existing products with upgrades to design, motor and battery technology. Additionally, we are developing the Fly E-Bike app, which will be used by customers to better manage and enjoy their riding experience. We are also developing the Fly E-Bike Care, an extended warranty program that will provide value-added options for our customers in the near future.

Our Strategies

Our plan to grow our business using the following key strategies:

Enhance our position as a leader in urban mobility: We believe we are one of the leading providers of urban mobility solutions for New York City, particularly for food and package delivery workers. We intend to leverage this first mover advantage to continue to solidify our market leadership, by enhancing our brand, continuing to innovate, growing our product and service portfolio and expanding our sales network.

Improve brand recognition: We will maintain our commitment to providing exceptional customer service as a means of further enhancing our brand. We will provide an enhanced shopping experience by effectively managing and upgrading our retail stores. In addition, we plan to open more flagship stores in high-traffic retail locations in New York City and other major cities in the United States to further elevate the quality of our brand messaging. Furthermore, we plan to increase our offerings of accessories, such as introducing more style options to our branded apparel, to further strengthen our customers' connection to Fly E-Bike. We also intend to collaborate with other lifestyle brands across different industries to further promote our brand image.

Continue our innovation: We will persist in advancing our product line by incorporating cutting-edge design, optimizing user experience and delivering optimal performance. We are developing our Fly E-Bike app, which we plan to include functions to improve the communication between our customers and our products. Additionally, we plan to launch Fly E-Bike Care in the near future, a service designed to function as an insurance policy and provide customers with continuous maintenance services beyond the manufacturer and battery warranty period.

Expand our sales network: We plan to expand our sales network internationally. We intend to enter selected overseas markets that offer identified growth opportunities and favorable government policies, such as South America and Europe. As of July 15, 2025, we operate one store in Canada and 19 retail stores in the United States, spanning across the states of New York, Massachusetts, Maryland, Florida, Washington D.C., California and New Jersey. We also operate one online store at flyebike.com, focusing on selling E-motorcycles, E-bikes and E-scooters, serving customers in the United States. In addition, we plan to open a second online store focusing on selling gas bikes in the future.

Diversify our service offerings: We are planning to broaden our business by leveraging our existing retail stores as logistics hubs for small package delivery. We are currently trying to seek business partners, assemble a delivery team and develop an app for the delivery business.

Our Products

We offer a diverse product portfolio that satisfies various demands of our customers and addresses different urban travel scenarios. Following market trends and technological updates, we continuously develop and add new products into our portfolio to meet our customers' needs. We also regularly introduce upgrades and refreshes to our existing models.

E-motorcycles

Our E-motorcycle category consists of 27 different products, which include a range of E-moped, E-motorcycle and E-tricycle.

E-moped



(Fly-7)



(Fly-10)



(Fly-Pro)

Our E-moped product line is one of our most popular, featuring a range of eight different models. Our E-mopeds can run an average of 20-70 miles on a single charge, with a top speed of 20-38 miles per hour. Additionally, our E-mopeds are capable of holding a payload of 185-400 pounds. Each E-moped offer several standard features, including a remote key fob, alarm system, lockable under-seat storage, front and rear suspension, and a complete lighting package. Some models also offer a USB phone charging port for added convenience. These features make them an ideal choice for delivery workers.

All of our E-mopeds feature a low seat height and large tires, providing excellent stability at all speeds and on all surfaces. Moreover, their electric drivetrain requires no clutch or gears, making them easy to operate for almost anyone.

E-motorcycle



(RZ)



(FTC)



(DY-VNM SL)

We also offer E-motorcycles that are designed for urban commuting and city riding, offering a range of 25-80 miles on a single charge and a top speed of 30-59 miles per hour. They have a payload capacity of 160-400 pounds and feature a powerful electric motor with multiple riding modes to choose from. Additionally, our E-motorcycles are equipped with advanced safety features, including anti-lock brakes and a high-performance suspension system, ensuring optimal handling and rider safety.

E-tricycle



(Fly-Tricycle)

The Fly-Tricycle is an electric three-wheel vehicle that offers three seats. The interior of this vehicle is crafted with high-quality automotive-grade materials, ensuring long-lasting durability. This vehicle can run a range of 43-62 miles on a single charge, with a top speed of 30 miles per hour. Additionally, the Fly-Tricycle is capable of holding a payload of 1,239 pounds.

E-bikes

We currently offer 36 different E-bike products, which include a range of City E-bike, foldable E-bike and standard E-bike.

City E-bike



(City E-Bike)

Our City E-Bike has a range of 15-20 miles on a single charge and a maximum speed of 20 miles per hour. It has a payload capacity of 200 pounds and an under-seat storage area.

Foldable E-bike



(Dolphin E-Bike)



(Air-2)

Our foldable E-bikes, including the Dolphin E-Bike and the Air-2, are versatile and convenient for folding. They are capable of running 20-25 miles on a single charge with a top speed of 23 miles per hour. In addition, our foldable E-bikes have a payload capacity of 250 pounds. They are compact, portable and easy to store, making them a good choice for people who are conscious of space limitations, such as those who live in small apartments in big cities.

Standard E-bike



(Sword Fish E-Bike)



(Rhino)

Our standard E-bikes are designed to be lightweight and come in a variety of different outlook designs, with multiple speed options to choose from. They offer a range of 20-60 miles on a single charge, with a top speed range of 15-32 miles per hour, and have a payload capacity of 180-250 pounds.

E-scooters

Our E-scooter segment currently offers 38 different products, which include the Insurgent E-Scooter, Flytron, H-Max and H-1 models.



(Insurgent E-Scooter)



(Flytron)



(H-Max)



(H-1)

Our E-scooters offer a range of 15-45 miles on a single charge and a top speed range of 15-40 miles per hour. They are also capable of holding a weight range of 250-330 pounds. Additionally, our smart E-scooters are equipped with hydraulic disc brakes made from special alloys. The brake discs are slotted to extend the life of the system. The hardware of the brakes is complemented by the electronic braking system, which provides for intelligent braking and recycling kinetic energy. Certain of our models also employ the combined braking system, which splits braking force between the front and rear discs to shorten the braking distance at higher speeds.

Accessories and spare parts

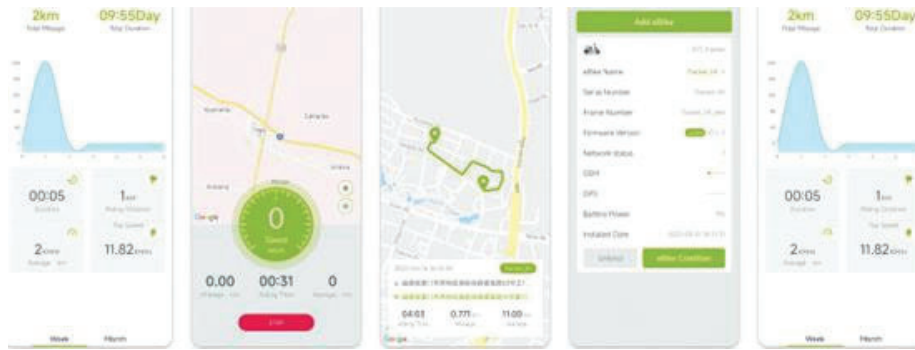
We offer a comprehensive line of Fly E-Bike branded accessories and spare parts. We also sell traditional bikes.



For accessories, we offer riding gear, such as raincoats, gloves and knee pads, and accessories that can be installed on our products to enhance their functionality, such as storage baskets and tail boxes, smart phone holders, backrests and locks, among others. We also sell branded apparel.

In addition, we provide performance upgrades, including high-performance upgrade components for wheels, shock absorbers, brake calipers and carbon fiber body panels, among others.

Fly E-Bike App



We are currently developing the Fly E-Bike app, which is a management service mobile software for our EVs. We aim to design an app that will bring users a comprehensive intelligent experience to create a safer and more satisfying riding life. The development of the app is still in its preliminary stage. We have launched a testing version of the app, which is currently unavailable to our customers. Once development is completed, the app is expected to include functions such as GPS, navigation, battery and tire pressure management, online shopping, and anti-theft features.

After Sales Services

Our EVs are primarily serviced through our retail stores, which provide repair, maintenance and bodywork services. Our regular maintenance services include exterior check, mechanical structure service, motor system check, electrification service, battery maintenance service, tire pressure check and cleaning services. We also provide other value-added services through our retail stores, including GPS add-on and installation, and theft reporting.

Warranty Policy

Manufacturer Warranty

We offer a three-month limited manufacturer's warranty on all models of our E-bikes, E-motorcycles and E-scooters. The warranty period starts on the day the product is delivered to the customer. This warranty only covers limited factory defects and minor cosmetic damages. It does not cover misuse or broken parts caused by the user or by any other events.

Battery Warranty

We also offer a three-month warranty on battery for any manufacturer defect in material or workmanship. If a battery becomes faulty within the specified warranty period, we will replace it free of charge.

Fly E-Bike Care

We plan to launch our value-added Fly E-Bike Care program in the near future, which will function as an insurance policy to provide customers with continuous maintenance services beyond the warranty period mentioned above. This program will be designed to offer a wider range of coverage than the manufacturer and battery warranties, including accidental damages caused by customers. Additionally, we intend to add a "Fly E-Bike Care" feature to our app, which will send maintenance reminders to users based on their driving behavior and mileage.

Manufacturing and Assembly

We source substantially all of our vehicle components from China and the United States. For the years ended March 31, 2025 and 2024, over 50% and 50% of the parts were sourced from China, respectively. For the year ended March 31, 2025 and 2024, we sourced over 40% and over 40% of our vehicle components from the United States, respectively. Although we rely on certain principal vendors in China and the United States for most of our components, we believe there are multiple sources for each of our critical components.

To ensure a secure and reliable supply chain, we have implemented a centralized vendor management system that consolidates all vendor management activities under a centralized team. This approach enables us to streamline our purchasing process, enhance our negotiating power and maintain better relationships with our vendors.

We are currently working with two principal vendors, Xiamen Innolabs Technology Co., Ltd. (“XFT”) and Depcl Corp. (previously known as Fly Wing E-Bike Inc.), each of which respectively supplied approximately 42% and 32% of our accessories and components during the year ended March 31, 2025. During the year ended March 31, 2024, our top three principal vendors included Depcl Corp, XFT, and Anhui Ineo International Trading Co., Ltd., each of which respectively supplied approximately 36%, 21% and 13% accessories and components. Our principal vendors are responsible for sourcing all the parts used in our vehicles from various suppliers, and they also oversee the quality control process. We maintain close relationships with our principal vendors to ensure that we have access to high-quality accessories and components for our EVs at competitive prices and receive reliable and timely deliveries. We work closely with them to improve our supply chain efficiency and reduce costs.

Our centralized vendor management system also helps us to manage risk more effectively by identifying potential risks and developing strategies to mitigate them. Rather than dealing with the original suppliers, we monitor the performance of our principal vendors, which enables us to quickly identify and address any problems and manage the supply resources more efficiently. Our system ensures each critical product component is supported by at least three vendors, thereby minimizing the risk of supply chain disruptions. This approach helps us to reduce the risk of supply chain disruptions, which can have a significant impact on our business operations.

After importing the accessories and components, we assemble them into our vehicles in a leased facility located in Maspeth, New York. For the year ended March 31, 2025, we produced 4,595 E-motorcycles, 5,974 E-bikes and 1,557 E-scooters. For the year ended March 31, 2024, we produced 8,390 E-motorcycles, 7,638 E-bikes and 3,171 E-scooters.

Quality Control

We believe that the quality of our products is crucial to our continued growth. We place great emphasis on quality control and have implemented stringent monitoring and quality control systems to manage our operations.

For the parts sourced from China, we rely on our one of our principal vendors in China, XFT, to monitor the factories responsible for manufacturing these parts used in our vehicles. Its duties include the following:

Factory check: XFT is responsible for confirming the size, production capacity and certification qualifications of a factory, confirming whether the equipment required for the production line is complete and whether the testing equipment is complete, checking the factory’s quality assurance process and other quality control procedures.

Proofing: After the samples that meet the requirements are confirmed by XFT and us, they will be sealed as golden samples, and mass production is required to follow the golden sample standard.

Mass production: Before the start of mass production, the factory is required to develop and review standard operating procedures and quality assurance standards that are acceptable to XFT and us. XFT will closely follow the production process, ensuring that strict quality control measures are implemented at every stage of production. After the mass production starts, XFT will perform the first article inspection to confirm whether the mass production meets the required standards.

Inspection: After mass production, in addition to requiring the factory to submit a quality control report, XFT will send its own quality control personnel to conduct random inspections on the products according to the corresponding standards of acceptable quality level.

We also source certain parts used in our vehicles from the United States. For these parts, our U.S. principal vendors and our quality control team perform quality control procedures similar to those discussed above for our China-sourced parts. This includes ensuring that the parts meet our quality standards and specifications, as well as conducting regular factory audits and inspections to identify any potential issues, and ensure ongoing compliance with our requirements.

We have not experienced any significant product recall, refunds or other quality control outbreak since we commenced operations.

Sales and Marketing

We have established an omnichannel retail model network to sell our products and provide services to our customers. We currently operate 20 retail stores and work with 85 distributors in the United States to sell our products. In addition, we have our own online store where we promote and sell our products. Our Fly E-Bike app, which is under development, can also become a venue where we can advertise our products. We also leverage our omnichannel retail network to deliver maintenance and repair services at our retail stores and to collect data for business insights.

We focus on promoting awareness of our brand as a lifestyle brand with high-quality smart E-bikes, E-motorcycles and E-scooters. Our brand and products are marketed to retail customers through digital and experiential activities as well as through more traditional promotional and advertising activities. We aim to engage in cost-effective marketing activities by taking advantage of social media and to build an online and offline ecosystem of users that will promote awareness of our brand.

One key component of our strategy is to expand our presence on social media platforms. We currently have accounts on Facebook, Instagram, TikTok, Xiaohongshu (Rednote), and WeChat, on which we frequently post guides, videos and tutorials that educate people on how to use and maintain E-bikes, E-scooters and E-motorcycles, as well as benefits of E-mobility.

In terms of offline marketing, we prioritize in-store promotions and targeted advertising. This includes offering discounts and special deals in our retail stores, as well as using targeted advertising to reach potential customers who are likely to be interested in our products. We also place ads in local newspapers and magazines and distribute flyers on the streets to promote the opening of new stores. Additionally, our products have gained significant visibility among food delivery workers in New York City, who make up the majority of our customer base. The increasing trend of people ordering food delivery, particularly during and after the COVID-19 lockdown, has contributed to the widespread visibility of our products in the cities.

Our Distribution Channels

Retail Distribution Network

Our sales are conducted through both retail stores and distributors.

Out of our 20 retail stores in the United States, nine are situated in New York, while four are in New Jersey, two in Florida, one in Maryland, one in Massachusetts, one in California and one in Washington, D.C. We also operate one retail store in Canada. Our retail stores adopt a consistent design and layout and provide a consistent shopping experience. We closely monitor the sales performance, service level and activities within our retail stores. We will continue to collect store operation data such as consumer traffic flow and traffic flow sources, test drive frequencies and sales conversion rate. This information helps us adjust store-specific retailing and marketing strategies, thereby increasing per store sales.

In terms of our distributors, most of them are located in the United States. Our distributors purchase products from us at a wholesale price, and are responsible for the logistics, warehousing and distribution to other retail stores. We do not charge any initial fees or continuing fees to our distributors. The majority of our distributors make full payments upfront for their orders, which helps us improve cash flow management.

We intend to expand our overseas market and are currently working with one distributor in the Dominican Republic.

Online Distribution Network

All of our products can be purchased on our website, flyebike.com. In addition, we plan to open a second online store focusing on selling gas bikes in the future.

We have adopted an online to offline model that enables us to seamlessly integrate the online and offline networks to provide a cohesive and consistent experience to our customers. The online platform acts as a conduit for influencing customers and directing sales to our retail stores. Our customers can conveniently place orders online and pick up their products at our retail stores.

Our Customers

We acquire customers through multiple channels, including (i) referrals from our existing customers, (ii) our distributors, and (iii) our marketing and promotional activities. Due to our strong brand image, loyal customer base and evolving product portfolio, we believe there are significant growth opportunities across these channels. No customers account for more than 10% of our revenues for the years ended March 31, 2025 and 2024. The majority of our customers are food delivery workers in New York City. This group constitutes approximately 72% and 70% of our customer base for the year ended March 31, 2025 and 2024, respectively.

Environmental Matters

We are subject to federal, state and local environmental laws and regulations that impose limitations on the discharge of pollutants into the environment and establish standards for the handling, generation, emission, release, discharge, treatment, storage and disposal of certain materials, substances and wastes and the remediation of environmental contaminants (collectively, “Environmental Laws”). In the ordinary course of our assembling processes, we may use materials or generate waste that are subject to these Environmental Laws.

We endeavor to adhere to all applicable Environmental Laws and act as necessary to comply with these laws. We maintain an environmental and safety program at our facilities. The environmental and safety program includes obtaining environmental permits as required, capturing and appropriately disposing of any waste by-products, tracking hazardous waste generation and disposal, air emissions, safety situations, material safety data sheet management, storm water management and recycling, and auditing and reporting on its compliance.

Intellectual Property

We currently hold one trademark in the United States, which covers our logo. We also hold four trademarks in China, which cover the names “FLY E-BIKE”, “FLY EBIKE”, “FLYEBIKE” and our logo. Additionally, we have two trademarks in the Dominican Republic covering the name “FLY E-BIKE” and our logo, and one trademark in Panama covering the name “FLY E-BIKE”. All these trademarks are effective from 2022 to 2033.

Other than the trademarks mentioned above, we do not own any patents, copyrights or other intellectual property registrations in the United States. We plan to seek further intellectual property registrations in the United States in the future. We currently also seek to protect our trade secrets and other proprietary information through common law copyright and trademark principles.

Competition

There are numerous companies that sell E-bikes, E-motorcycles and E-scooters in the United States and even more globally. The markets for EVs are highly competitive based on a number of factors, including innovation, performance, price, technology, product features, styling, fit and finish, brand recognition, quality and distribution. We believe our ability to compete successfully in these markets depends on our ability to capitalize on our competitive strengths and build brand recognition.

Many companies, which have greater financial and marketing resources than us, make electric two-wheelers, including Trek Bicycle Corporation, Specialized Bicycle Components, Inc., Specialized Bicycle Components, Inc. and Rad Power Bikes Inc. While we believe we are well positioned in this competitive market, there is no assurance that our vehicles will be successful in the respective markets in which they compete. See “*Item 1A. Risk Factors — Risks Related to the Company’s Business, Operations, and Industry — The markets in which we operate are in their infancy and highly competitive, and we may not be successful in competing in this industry.*”

Regulation

We are subject to a wide variety of laws and regulations in the United States. These laws and regulations govern various items directly or indirectly related to our business, such as labor and employment, anti-discrimination, product liability, vehicle defects, vehicle maintenance and repairs, personal injury, rider text messaging, service payments, consumer protection, taxation, privacy, data security, intellectual property, competition, terms of service, mobile application accessibility, insurance, money transmittal, and environmental, health and safety. They are often complex and subject to varying interpretations, in many cases due to their lack of specificity. As a result, their application in practice may change or develop over time through judicial decisions or as new guidance or interpretations are provided by regulatory and governing bodies, such as federal, state, and local administrative agencies.

The micromobility industry is relatively nascent and rapidly evolving. New laws and regulations continue to be adopted, implemented, interpreted and iterated upon in response to our growing industry and associated technology. As we expand our business into new markets or introduce new offerings into existing markets, regulatory bodies or courts may claim that (i) we are subject to additional requirements or (ii) we are prohibited from conducting our business in certain jurisdictions.

Our products may also be subject to various environmental, health, and safety regulations, including, but not limited to, those regarding product safety and waste management. For example, we are subject to environmental laws and regulations regarding the handling and disposal of hazardous substances and solid wastes, including electronic wastes and batteries. These laws regulate the generation, storage, treatment, transportation and disposal of solid and hazardous waste, and may impose strict, joint and several liability for the investigation and remediation of areas where hazardous substances may have been released or disposed. For instance, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (“CERCLA”) and comparable state laws impose liability, without regard to fault or the legality of the original conduct, on certain classes of persons that contributed to the release of a hazardous substance into the environment. These persons include current and prior owners or operators of the site where the release of the hazardous substance occurred as well as companies that disposed or arranged for the disposal of hazardous substances found at the site. Under CERCLA, these persons may be subject to joint and several strict liability for the costs of cleaning up the hazardous substances that have been released into the environment, for damages to natural resources, and for the costs of certain health studies. CERCLA also authorizes the Environmental Protection Agency (“EPA”) and, in some instances, third parties to act in response to threats to the public health or the environment and seek to recover costs incurred from the responsible classes of persons. In the course of ordinary operations, we, through third parties and contractors, may handle hazardous substances within the meaning of CERCLA and similar state statutes and, as a result, may be jointly and severally liable for all or part of the costs required to clean up sites at which these hazardous substances have been released into the environment.

We may also be subject to the Resource Conservation and Recovery Act (“RCRA”) and comparable state statutes for the generation, storage, or disposal of solid wastes, which may include hazardous wastes. RCRA regulates both solid and hazardous wastes, but, in particular, imposes strict requirements on the generation, storage, treatment, transportation and disposal of hazardous wastes. In addition, federal and state laws may require or otherwise regulate the reuse and recycling of batteries, including lead-acid and lithium-ion batteries, used in our products.

Certain of our products are also regulated by the U.S. Consumer Product Safety Commission (“CPSC”) pursuant to various federal laws. CPSC can require the manufacturer of products containing a safety defect to recall or repurchase such products and may also impose fines or penalties on the manufacturer. Similar laws exist in some states, cities, and other countries in which we sell our products. In 2025, the CPSC proposed regulations concerning lithium-ion battery safety in micromobility devices. While the rulemaking was later withdrawn, this development indicates a continued focus on the safety and thermal integrity of battery systems used in electric bikes and scooters, and may result in future mandatory standards. In April 2025, the House of Representatives passed H.R. 973, the “Setting Consumer Standards for Lithium-Ion Batteries Act.” If passed by the Senate, the act would give the CPSC 180 days to promulgate micromobility regulations.

Additionally, in January 2025, the National Park Service (NPS) issued a proposed rule to restrict the operation of powered micromobility devices within federal parks to designated routes and signed zones. If finalized, this rule may limit where our vehicles can operate and require updated operational compliance within park-adjacent jurisdictions.

Certain of our products are also regulated by the National Highway Traffic Safety Administration (“NHTSA”) pursuant to various federal laws and regulations. NHTSA can require the manufacturer of motor vehicles or motor vehicle equipment containing a safety defect to recall or repurchase such products and may also impose fines or penalties on the manufacturer. Certain of our products are also regulated by EPA, and the California Air Resources Board (“CARB”) for products sold in California. EPA and CARB can require the manufacturer to recall or repurchase vehicles that are uncertified or that contain an emission-related defect and may also impose fines or penalties on the manufacturer.

In addition, some of our products may be subject to local laws and regulations. For instance, in March 2023, the New York City Council amended its administrative code to require that all powered bicycles, powered mobility devices including electric scooters, and storage batteries for such mobility devices distributed, sold, leased, rented, or offered for sale, lease, or rental in New York City must be certified as compliant with the applicable Underwriter Laboratories (UL) standard, which is a widely recognized standard for safety in electrical products in the United States. The law became effective in September 2023. In 2024 and 2025, New York City and New York State introduced additional laws and enforcement mechanisms addressing the safety of micromobility devices. These include operating manual requirements, mandatory in-store safety disclosures, increased FDNY enforcement authority, and penalties for sales of uncertified or modified batteries. New York City also launched a sidewalk battery charging cabinet program in spring 2025 and is considering legislation that would require registration and license plates for e-bikes and e-scooters.

Additionally, because we receive, use, transmit, disclose, and store personally identifiable information and other data relating to users on our platform, we are subject to numerous local, municipal, state, federal, and international laws and regulations that address privacy, data protection, and the collection, storing, sharing, use, transfer, disclosure, and protection of certain types of data. Such regulations include the Controlling the Assault of Non-Solicited Pornography and Marketing Act, the Telephone Consumer Protection Act of 1991, the U.S. Federal Health Insurance Portability and Accountability Act of 1996 and Section 5(a) of the Federal Trade Commission Act of 1914.

We sell and distribute our vehicles internationally through international distributors. As such, we will be subject to the local laws of each jurisdiction in which we sell our vehicles. These regulations may result in increased costs and expenses, which may materially and adversely affect our business, results of operations or financial condition.

Employees

As of July 15, 2025, we had 64 employees, consisting of 35 full-time employees and 29 part-time employees.

Our employees are not represented by a labor organization or covered by a collective bargaining agreement. We believe that we maintain a good working relationship with our employees and to date, we have not experienced any significant labor disputes.

Item 1A. Risk Factors

An investment in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this annual report, including “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes before making a decision to invest in our common stock. Our business, operating results, financial condition, or prospects could be materially and adversely affected by any of these risks and uncertainties. If any of these risks actually occurs, the trading price of our common stock could decline and you might lose all or part of your investment. Our business, operating results, financial performance, or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material.

Summary of Risk Factors

Risks Related to the Company's Business, Operations, and Industry

- We may not meet our growing production and delivery plans, which could harm our business.
- We rely heavily on a few key vendors in China for vehicle components.
- Trade tensions, especially between the U.S. and China, may negatively impact our operations.
- We depend on third parties for quality control on China-sourced parts.
- Our ability to produce vehicles at scale and with consistent quality is unproven.
- Supply chain changes may increase costs and hurt our financial performance.
- Rising material costs or shortages, including from global conflicts, could disrupt production.
- Our vehicles may not meet customer expectations.
- Growth depends on consumer adoption of electric vehicles (EVs).
- We operate in a complex and evolving regulatory environment.
- We may struggle to control operational costs effectively.
- Weak brand recognition may impact customer acceptance and sales.
- Our limited operating history makes it hard to predict future performance.
- There is substantial doubt about our ability to continue as a going concern.
- Material weaknesses exist in our internal controls over financial reporting.
- We face intense competition in a young and fast-evolving market.
- Product liability claims could significantly harm our financial position.
- We rely on key executives; their loss could impact operations.
- Our management lacks experience running a public company.
- We may face costly and time-consuming intellectual property disputes.
- Inadequate protection of IP could lead to litigation and brand damage.
- Cybersecurity threats could compromise our systems and data.
- We may fail to develop new products or improve existing ones to meet demand.
- Limited experience with vehicle servicing may harm customer satisfaction.
- Warranty claims or recalls could have a major financial impact.
- Aftermarket modifications may impair vehicle performance and harm our reputation.

Risks Related to Our Securities

- A stable and active market for our stock may not develop or be maintained.
- Stock price may be highly volatile and unpredictable.
- Directors and officers hold significant control, limiting shareholder influence.
- Public company status increases compliance costs.
- Lack of analyst coverage or negative analyst opinions may reduce stock value.
- “Emerging growth company” status may deter investors due to reduced disclosures.
- As a “smaller reporting company,” we may provide less public information.
- Future issuance of preferred stock could deter takeovers and affect stock value.
- We do not expect to pay cash dividends in the near future.
- Future stock sales may dilute ownership and lower the stock price.
- Directors and executive officers’ 18.7% control may block beneficial actions for shareholders.
- Delaware laws and corporate bylaws may hinder mergers or takeovers.
- Public company compliance diverts management focus from core operations.
- We may fail to meet Nasdaq listing requirements.
- FINRA rules may restrict buying/selling of our stock.
- Warrant holders have no stockholder rights until conversion.
- Lack of analyst reports or negative changes in coverage could harm our stock.

Risks Related to the Company's Business, Operations, and Industry

We may be unable to meet our growing production plans and delivery plans, any of which could harm our business and prospects.

In order to meet the demand of our products in domestic and overseas markets, we plan to open more stores overseas while focusing on developing more wholesale domestic customers. Our plans call for achieving and sustaining increases in vehicles production and deliveries. Our ability to achieve these plans will depend upon a number of factors, including our suppliers' ability to support our needs and our ability to utilize our current assembling capacity, achieve the planned production yield and further increase capacity as planned while maintaining our desired quality levels and optimize design and production changes. If we are unable to realize our plans, our brand, business, prospects, financial condition and operating results could be materially damaged.

We are dependent on a limited number of principal vendors in China for a significant portion of our vehicle components, and the inability of these vendors to deliver necessary components of our products according to our schedule and at prices, quality levels and volumes acceptable to us, or our inability to efficiently manage these components, could have a material adverse effect on our financial condition and operating results.

We source a significant portion of our vehicle components from China and then assemble these parts into our products in the United States. We rely on a limited number of principal vendors who help us source and supply parts used in our vehicles from various suppliers in China. We currently do not maintain long-term contracts with our suppliers and vendors. While we believe our contract management processes are strong, we nevertheless could experience difficulties.

If our principal vendors decide to terminate their partnership with us, experience sourcing failures, or otherwise become unable to provide us with the necessary components in sufficient quantities, in a timely manner, and on acceptable terms, we may have to delay the production and sale of our products or find an alternative vendor. Any significant unanticipated demand would require us to procure additional components in a short amount of time. While we believe that we will be able to secure additional or alternate sources of supply for most of our components in a relatively short time frame, there is no assurance that we will be able to do so or develop our own replacements for certain highly customized components of our products.

In addition, if we encounter unexpected difficulties with our principal vendors, and if we are unable to fill these needs from other vendors in a timely manner, we could experience production delays and potential loss of access to important technology and parts for producing, servicing and supporting our vehicles. The loss of any vendors or the disruption in the supply of components from these vendors could lead to design changes and delays in product deliveries to our customers, which could hurt our relationships with our customers and result in negative publicity, damage to our brand and a material and adverse effect on our business, prospects, financial condition and operating results.

The current tensions in international trade policies and rising political tensions, particularly between the United States and China, may adversely impact our business and operating results.

We source a significant portion of our vehicle components from China. The application of sanctions, trade restrictions or tariffs by the U.S. or other countries may adversely impact the industry supply chain. The U.S. government has implemented policies restricting international trade and investment, such as tariffs, export controls, economic or trade sanctions, and foreign investment filing and approval requirements. These actions may materially and adversely affect international trade, global financial markets, and the stability of the global economic condition. In the past, the U.S. government has imposed higher tariffs on certain products imported from China to penalize China for what it characterizes as unfair trade practices. China has responded by imposing higher tariffs on certain products imported from the United States.

In particular, in April 2025 the United States announced an across-the-board 10% tariff on all countries and individualized higher tariffs on certain countries, including China. A great deal of uncertainty surrounds the state of tariffs and other trade measures worldwide. While the current U.S. administration has been actively focused on trade, the exact implementation, amount, scope and nature of these tariffs remains unclear. It also remains unclear how other countries will respond to the United States' trade proposals and actions.

As of now, high reciprocal tariffs are in effect between China and the United States and the United States has announced, but temporarily paused the effective date of, tariffs on goods imported from many other countries, including Mexico, Canada, Taiwan and the European Union. Significant trade partners such as Mexico, Canada and the European Union have announced retaliatory tariffs. Further, while the United States has exempted certain technology products such as semiconductors and electronics from the reciprocal tariffs announced on April 2, 2025 such that our products are not subject to the announced tariffs, it has also initiated Section 232 investigations on such products, possibly leading to the imposition of specific tariffs on these products or on products that incorporate them.

We cannot predict what additional actions, if any, may be taken with respect to tariffs or trade relations between the United States and China, what products may be subject to such actions, or what actions may be taken by the China in retaliation. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to tariffs, trade agreements or related policies have the potential to adversely impact our supply chain and access to equipment, our costs and our product margins. The additional tariffs imposed on components or equipment that we source from China will increase our costs and could have an adverse impact on our operating results and financial conditions in future periods.

We rely on third parties for quality control on the parts sourced from China.

We rely on one of our principal vendors in China to monitor the factories manufacturing the parts sourced from China for use in our vehicles. We have limited control over the ability of third-party manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If our principal vendor fails to perform its duties, including proper inspections on sample products before mass production, the third-party manufacturers may fail to manufacture our product components according to our schedule and requirements or at all. The quality of our products is crucial to our continued growth. If our principal vendor fails to perform its supervising and inspecting duties properly, our final products could have quality issues, which could result in product recall, return of products and potential lawsuits against us if our products cause any injuries or damages due to the quality issues. Any occurrence of the foregoing could hurt our relationship with our customers and result in negative publicity, damage to our brand and a material and adverse effect on our business, prospects, financial condition and operating results.

Our success will depend on our ability to economically produce our vehicles at scale, and our ability to produce vehicles of sufficient quality and appeal to customers on schedule and at scale is unproven.

Our business success will depend in large part on our ability to economically produce, market and sell our vehicles at sufficient capacity to meet the demands of our customers. We will need to scale our production capacity in order to successfully implement our growth strategy.

We currently have one facility in which we assemble all of our products in Maspeth, New York. We have no experience in large-scale production of our vehicles, and we do not know whether we will be able to develop efficient, automated, low-cost production capabilities and processes, such that we will be able to meet the quality, price and production standards, as well as the production volumes, required to successfully market our vehicles and meet our business objectives and customer needs. Any failure to develop and scale our production capability and processes could have a material adverse effect on our business, prospects, financial condition and operating results.

Changes in our supply chain may result in increased cost. If we are unsuccessful in our efforts to control and reduce supplier costs and manage inventory at optimal levels, our operating results will suffer.

As we plan to continue expanding our business, we expect to include more products and their components in our inventory, which will make it more challenging for us to manage our inventory effectively and will put more pressure on our warehousing system. Maintaining excessive inventory levels beyond customer demand can lead to higher inventory carrying costs. High inventory levels may also require us to commit substantial capital resources, preventing us from using that capital for other important purposes. On the other hand, if we underestimate customer demand or encounter delays from our vendors in supplying vehicle components promptly, we may face inventory shortages.

This could potentially compel us to procure vehicle components at higher costs, leading to a backorder situation or unfulfilled customer orders, which could lead to potential cancellations or loss of customers to competitors and negatively impact our brand image and reputation.

There is no assurance that our suppliers will ultimately be able to meet our cost, quality and volume needs, or do so on a timely basis. Furthermore, as the volume of our sales increases, we will need to accurately forecast, purchase and warehouse components at much higher volumes than we have experience with. If we are unable to accurately match the timing and quantities of component purchases to our actual needs, or successfully implement automation, inventory management and other systems to accommodate the increased complexity in our supply chain, we may incur unexpected production disruption, or storage, transportation and write-off costs. Any of the above could have a material adverse effect on our business, prospects, financial condition and operating results.

Increases in costs, disruption of supply, or shortage of materials used to manufacture the component parts used in our vehicles, including potential risks stemming from the conflict between Russia and Ukraine, could harm our business.

We may experience increases in the cost or a sustained interruption in the supply or shortage of materials. Any such increase, supply interruption or shortage could materially and negatively impact our business, prospects, financial condition and operating results. The prices for these materials fluctuate, and their available supply may be unstable, depending on market conditions and global demand for these materials, including as a result of increased production of similar products by our competitors, and could adversely affect our business and operating results. These risks include:

- an increase in the cost, or decrease in the available supply, of materials used in the battery packs;
- tariffs on the materials we source in China; and
- fluctuations in the value of the Chinese Renminbi against the U.S. dollar as our purchases for the components of our products are denominated in Chinese Renminbi.

Disruption in our supply chain and rising prices of raw materials as a result of the conflict between Russia and Ukraine may also negatively impact our businesses. In February 2022, Russian military forces launched a military action in Ukraine. The ongoing military action between Russia and Ukraine, sanctions and other measures imposed against Russia, Belarus, the Crimea Region of Ukraine, the so-called Donetsk People's Republic and the so-called Luhansk People's Republic by the U.S. and other countries and bodies around the world, as well as the existing and potential further responses from Russia or other countries to such sanctions, tensions and military actions, has in the past and in the future could continue to adversely affect the global economy and financial markets and could adversely affect our business, prospects, financial condition and operating results. Additional potential sanctions and penalties have also been proposed and/or threatened. Although our operations have not experienced a material adverse impact on supply chain or other aspects of our business from the ongoing conflict between Russia and Ukraine, during times of war and other major conflicts, we and the third parties upon which we rely may be vulnerable to a heightened risk of these attacks that could materially disrupt our operations, supply chain, and ability to produce, sell and distribute our products. We cannot predict the progress or outcome of the conflict in Ukraine or its impacts in Ukraine, Russia or Belarus as the conflict, and any resulting government reactions, are rapidly developing and beyond our control. The extent and duration of the military action, sanctions and resulting market disruptions could be significant, could result in increases in commodity, freight, logistics and input costs and could potentially have substantial impact on the global economy and our business for an unknown period of time.

Substantial increases in the prices for our materials or prices charged to us would increase our operating costs, and could reduce our margins if we cannot recoup the increased costs through increased prices. Any attempts to increase prices in response to increased material costs could result in cancellations of vehicle orders and therefore materially and adversely affect our brand, business, prospects, financial condition and operating results.

Our vehicles may not perform in line with customer expectations.

Our vehicles may not perform in line with customers' expectations. For example, our vehicles may not have the durability or longevity of other vehicles in the market, and may not be as easy and convenient to repair as other vehicles on the market. Any product defects or any other failure of our vehicles to perform as expected could harm our reputation and result in adverse publicity, lost revenue, delivery delays, product recalls, product liability claims, harm to our brand and reputation, and significant warranty and other expenses, and could have a material adverse impact on our business, prospects, financial condition and operating results.

In addition, the range of our vehicles on a single charge declines principally as a function of usage, time and charging patterns as well as other factors. For example, a customer's use of his or her electric vehicle as well as the frequency with which he or she charges the battery can result in additional deterioration of the battery's ability to hold a charge. Furthermore, our vehicles may contain defects in design and manufacture that may cause them not to perform as expected or that may require repair. If any of our vehicles fail to perform as expected, we may need to delay deliveries, initiate product recalls and provide servicing or updates under warranty at our expenses, which could materially and adversely affect our brand, business, prospects, financial condition and operating results.

Our future growth is dependent on the demand for, and upon consumers' willingness to adopt electric vehicles.

Demand for our products depends to a large extent on general, economic, political and social conditions in a given market and the introduction of new electric vehicles and technologies. As our business grows, economic conditions and trends will impact our business, prospects and operating results as well.

Demand for our electric vehicles may also be affected by factors directly impacting the price or the cost of purchasing and operating electric vehicles such as sales and financing incentives, prices of raw materials, parts and components and governmental regulations, including tariffs, import regulation and other taxes. Volatility in demand may lead to lower vehicle unit sales, which may result in further downward price pressure and adversely affect our business, prospects, financial condition and operating results.

In addition, the demand for our vehicles and services will highly depend upon the adoption by consumers of new energy vehicles in general and electric vehicles in particular. The market for new energy vehicles is still rapidly evolving, characterized by rapidly changing technologies, price and other competition, evolving government regulation and industry standards and changing consumer demands and behaviors.

Other factors that may influence the adoption of new energy vehicles, and specifically electric vehicles, include:

- perceptions about electric vehicle quality, safety, design, performance and cost, especially if adverse events or accidents occur that are linked to the quality or safety of electric vehicles, whether or not such vehicles are produced by us or other companies;
- perceptions about vehicle safety in general;
- the limited range over which electric vehicles may be driven on a single battery charge and the speed at which batteries can be recharged;
- the decline of an electric vehicle's range resulting from deterioration over time in the battery's ability to hold a charge;
- the availability of service for electric vehicles;
- the environmental consciousness of consumers;
- the availability of tax and other governmental incentives to purchase and operate electric vehicles or future regulation requiring increased use of nonpolluting vehicles; and
- macroeconomic factors.

Any of the factors described above may cause current or potential customers not to purchase our electric vehicles and use our services. If the market for electric vehicles does not develop as we expect or develops more slowly than we expect, our business, prospects, financial condition and operating results will be affected.

The electric mobility industry is subject to rapidly changing and often complex regulatory environments.

The electric mobility industry is subject to rapidly changing and often complex regulatory environments at local, state, national, and international levels. Evolving regulations related to safety standards, emissions, licensing, and operational requirements can have a substantial impact on our business operations and profitability. Compliance with these changing regulations may necessitate costly modifications to our products, business processes, or market strategies, which could lead to increased expenses and delays in product development and market entry. Failure to navigate and adhere to evolving regulations adequately could result in legal and financial liabilities, damage to our reputation, and potential market restrictions. Furthermore, inconsistency in regulations between different jurisdictions may create challenges in maintaining uniform business practices and product offerings, increasing our exposure to regulatory risks. Furthermore, a significant portion of our customer base comprises food delivery workers, and if leading food delivery platforms like Uber Eats and DoorDash impose new requirements on the type of electric vehicles they allow, non-compliance on our part could result in the loss of these customers. While we believe we are presently in compliance with applicable laws and regulations in our operating regions, there can be no assurance that we can always promptly adapt to the rapidly changing regulatory environment. If we fail to effectively adjust to the changing regulatory landscape and comply with applicable laws and regulations in our operating regions, our business, prospects, financial condition and operating results would be materially and adversely affected.

We may be unable to adequately control the costs associated with our operations.

We expect to incur significant costs which will impact our profitability, including research and development expenses as we roll out new models and improve existing models, raw material procurement costs and selling and distribution expenses as we build our brand and market our vehicles. Our ability to remain profitable in the future will not only depend on our ability to successfully market our vehicles and other products and services but also to control our costs. If we are unable to cost efficiently design, manufacture, market, sell and distribute and service our vehicles and services, our business, prospects, financial condition and operating results would be materially and adversely affected.

We may not succeed in establishing, maintaining and strengthening our brand, which could materially and adversely affect customer acceptance of our products, which could in turn materially affect our business, results of operations or financial condition.

Our business and prospects heavily depend on our ability to develop, maintain and strengthen the Fly E-Bike brand. If we are unable to establish, maintain and strengthen our brand, we may lose the opportunity to build and maintain a critical mass of customers. Our ability to develop, maintain and strengthen our brand will depend heavily on the success of our marketing efforts. Failure to develop and maintain a strong brand could materially and adversely affect customer acceptance of our vehicles, could result in suppliers and other third parties being less likely to invest time and resources in developing business relationships with us, and could materially adversely affect our business, prospects, financial condition and operating results.

We have a relatively short operating history, which makes it difficult to evaluate our future prospects, forecast financial results, and assess the risks and challenges we may face.

Our business is relatively new and rapidly evolving. We first launched our business in 2018 and have a limited operating history. We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies with limited operating histories in rapidly changing industries. Risks and challenges we have faced or expect to face as a result of our relatively limited operating history and evolving business model include our ability to:

- make operating decisions and evaluate our future prospects and the risks and challenges we may encounter;
- forecast our revenue and budget for and manage our expenses;
- attract new customers and retain existing customers in a cost-effective manner;

- comply with existing and new or modified laws and regulations applicable to our business;
- manage our business assets and expenses;
- plan for and manage capital expenditures for our current and future offerings and manage our supply chain and supplier relationships related to our current and future offerings;
- anticipate and respond to macroeconomic changes and changes in the markets in which we operate;
- maintain and enhance the value of our reputation and brand;
- effectively manage our growth and business operations;
- successfully expand our geographic reach;
- hire, integrate and retain talented people at all levels of our organization; and
- successfully develop new features, offerings and services to enhance the experience of customers.

If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks successfully, our results of operations could differ materially from our expectations and our business, prospects, financial condition and operating results could be adversely affected.

There is substantial doubt about our ability to continue as a going concern.

We believe there is substantial doubt about our ability to continue as a going concern as of the date of this annual report. The going concern may be included in our future reports and could materially limit our ability to raise additional funds through the issuance of new debt or equity securities or otherwise.

As of March 31, 2025, we had cash of \$0.8 million. We had working capital of \$1.3 million and \$0.3 million as of March 31, 2025 and March 31, 2024, respectively. We had net loss of \$5.3 million and net income of \$1.9 million for the year ended March 31, 2025 and 2024, respectively. During the year ended March 31, 2025, net cash used in operating activities of the Company was approximately \$10.1 million. As of March 31, 2025, we had a current portion of contractual obligation of approximately \$8.9 million. We plan to alleviate the going concern risk through (i) equity financing to support the Company's working capital; (ii) other available sources of financing (including debt) from banks and other financial institutions; and (iii) financial support from the Company's related parties. There is no assurance that we will be successful in implementing the foregoing plans or that additional financing will be available to us on commercially reasonable terms, or at all. Our inability to secure needed financing when required could require material changes to our business plans and could have a material adverse effect on our ability to continue as a going concern and results of operations.

We identified material weaknesses in our internal control over financial reporting. If we are unable to remediate these material weaknesses, or identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect our business and stock price.

In connection with the preparation and audit of our consolidated financial statements for the year ended March 31, 2025, we identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. The material weaknesses that have been identified included our lack of (i) sufficient financial reporting and accounting personnel with appropriate knowledge of generally accepted accounting principles in the United States of America (the "U.S. GAAP") and SEC reporting requirements to properly address complex U.S. GAAP accounting issues and to prepare and review our consolidated financial statements and related disclosures to fulfill U.S. GAAP and SEC financial reporting requirements, (ii) formal internal control policies and internal independent supervision functions to establish formal risk assessment process and internal control framework, and (iii) sufficient controls designed and implemented in IT environment and IT general control activities, which are mainly associated with areas of logical access management, change management, computer operation, service organization management as well as cyber security management.

In response to the material weaknesses identified for the year ended March 31, 2025, we are in the process of implementing a number of measures to address the material weaknesses identified, including but not limited to (i) hiring additional qualified accounting and financial personnel with appropriate knowledge and experience in U.S. GAAP accounting and SEC reporting; (ii) organizing regular training for our accounting staff, especially training related to U.S. GAAP and SEC reporting requirements; and (iii) regularly conducting checks on the IT software we utilize to ensure its proper functionality, and arranging training sessions for our IT staff. We also plan to adopt additional measures to improve our internal control over financial reporting, including, among others, creating a U.S. GAAP accounting policies and procedures manual, which will be maintained, reviewed and updated, on a regular basis, to the latest U.S. GAAP accounting standards, strengthening corporate governance as well as general control over our information technology. While we believe these efforts, once completed, will remediate the material weaknesses, we may not be able to complete our evaluation, testing or any required remediation in a timely fashion, or at all. We cannot assure you that the measures we have taken to date and may take in the future, will be sufficient to remediate the control deficiencies that led to our material weaknesses in internal control over financial reporting, to prevent the identification of significant deficiencies in the future or that they will prevent or avoid potential future material weaknesses. The effectiveness of our internal control over financial reporting is subject to various inherent limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood of future events, the possibility of human error and the risk of fraud. If we are unable to remediate the material weaknesses, our ability to record, process and report financial information accurately, and to prepare financial statements within the time periods required of public companies could be adversely affected which, in turn, may adversely affect our reputation and business and the market price of our common stock. In addition, any such failures could result in litigation or regulatory actions by the SEC or other regulatory authorities, loss of investor confidence, delisting of our securities and harm our reputation and financial condition, or diversion of financial and management resources from the operation of our business.

The markets in which we operate are in their infancy and highly competitive, and we may not be successful in competing in this industry.

The market of electric two-wheel vehicles is in its infancy, and we expect it will become more competitive in the future. There is no assurance that our vehicles will be successful in the respective markets in which they compete. A significant and growing number of established and new companies, as well as other companies, have entered or are reported to have plans to enter the electric vehicle market. Most of our current and potential competitors have significantly greater financial, technical, manufacturing, marketing, sales networks and other resources than we do and may be able to devote greater resources to the design, development, manufacturing, distribution, promotion, sale and support of their products. Increased competition could result in lower vehicles sales, price reductions, revenue shortfalls, loss of customers and loss of market share, which could harm our business, prospects, financial condition and operating results.

An adverse determination in any significant product liability claim against us could materially adversely affect our business, results of operations or financial condition.

The development, production, marketing, sale and usage of our vehicles will expose us to significant risks associated with product liability claims. As a provider of consumer products, we are, from time to time, subject to civil litigation regarding those products, including in publicly-available court filings. Our business is vulnerable to product liability claims, and we may face inherent risk of exposure to claims in the event our vehicles do not perform or are claimed to not have performed as expected. If our products are defective, malfunction or are used incorrectly by our customers, it may result in bodily injury, property damage or other injury, including death, which could give rise to product liability claims against us. For example, our certain EVs use lithium-ion batteries, which, if not appropriately managed and controlled, can rapidly release energy by venting smoke and flames that can ignite nearby materials. Furthermore, there is some risk of electrocution if individuals who attempt to repair battery packs do not follow applicable maintenance and repair protocols. Any such damage or injury would likely lead to product liability claims against us and potentially a safety recall. Any losses that we may suffer from any liability claims and the effect that any product liability litigation may have upon the brand image, reputation and marketability of our products could have a material adverse impact on our business, results of operations or financial condition. No assurance can be given that material product liability claims will not be made in the future against us, or that claims will not arise in the future in excess or outside of our insurance coverage and contractual indemnities with suppliers and manufacturers. We may not be able to obtain adequate product liability insurance for our existing or new products or the cost of doing so may be prohibitive. Adverse determinations of material product liability claims made against us could also harm our reputation and cause us to lose customers and could have a material adverse effect on our business, prospects, financial condition and operating results.

We are dependent upon our executives for their services and any interruption in their ability to provide their services could cause us to cease operations.

The loss of the services of any member of our management team, including our CEO, could have a material adverse effect on us. We do not maintain any key man life insurance on our executives, including our CEO. The loss of the services of any of our executive management could impair our ability to execute our business plan and growth strategy, as we may not be able to find suitable individuals to replace such personnel on a timely basis or without incurring increased costs, or at all. Our future success will also depend on our ability to attract, retain and motivate other highly skilled employees. Competition for personnel in our industry is intense. We may not be able to retain our key employees or attract, assimilate or retain other highly qualified employees in the future. If we do not succeed in attracting new personnel or retaining and motivating our current personnel, our business, prospects, financial condition and operating results will be adversely affected.

Our management team does not have any experience in operating a publicly traded company.

While our management team has a wide breadth of business experience, none of our executive officers have held an executive position at a publicly traded company. Given the onerous compliance requirements to which public companies are subject, there is a chance our executive officers will fail to perform at a level expected of public company officers. In such an event, the Company's share price could be adversely affected. The management team's limited experience in dealing with the increasingly complex laws pertaining to public companies could be a significant disadvantage in that it is likely that an increasing amount of their time may be devoted to these activities which will result in less time being devoted to the management and growth of the company. We may not have adequate personnel with the appropriate level of knowledge, experience and training in the accounting policies, practices or internal control over financial reporting required of public companies in the United States. In addition, the development and implementation of the standards and controls necessary for us to achieve the level of accounting standards required of a public company in the United States may require costs greater than expected. It is possible that we will be required to expand our employee base and hire additional employees to support our operations as a public company which will increase our operating costs in future periods.

We may need to defend ourselves against patent or trademark infringement claims, which may be time-consuming and would cause us to incur substantial costs.

Companies, organizations or individuals, including our competitors, may hold or obtain patents, trademarks or other proprietary rights that would prevent, limit or interfere with our ability to make, use, develop, sell or market our vehicles, which could make it more difficult for us to operate our business. From time to time, we receive communications from holders of patents or trademarks regarding their proprietary rights, including in publicly available court filings. Companies holding patents or other intellectual property rights may bring suits alleging infringement of such rights or otherwise assert their rights. If we are determined to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following:

- cease selling, incorporating certain components into, or using vehicles or offering goods or services that incorporate or use the challenged intellectual property;
- pay substantial damages;
- seek a license from the holder of the infringed intellectual property right, which license may not be available on reasonable terms or at all;
- redesign our vehicles or other goods or services; or
- establish and maintain alternative branding for our products and services.

In the event of a successful claim of infringement against us and our failure or inability to obtain a license to the infringed technology or other intellectual property right, our business, prospects, operating results and financial condition could be materially and adversely affected. In addition, any litigation or claims, whether or not valid, could result in substantial costs, negative publicity and diversion of resources and management attention.

If we are unable to adequately establish, maintain, protect and enforce our intellectual property and proprietary rights, our reputation may be harmed, we may be subject to litigation, and our business may be adversely affected.

Our future success and competitive position depend on our ability to establish, maintain, protect and enforce our intellectual property and proprietary rights. We currently hold one trademark in the United States. Other than that, we do not own any issued patents, copyright nor other intellectual property registrations in the United States. We also seek to protect our trade secrets and other proprietary information through common law copyright and trademark principles, but these actions may be inadequate. The steps we have taken and will take may not prevent unauthorized use, reverse engineering or misappropriation of our technologies and we may be unable to detect any of the foregoing. Our lack of intellectual property protection in the United States may restrict our ability to protect our technologies and processes from competition. Defending and enforcing our intellectual property rights may result in litigation, which can be costly and divert management attention and resources. We plan to apply for patents, additional trademarks and other intellectual property registrations in the United States in the future to protect our brand and technologies. However, the intellectual property application process is complex and can be time-consuming. Even after investing significant resources in preparing and filing an application, there is no guarantee that it will be granted. If our efforts to protect our technologies and intellectual property are inadequate, the value of our brand and other intangible assets may be diminished and competitors may be able to mimic our cloud services. Any of these events could have a material adverse effect on our business, prospects, financial condition and operating results.

Improper activities by third parties, exploitation of encryption technology, new data-hacking tools and discoveries and other events or developments may result in future intrusions into or compromise of our networks and technology systems.

Our systems, website, data (wherever stored), software or networks and those of third-party suppliers and service providers, are vulnerable to security breaches, including unauthorized access, computer viruses or other malicious code and other cyber threats that could have a security impact. We, our third-party suppliers and service providers may not be able to anticipate evolving techniques used to effect security breaches (which change frequently and may not be known until launched), or prevent attacks by hackers, including phishing or other cyber-attacks, or prevent breaches due to employee error or malfeasance, in a timely manner or at all. Cyber-attacks have become far more prevalent in the past few years, potentially leading to the theft or manipulation of confidential and proprietary information or loss of access to, or destruction of, data on our or third-party systems, as well as interruptions or malfunctions in our or third parties' operations. If a breach occurs within the supply chain, disjointed or delayed response efforts can exacerbate the impact, prolong recovery time, and increase potential damage to our operations and reputation. In addition, at present, there are no existing contractual agreements delineating cybersecurity responsibilities between our company and our suppliers or service providers. This absence of clear terms poses a risk wherein disputes regarding liability and accountability in the event of a security breach may emerge. Such disputes could potentially result in legal complexities, financial losses, and impeded incident resolution within our supply chain.

We have taken and are taking steps to monitor and enhance the security of our information technology systems. Furthermore, our board of directors schedules periodic discussions with management regarding significant risk exposures, including risks related to data privacy and cybersecurity, and assists in taking steps to mitigate the risk of cyberattacks on us. However, the techniques used by cyber criminals change frequently and often cannot be recognized until launched against a target; accordingly, we may not be able to anticipate these frequently changing techniques, implement adequate preventive measures for all of them or remediate any unauthorized access on a timely basis. All preventive measures, as well as additional measures that may be required to comply with rapidly evolving security standards and protocols imposed by law, regulation, industry standards or contractual obligations, may cause us to incur substantial expenses. Any unauthorized access into our customers' sensitive information, data belonging to us or our vendors or employee data, even if we are compliant with industry security standards, could put us at a competitive disadvantage, result in deterioration of our customers', vendors' and employees' confidence in us and subject us to investigations, required notifications, potential litigation, liability, fines and penalties and consent decrees, resulting in a possible material adverse impact on our brand, business, prospects, financial condition and operating results.

We may be unable to improve our existing products and develop and market new products that respond to customer needs and preferences and achieve market acceptance.

We may not be able to compete as effectively with our competitors, and ultimately satisfy the needs and preferences of our customers unless we can successfully enhance existing products, develop new innovative products and distinguish our products from our competitors' products through innovation and design. Product development requires significant financial, technological and other resources. There can be no assurance that we will be able to incur a level of investment in research and development that will be sufficient to successfully make us competitive in product innovation and design. In addition, even if we are able to successfully enhance existing products and develop new products, there is no guarantee that the markets for our existing products and new products will progress as anticipated. If any of the markets in which our existing products compete do not develop as expected, our business, prospects, financial condition and operating results could be materially adversely affected.

We have limited experience servicing our vehicles, and if we are unable to address the service requirements of our customers, our business could be materially and adversely affected.

We have limited experience servicing or repairing our vehicles. Servicing electric vehicles is different than servicing traditional vehicles and requires specialized skills, including training and servicing techniques for electric vehicles. If we are unable to successfully address the servicing requirements of our customers or establish a market perception that we maintain high-quality support, our reputation could be harmed, we may be subject to claims from our customers, and our business, prospects, financial condition and operating results may be materially and adversely affected.

Significant product repair and/or replacement due to product warranty claims or product recalls could have a material adverse impact on our business, results of operations or financial condition.

We provide a three-month warranty against defects for our EVs and three-month warranty on the battery. Our warranty will generally require us to repair or replace defective products during such warranty periods at no cost to the consumer. We will record provisions based on an estimate of product warranty claims, but there is the possibility that actual claims may exceed these provisions and therefore negatively impact our results of operations or financial condition.

In addition, we may in the future be required to make product recalls or could be held liable in the event that some of our products do not meet safety standards or statutory requirements on product safety, even if the defects related to any such recall or liability are not covered by our limited warranty. The repair and replacement costs that we could incur in connection with a recall could have a material adverse effect on our business, results of operations or financial condition. Product recalls could also harm our reputation and cause us to lose customers, particularly if recalls cause consumers to question the safety or reliability of our products, which could have a material adverse effect on our business, prospects, financial condition and operating results.

If our vehicle owners customize our vehicles or change the charging infrastructure with aftermarket products, the vehicle may not operate properly, which may create negative publicity and could harm our business.

Electric vehicle enthusiasts may seek to "hack" our vehicles to modify their performance, which could compromise vehicle safety systems. Also, customers may customize their vehicles with after-market parts that can compromise driver safety. We do not test, nor do we endorse, such changes or products. In addition, the use of improper external cabling or unsafe charging outlets can expose our customers to injury from high voltage electricity. Such unauthorized modifications could reduce the safety of our vehicles and any injuries resulting from such modifications could result in adverse publicity which would negatively affect our brand and harm our business, prospects, financial condition and operating results.

Risks Related to Our Securities

An active, liquid and orderly trading market for our common stock may not develop or be maintained, and our stock price may be volatile.

We cannot predict the nature of the market for our common stock, and we cannot assure you that an active, liquid or orderly trading market for our common stock will be maintained. To the extent that an active market does not develop, you may have difficulty in selling any shares of our common stock. If there is no active, liquid or orderly market for our common stock, the reported bid and asked price at the time you seek to purchase or sell shares may not reflect the price at which you could either buy or sell shares of our common stock.

Our directors and executive officers will continue to exercise significant control over us, which will limit your ability to influence corporate matters and could delay or prevent a change in corporate control.

The existing holdings of our directors and executive officers is in the aggregate, approximately 18.7% of our outstanding common stock as of the date of this annual report. As a result, these stockholders may be able to influence our management and affairs and control the outcome of matters submitted to our stockholders for approval, including the election of directors and any sale, merger, consolidation, or sale of all or substantially all of our assets. The concentration of voting power among one or more of these stockholders may have an adverse effect on the price of our common stock.

In addition, this concentration of ownership might adversely affect the market price of our common stock by: (1) delaying, deferring or preventing a change of control of our company; (2) impeding a merger, consolidation, takeover or other business combination involving our company; or (3) discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of our company.

The price of our common stock may be volatile and fluctuate substantially and rapidly, which could result in the loss of a significant part of your investment.

The market price of our common stock may fluctuate substantially and rapidly and may be higher or lower than the public offering price. The stock market, in general, and the market for smaller companies such as ours, in particular, have experienced extreme price and volume fluctuations. Such volatility, including any stock-run up, may be unrelated or disproportionate to the actual or expected operating performance and financial condition or prospects of those companies, making it difficult for the investors to assess the rapidly changing value of our common stock. These fluctuations may be even more pronounced in the trading market for our common stock shortly following the listing of our common stock on Nasdaq as a result of the limited public float available following the IPO. The market price for our common stock may be influenced by many factors, including:

- limited trading volume;
- our success in commercializing our products;
- developments with respect to competitive products or technologies;
- developments or disputes concerning patent applications, issued patents or other intellectual property or proprietary rights;
- the recruitment or departure of key personnel;
- actual or anticipated changes in estimates as to financial results, commercialization timelines or recommendations by securities analysts;
- variations in our financial results or the financial results of companies that are perceived to be similar to us;
- sales of common stock by us, our executive officers, directors or principal stockholders or others;
- general economic, industry and market conditions, such as the impact of the COVID-19 pandemic on our industry;

- the publication of unfavorable research reports and updates thereto by financial analysts; and
- the other factors described in this “Risk Factors” section.

In the past, many companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management’s attention from other business concerns, which could seriously harm our business.

We incur increased costs as a result of being a publicly traded company.

As a company with publicly traded securities, we incur additional legal, accounting and other expenses not presently incurred. In addition, the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as well as rules promulgated by the SEC and the national securities exchange on which we list, requires us to adopt corporate governance practices applicable to U.S. public companies. These rules and regulations will increase our legal and financial compliance costs.

If securities or industry analysts do not publish research or reports about us, or if they adversely change their recommendations regarding our common stock, then our stock price and trading volume 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. As a small-cap company, we are more likely than our larger competitors to lack coverage from securities analysts. In addition, even if we receive analyst coverage, 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, our stock price could decline.

We are an “emerging growth company” and we cannot be certain if the reduced disclosure requirements applicable to “emerging growth companies” will make our common stock less attractive to investors.

We are an “emerging growth company,” as defined in the federal securities laws, and we may take advantage of certain exemptions and relief from various reporting requirements that are applicable to other public companies that are not “emerging growth companies.” In particular, while we are an “emerging growth company”, (1) we will not be required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, (2) we will be exempt from any rules that may be adopted by the PCAOB requiring mandatory audit firm rotations or a supplement to the auditor’s report on financial statements, (3) we will be subject to reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and (4) we will not be required to hold nonbinding advisory votes on executive compensation or stockholder approval of any golden parachute payments not previously approved. We will take advantage of these exemptions. In addition, an emerging growth company may take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended (the “Securities Act”) for complying with new or revised accounting standards, meaning that the company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this exemption from new or revised accounting standards and, therefore, we will not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

We may remain an “emerging growth company” until the fiscal year-end following the fifth anniversary of the completion of this initial public offering, though we may cease to be an “emerging growth company” earlier under certain circumstances, including (1) if we become a large accelerated filer, (2) if our gross revenue exceeds \$1.235 billion in any fiscal year, or (3) if we issue more than \$1.0 billion in non-convertible notes in any three year period. We cannot assure you that we will be able to take advantage of all of the benefits of the available to emerging growth companies.

We are a “smaller reporting company” and, even if we no longer qualify as an emerging growth company, we may still be subject to reduced reporting requirements.

We are a “smaller reporting company” as defined in the Securities Exchange Act of 1934, as amended. Smaller reporting companies may choose to present only the two most recent fiscal years of audited financial statements in their annual reports on Form 10-K and have reduced disclosure obligations regarding executive compensation and, if a smaller reporting company has less than \$100 million in annual revenue, it would not be required to obtain an attestation report on internal control over financial reporting issued by its independent registered public accounting firm. We will remain a smaller reporting company until the last day of any fiscal year for so long as either: (i) the market value of our shares of common stock held by non-affiliates does not equal or exceed \$250 million measured on the last business day of our second fiscal quarter; or (ii) our annual revenues is less than \$100 million during the most recently completed fiscal year and the market value of our common stock held by non-affiliates is less than \$700 million measured on the last business day of our second fiscal quarter. To the extent we take advantage of such reduced disclosure obligations, it may make the comparison of our financial statements with other public companies difficult or impossible.

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our common stock, which could depress the price of our common stock.

Our certificate of incorporation authorizes us to issue one or more series of preferred stock. Our board of directors will have the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discouraging bids for our common stock at a premium to the market price, and materially adversely affect the market price and the voting and other rights of the holders of our common stock.

We have never declared or paid any cash dividends or distributions on our capital stock. We do not anticipate paying any cash dividends on our common stock in the foreseeable future.

We have never declared or paid any cash dividends or distributions on our capital stock. We currently intend to retain our future earnings, if any, to support operations and to finance expansion and therefore we do not anticipate paying any cash dividends on our common stock in the foreseeable future.

The declaration, payment and amount of any future dividends will be made at the discretion of the board of directors, and will depend upon, among other things, the results of our operations, cash flows and financial condition, operating and capital requirements, and other factors as the board of directors considers relevant. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividend. As a result, investors will be reliant upon capital appreciation for any returns on their investment in the shares of our common stock.

Future sales of our common stock in the public market could reduce our stock price, and any additional capital raised by us through the sale of equity or convertible securities may dilute your ownership in us.

As of July 15, 2025, there are 3,432,000 shares of restricted common stock, which constitute approximately 32.3% of our outstanding common stock, may be eligible for sale pursuant to Rule 144 at various times, subject to limitations provided by Rule 144 and lock-up agreements which our stockholders, including our directors and officers, who hold 3,366,000 shares have signed lock-ups for period of 180 days from the closing of the registered direct offering, which expires on December 1, 2025, release from the lock-up restriction at the discretion of the placement agent for the registered direct offering. If placement agent for the registered direct offering waives or releases parties to the lock-up, the market price for our common stock could be adversely impacted.

We intend to file a registration statement with the SEC on Form S-8 providing for the registration of shares of our common stock issued or reserved for issuance under our equity incentive plan or pursuant to stock options. Subject to the satisfaction of vesting conditions and the expiration of lock-up agreements, shares registered under the registration statement on Form S-8 will be available for resale immediately in the public market without restriction other than those restrictions imposed on sales by affiliates pursuant to Rule 144.

We cannot predict the size of future issuances of our common stock or securities convertible into common stock or the effect, if any, that future issuances and sales of shares of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including shares issued in connection with any acquisition we may make), or the perception that such sales, including sales by our existing stockholders pursuant to Rule 144, could occur, may adversely affect prevailing market prices of our common stock.

Because our directors and executive officers own or have the right to vote approximately 18.7% of our outstanding common stock, they may be able to elect all directors, approve all matters requiring stockholder approval and block any action which may be beneficial to stockholders.

As of July 15, 2025, our directors and executive officers beneficially own approximately 18.7% of our outstanding common stock. Our bylaws provide that a majority of the aggregate voting power of the stock issued and outstanding and entitled to vote constitutes a quorum for a meeting of stockholders. As a result, they may have the ability to elect all of our directors and to approve actions requiring stockholder approval as well as to prevent any action from being taken which they oppose even if such action would benefit stockholders.

Delaware law and provisions in our amended and restated certificate of incorporation and bylaws could make a merger, tender offer or proxy contest difficult, thereby depressing the trading price of our common stock.

Our amended and restated certificate of incorporation (as amended) and bylaws contain provisions that could depress the trading price of our common stock by acting to discourage, delay or prevent a change of control of us or changes in its management that the stockholders may deem advantageous. These provisions include the following:

- establish a classified board of directors so that not all members of our board of directors are elected at one time;
- permit the board of directors to establish the number of directors and fill any vacancies and newly-created directorships;
- provide that directors may only be removed for cause;
- require super-majority voting to amend some provisions in our bylaws;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of the stockholders;
- provide that the board of directors is expressly authorized to amend or repeal our bylaws;
- restrict the forum for certain litigation against the Company to Delaware; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

Any provision of our amended and restated certificate of incorporation (as amended) or bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

Our management is required to devote a substantial amount of time to comply with public company regulations.

As a public company, we incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act as well as rules implemented by the SEC and Nasdaq, impose various requirements on public companies, including those related to corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these requirements. Certain members of our management do not have significant experience in addressing these requirements. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly.

Among other things, our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Our compliance with these requirements will require that it incur substantial accounting and related expenses and expend significant management efforts. We will need to hire additional accounting and financial staff to comply with public company regulations. The costs of hiring such staff may be material and there can be no assurance that such staff will be immediately available to us.

Moreover, because we have identified deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, investors could lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline and we could be subject to sanctions or investigations by Nasdaq, the SEC or other regulatory authorities.

There can be no assurance that we will be able to comply with the continued listing standards of Nasdaq.

Our eligibility for listing on Nasdaq depends on our ability to comply with Nasdaq's continued listing requirements. On October 2, 2024, we received written notice from Nasdaq indicating that the bid price for our common stock for the last 31 consecutive business days, had closed below the minimum \$1.00 per share and, as a result, we are not in compliance with the \$1.00 minimum bid price requirement for the continued listing on Nasdaq, as set forth in Nasdaq Listing Rule 5550(a)(2).

In accordance with Nasdaq Listing Rule 5810(c)(3)(A), we have a period of 180 calendar days, or until March 31, 2025, to regain compliance with the minimum bid price requirement. To regain compliance, the closing bid price of our common stock must meet or exceed \$1.00 per share for a minimum of 10 consecutive business days during this 180 day period. On April 2, 2025, Nasdaq notified us that, although the Company has not regained compliance with the minimum bid price requirement, the Company is eligible to receive an additional 180 calendar day period or until September 29, 2025, to regain compliance with the minimum bid price requirement, pursuant to Nasdaq Listing Rule 5810(c)(3)(A). We will monitor the closing bid price of our common stock and may, if appropriate, consider implementing available options, including, but not limited to, implementing a reverse share split of our common stock, to regain compliance with the minimum bid price requirement under the Nasdaq Listing Rules. On June 16, 2025, our board of directors approved a one-for-five (1:5) reverse stock split of our issued and outstanding shares of common stock. On July 3, 2025, we filed with the Secretary of State of the State of Delaware a Certificate of Amendment to our Certificate of Incorporation to effect the 2025 Reverse Stock Split. The 2025 Reverse Stock Split became effective on July 3, 2025, and our common stock began trading on a split-adjusted basis on Nasdaq on July 7, 2025. However, there can be no assurance that we will be able to regain such compliance.

If Nasdaq delists our common stock from trading on its exchange, we and our stockholders could face significant material adverse consequences including:

- limited availability of market quotations for our securities;
- a determination that our common stock is a "penny stock," which will require brokers trading in our common stock to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for our common stock;
- a limited amount of analyst coverage; and
- decreased ability to issue additional securities or obtain additional financing in the future.

FINRA sales practice requirements may limit a stockholder's ability to buy and sell our common stock.

The Financial Industry Regulatory Authority ("FINRA") has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the FINRA believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may have the effect of reducing the level of trading activity in our common stock. As a result, fewer broker-dealers may be willing to make a market in our common stock, reducing a stockholder's ability to resell shares of our common stock.

Holders of the Warrants will have no rights as a common stockholder until they acquire our common stock.

Until holders of the Warrants acquire shares of our common stock upon exercise of the Warrants, the holders will have no rights with respect to shares of our common stock issuable upon exercise of the Warrants. Upon exercise of the Warrants, the holder will be entitled to exercise the rights of a common stockholder as to the security exercised only as to matters for which the record date occurs after the exercise.

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

The trading market for our common stock is influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us change their recommendation regarding our common stock adversely, or provide more favorable relative recommendations about our competitors, our stock price would likely decline. If any analyst who may cover us were to cease coverage of our company or fail 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.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

Our company diligently monitors cybersecurity risks, conducting annual reviews at senior management levels and, when necessary, with the Audit Committee to update the board of directors. Currently, we believe there are no significant cybersecurity threats that pose a material risk to our business strategy, operations, or financial condition.

To safeguard data confidentiality, integrity, and accessibility, we have established processes for assessing, identifying, and managing cybersecurity risks. We plan to create a technology officer role with specialized security expertise to oversee information security ("IT") and implement comprehensive risk management procedures. These measures are expected to include response plans, regular system tests, third-party reviews, incident simulations, and ongoing refinement of policies and procedures to mitigate risks.

Our primary strategy for mitigating cyber risks involves storing sensitive data with trusted third-party providers who meet stringent audit and security standards. We collaborate with third-party vendors who comply with various industry standards such as SOC.

We intend to engage a third-party service provider to monitor our network and provide prevention, detection, correlation, investigation, and response to any security incidents, promptly notifying management of any potential issues. We maintain backup data to facilitate recovery in the event of data loss or a disaster.

Item 2. Properties

Our corporate and executive offices that we own are located in 136-40 39th Avenue, Suite 202, Flushing, NY 11354, encumbered by debt. In addition, we lease a warehouse in Maspeth, New York, where we assemble all of our vehicles. The warehouse, which is approximately 52,264 square feet, is under one lease that is due to expire on April 30, 2029, at a current annual rent of approximately \$1.2 million.

We believe our facilities are sufficient to meet our needs in the near term, as we expand our operations, we may require additional space in which to assemble our vehicles and we do not have any commitments for such space. All of our retail stores are leased. For the year ended March 31, 2025 and 2024, we paid an aggregate of \$2.9 million and \$2.4 million, respectively, for the spaces used for retail stores.

Item 3. Legal Proceedings

We may be subject to legal proceedings, investigations and claims incidental to the conduct of our business from time to time. As a provider of consumer products, we are, from time to time, subject to civil litigation regarding those products and intellectual property rights of third parties, including in publicly-available court filings. We are not currently a party to, nor are we aware of, any legal proceedings, investigations or claims which, in the opinion of our management, are likely to have a material adverse effect on our business, financial condition or results of operations.

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

Market Information

Our common stock commenced trading on the Nasdaq Capital Market on June 6, 2024 under the symbol “FLYE”.

Stockholders

As of July 15, 2025, we had 26 stockholders of record.

Transfer Agent

VStock Transfer, LLC, 18 Lafayette Place, Woodmere, New York 11598, is the transfer agent for our common stock.

Dividends

We have never declared or paid any cash or other dividends or distributions on our capital stock. We currently intend to retain earnings, if any, to finance the growth and development of our business. We do not expect to pay any cash dividends on our common stock in the foreseeable future. Payment of future dividends, if any, will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, restrictions contained in any financing instruments, provisions of applicable law and other factors the board deems relevant.

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 the financial statements and the notes thereto included in this annual report. The following discussion contains forward-looking statements. Actual results could differ materially from the results discussed in the forward-looking statements. See “*Item 1A. Risk Factors*” and “*Cautionary Note Regarding Forward-Looking Statements*”.

Overview

We are an EV company that is principally engaged in designing, installing and selling E-motorcycles, E-bikes, E-scooters and related accessories under the brand “Fly E-Bike.” At Fly E-Bike, our commitment is to encourage people to incorporate eco-friendly transportation into their active lifestyles, ultimately contributing towards building a more environmentally friendly future.

Fly E-Bike was established in 2018 with its first store opened in New York. Our business has grown rapidly since then and we are now one of the leading providers of E-bikes for food delivery workers in New York City. As of July 15, 2025, we have 20 stores, including 19 retail stores in the U.S and one retail store in Canada. The Company offers rental services from selected locations in New York, Toronto, and Los Angeles. We also operate one online store at flyebike.com, focusing on selling E-motorcycles, E-bikes and E-scooters, serving customers in the United States. In addition, we plan to open a second online store focusing on selling gas bikes in the future. We plan extend our business into South America and Europe in the future.

We have a diversified product portfolio that is designed to satisfy the various demands of our customers and address different urban travel scenarios. Additionally, we aim to refresh our product offerings continuously to align with evolving market trends. As of July 15, 2025, we offered 27 E-motorcycle products, 36 E-bike products and 38 E-scooter products.

We are currently in the process of developing a Fly E-Bike app, which is a management service mobile software for our EVs, enabling customers to purchase bikes, locate company stores, schedule bike repairs, and more. We aim to design an app that will bring users a comprehensive intelligent experience to create a safer and more satisfying riding life. The development of the app is still in its preliminary stage. We have launched a testing version of the app, which is currently unavailable to our customers. In December 2023, the Company engaged DF Technology US Inc (“DFT”) for certain technology services, for the development of the enterprise resource planning system (“ERP system”), and in July 2024, the Company engaged DFT to develop a mobile phone application for its rental services, the GO FLY APP. The total contract price for the GO FLY APP is \$500,000, and the GO FLY APP was delivered and launched in the rental business on September 5, 2024. The total contract price for the ERP system is \$2,500,000. The ERP system is fully completed and delivered on May 20, 2025. During the fiscal year of 2025, the Company started to use part of the ERP system which was valued at \$2,310,000 and treated that part as computer hardware and software and started for depreciation. As of March 31, 2025, the Company paid \$136,580 to DFT as prepayment for software development.

We source a significant portion of our vehicle components from China and the United States, and then assemble them into our vehicles in a facility located in Maspeth, New York. For the year ended March 31, 2025, we produced 4,595 E-motorcycles, 5,974 E-bikes and 1,557 E-scooters at the same facility.

Recent Developments

See “Item 1. Business — Recent Developments.”

Key Factors that Affect Operating Results

Our results of operations and financial condition are affected by the general factors driving the U.S.’s electric two-wheeled vehicles industry, including, among others, the U.S.’s overall economic growth, the increase in per capita disposable income, the expansion of urbanization, the growth in consumer spending and consumption upgrades, the competitive environment, governmental policies and initiatives towards electric two-wheeled vehicles, as well as the general factors affecting the electric two-wheeled vehicles industry in overseas markets. Unfavorable changes in any of these general industry conditions could negatively affect demand for our products and materially and adversely affect our results of operations.

While our business is influenced by these general factors, our results of operations are more directly affected by company specific factors, including the following major factors:

New Customers

Our growth will depend on our ability to achieve sales targets, including our ability to attract new customers, which in turn depends in part on our ability to execute our retail strategy and produce effective marketing initiatives to expand our brand perception with prospective customers. As of July 15, 2025, we have 20 stores, including 19 retail stores in the U.S and one retail store in Canada. We offer rental services from selected locations. We also operate one online store, focusing on selling E-motorcycles, E-bikes, and E-scooters and selling our product in the United States. It is critical for us to successfully manage production ramp-up and quality control to deliver to customers in adequate volume and quality.

With respect to branding and marketing, we plan to raise brand awareness through both traditional and social media channels and connect with customers through physical touchpoints such as our retail stores and distributors. We believe that effective marketing can boost our brand awareness and contribute to increased sales. In addition, we intend to provide superior customer experience through our trained technicians who will provide after-sale maintenance and repair services at our retail stores. An inability to attract new customers would substantially impact our ability to grow revenue or improve our financial results.

Product Sales Price and Volume

For the year ended March 31, 2025, our net revenues decreased by 21.0% to \$25.4 million, compared to \$32.2 million for the same period in 2024, which was primarily driven by a decrease in total units sold, which dropped by 10,846 units, from 69,611 units for the year ended March 31, 2024, to 58,765 units for the year ended March 31, 2025. The decrease in volume is mainly due to recent lithium-battery accidents involving E-Bikes and E-Scooters. With an increasing number of lithium-battery explosion incidents in New York, customers are less inclined to purchase E-Bikes. Consequently, sales have declined as customers opt for oil-powered vehicles over electric vehicles. The decrease in volume also attributed in part to the closures and disposition of our retail stores during the year ended March 31, 2025. The average sales price per EV increased by \$29, from \$960 in the year ended March 31, 2024 to \$989 in the year ended March 31, 2025. These improvements were driven by product upgrades and enhanced sales channels in the market.

We currently have a streamlined product portfolio consisting of three categories, with multiple models and specifications for each category. Our ability to increase the sales price and volume will depend on our ability to continually enhance our brand to attract customers, as well as our ability to successfully operate our retail stores and expand our sales network both domestically and globally. However, our product sales price is influenced by various factors such as market demand and competitors’ pricing, and although we continue working on product improvements and retail expansion, there can be no guarantee of sustained sales price increase or improved sales volume. If our prices remain stable, increasing sales volume would become important for continued revenue growth, and failure to do so would significantly impact our ability to grow revenue or improve our financial results.

Employees

Our payroll expenses were \$4.7 million for the year ended March 31, 2025, compared to \$2.9 million for the year ended March 31, 2024. As four stores were closed and four others were sold during the year ended March 31, 2025, and an additional six stores were sold subsequently, we expect a decrease in payroll expenses in the next fiscal year due to reduced demand for store sales staff. Each of our retail stores has a minimum of two employees, and additional office employees will be hired to support retail stores in customer service and marketing. In addition, to maintain excellent customer service in our retail stores, each store will have at least one trained repair professional. Effective management of payroll expenses remains crucial to our ability to grow revenue and enhance our financial results, especially as we navigate a reduced workforce.

Vendor and Supply Management

During the year ended March 31, 2025, we worked with two principal vendors, Xiamen Innolabs Technology Co., Ltd and Depcl Corp., each of which respectively supplied approximately 41.9% and 32.3% of the accessories and components used in all our products for the year ended March 31, 2025.

We have implemented a centralized vendor management system that streamlines purchasing, enhances our negotiating power and maintains strong vendor relationships. We believe this approach delivers cost savings, improved risk management and increased negotiating power, ultimately benefiting our operating results. Changes in costs related to our major vendors can significantly affect our financial condition and operating results.

Market Trends, Competition and Tariff

We operate in a rapidly growing EV market with a special focus on E-motorcycles, E-bikes and E-scooters. However, increased competition may pressure prices and margins, reducing sales volume, revenues, and sales margin for us. Additionally, marketing and advertising costs may rise as we differentiate ourselves and maintain our market position. Moreover, competitors may impact customer acquisition and retention, satisfaction and loyalty. While we believe we maintain competitive advantages in several areas, including brand, product design and quality, smart features, omnichannel retail model, customer satisfaction and loyalty, we must continuously innovate, invest in research and development and marketing to maintain our competitive edge and unique selling points. Recently, the U.S. government issued executive orders imposing tariffs on products from key international suppliers, citing national security and public health concerns. These tariffs are expected to impact a wide range of imported goods, including components used in e-bike and e-scooter manufacturing. While some agreements have temporarily delayed their implementation, ongoing trade tensions could lead to supply chain disruptions, increased costs, and pricing pressures within the industry. Tariffs on e-bikes and e-scooters or their components would likely increase prices for consumers, and create challenges for U.S. manufacturers and retailers. While there could be long-term opportunities for domestic production, the immediate impact would likely be negative for the growing e-bike and e-scooter market.

Regulatory Landscape

We operate in an industry that is subject to extensive environmental, safety and other laws and regulations, which include products safety and testing, as well as battery safety and disposal. These requirements create additional costs and possible production delay in connection with the testing and manufacturing of our products. We also benefit from environmental regulations in our target markets which include economic incentives to purchasers of EVs and tax credits for EV manufacturers. The Governor of New York State signed a legislative package in July 2024 aimed at raising awareness about the safe use of e-bikes and lithium-ion battery products, prohibiting the sale of non-compliant batteries, requiring safety protocols and training for first responders, mandating operating manuals for e-bike retailers, and improving accident reporting and registration processes for e-bikes and mopeds. Additionally, in January 2025, the New York City Department of Transportation launched a \$2 million trade-in program, allowing eligible food delivery workers to replace their unsafe e-bikes, e-mobility devices, and batteries with certified, high-quality versions. Our Fly-11 PRO was chosen for the official model of DOT and participates in this program. From January 2025 to June 2025, we participated in this program and completed the delivery of Fly-11 Pro models to our retail partner participating in the program. While we expect relevant regulations to provide a tailwind to our growth, it is possible for other regulations to result in margin pressures.

How to Assess Our Performance

In assessing performance, management considers a variety of performance and financial measures, including principal growth in net sales, gross profit, gross margin, selling, general and administrative expenses and EBITDA. The key measures that we use to evaluate the performance of our business are set forth below.

Net Sales

We generate revenue from sales of our EVs, their accessories and spare parts, and provision of repair services at our retail stores. Our net sales comprise gross sales net of discounts and return allowances. We do not record sales taxes as a component of retail revenues as we consider it a pass-through conduit for collecting and remitting sales taxes. Return allowances, which reduce net revenues, are estimated based on historical experience.

E-bikes, E-motorcycles and E-scooters sales. We generate a substantial majority of our revenues from sales of E-bikes, E-motorcycles and E-scooters directly to customers through our online store and retail stores, and to our distributors.

Accessories and spare parts sales. We also sell accessories and spare parts for our EVs, such as rear storage boxes and front baskets. In addition, we offer Fly E-Bike branded accessories and general merchandise, such as decorative car plates, key chains and apparel.

Service revenues. We also provide repair services at our retail stores for a fee. The Company operates rental business primarily from the Go Fly rental mobile app and selected Fly E-Bike stores that provide users with a flexible and affordable e-bike rental option.

Cost of Sales

Cost of sales includes product costs, warehouse rent expenses, payroll costs, depreciation costs, inventory reserves, warranty costs, and logistic costs. The logistic costs incurred to receive products from our vendors are included in our inventory and recognized as cost of sales upon sale of products to our customers.

Gross Profit and Gross Margin

We calculate gross profit as net sales less cost of revenue. Gross margin represents gross profit as a percentage of net sales.

Selling, General and Administrative Expenses

Selling, general and administrative expenses primarily consist of retail operational expenses, salaries and benefits costs, marketing, advertising, and corporate overhead.

Marketing costs primarily consist of advertising and payroll and related expenses for personnel engaged in marketing and selling activities.

We expect that our selling and marketing expenses will continue to increase in the foreseeable future, as we plan to further expand our sales network and retail channels, and engage in more selling and marketing activities to enhance our brand and attract more purchases from new and existing customers.

General and administrative expenses primarily consist of costs for corporate functions, including payroll and related expenses, facilities and equipment expenses, such as depreciation and amortization expense and rent, and professional fees. We expect that our general and administrative will increase in the foreseeable future, as we hire additional personnel and incur additional expenses related to the anticipated growth of our business and our operation as a public company after the completion of our initial public offering.

Non-GAAP Financial Measures

To supplement our financial information presented in accordance with the generally accepted accounting principles in the United States (the “U.S. GAAP”), management periodically uses certain “non-GAAP financial measures,” as such term is defined under the rules of the SEC, to clarify and enhance understanding of past performance and prospects for the future. Generally, a non-GAAP financial measure is a numerical measure of a company’s operating performance, financial position or cash flows that excludes or includes amounts that are included in or excluded from the most directly comparable measure calculated and presented in accordance with U.S. GAAP. For example, non-GAAP measures may exclude the impact of certain items such as acquisitions, divestitures, gains, losses and impairments, or items outside of management’s control. Management believes that the following non-GAAP financial measure provides investors and analysts useful insight into our financial position and operating performance. Any non-GAAP measure provided should be viewed in addition to, and not as an alternative to, the most directly comparable measure determined in accordance with U.S. GAAP. Further, the calculation of these non-GAAP financial measures may differ from the calculation of similarly titled financial measures presented by other companies and therefore may not be comparable among companies.

We use EBITDA (earnings before interest, taxes, depreciation, and amortization) to evaluate our operating performance. We believe EBITDA provides additional insight into our underlying, ongoing operating performance and facilitates year-to-year comparisons by excluding the earnings impact of interest, tax, depreciation and amortization and that presenting EBITDA is more representative of our operational performance and may be more useful for investors.

We reconcile our non-GAAP financial measure to our net income, which is our most directly comparable financial measure calculated and presented in accordance with U.S. GAAP. EBITDA includes adjustments for provision for income taxes, as applicable, interest income and expense, depreciation, and amortization. EBITDA does not represent and should not be considered an alternative to net income as determined by U.S. GAAP, and our calculations thereof may not be comparable to those reported by other companies. We believe EBITDA is an important measure of operating performance and provides useful information to investors because it highlights trends in our business that may not otherwise be apparent when relying solely on U.S. GAAP measures and because it eliminates items that have less bearing on our operating performance. EBITDA, as presented herein, is a supplemental measure of our performance that is not required by, or presented in accordance with, U.S. GAAP. We use non-GAAP financial measures as supplements to our U.S. GAAP results in order to provide a more complete understanding of the factors and trends affecting our business. EBITDA is a measure of operating performance that is not defined by U.S. GAAP and should not be considered a substitute for net (loss) income as determined in accordance with U.S. GAAP.

EBITDA along with a reconciliation to net income is shown within the Results of Operations below.

Results of Operations for the Years Ended March 31, 2025 and 2024

The following table sets forth the components of our results of operations for the years ended March 31, 2025 and 2024:

	For the Year Ended March 31,			
	2025	2024	Change	Percentage Change
Revenues, Net	\$ 25,427,163	\$ 32,205,666	\$ (6,778,503)	(21.0)%
Cost of Revenues	14,976,266	19,099,120	(4,122,854)	(21.6)%
Gross Profit	10,450,897	13,106,546	(2,655,649)	(20.3)%
Operating Expenses				
Selling Expenses	7,403,374	5,914,786	1,488,588	25.2%
General and Administrative Expenses	7,607,489	3,931,203	3,676,286	93.5%
Total Operating Expenses	15,010,863	9,845,989	5,164,874	52.5%
(Loss) Income from Operations	(4,559,966)	3,260,557	(7,820,523)	(239.9)%
Other Income (Expenses), Net	10,588	(30,352)	40,940	(134.9)%
Interest Expenses, Net	(405,615)	(152,050)	(253,565)	166.8%
Income Taxes Expense	(336,166)	(1,182,933)	846,767	(71.6)%
Net (Loss) Income	\$ (5,291,159)	\$ 1,895,222	\$ (7,186,381)	(379.2)%

Revenues

	For the Year Ended March 31,			
	2025	2024	Change	Percentage Change
Sales-Retail	\$ 21,725,817	\$ 26,389,720	\$ (4,663,903)	(17.7)%
Sales-Wholesale	\$ 3,529,479	\$ 5,815,946	\$ (2,286,467)	(39.3)%
Sales-Rental services	171,867	—	171,867	100.0%
Total Net Revenues	\$ 25,427,163	\$ 32,205,666	\$ (6,778,503)	(21.0)%

Our net revenues were \$25.4 million for the year ended March 31, 2025, a decrease of 21.0%, from \$32.2 million for the year ended March 31, 2024. The decrease in our net revenues was primarily driven by a decrease in sales volume by 10,846 units, from 69,611 units for the year ended March 31, 2024, to 58,765 units for the year ended March 31, 2025.

Our retail sales revenue decreased by \$4.7 million, or 17.7%, from \$26.4 million for the year ended March 31, 2024 to \$21.7 million for the year ended March 31, 2025. Our wholesale revenue decreased by \$2.3 million, or 39.3%, from \$5.8 million for the year ended March 31, 2024 to \$3.5 million for the year ended March 31, 2025. The decrease in retail sales revenue is mainly due to recent lithium-battery accidents involving E-Bikes and E-Scooters. With an increasing number of lithium-battery explosion incidents in New York, customers are less inclined to purchase E-Bikes. Consequently, sales have declined as customers opt for oil-powered vehicles over electric vehicles. The decrease in retail sales also attributed in part to the closures and disposition of our retail stores during the year ended March 31, 2025. The decrease in wholesale revenue was driven primarily by the closure of stores by the top two customers who closed their stores in December 2023 due to lack of profitability.

Cost of Revenues

Cost of revenues decreased by 21.6%, from \$19.1 million for the year ended March 31, 2024, to \$15.0 million for the year ended March 31, 2025. The decrease in cost of revenues was primarily attributable to more favorable pricing obtained from our suppliers, particularly for batteries, as well as a reduction in sales volume, as discussed previously. These factors collectively contributed to the overall decrease in cost of revenues. The unit cost for battery decreased by 11%, from \$112 in the year ended March 31, 2024, to \$99 in the year ended March 31, 2025.

Gross Margin

The following table shows our gross profit and gross margin for the years ended March 31, 2025 and 2024:

	For the Year Ended March 31,			
	2025	2024	Change	Percentage Change
Gross Profit	\$ 10,450,897	13,106,546	(2,655,649)	(20.3)%
Gross Margin	41.1%	40.7%		

Gross profit for the years ended March 31, 2025 and 2024 was \$10.5 million and \$13.1 million, respectively. Gross margin was 41.1% and 40.7% for the year ended March 31, 2025 and 2024, respectively. The gross margin remained at the same level for the two periods.

Total Operating Expenses

The following table sets forth the components of our total operating expenses for the years ended March 31, 2025 and 2024:

	For the Year Ended March 31,			
	2025	2024	Change	Percentage Change
Selling Expenses	\$ 7,403,374	5,914,786	1,488,588	25.2%
General and Administrative Expenses	7,607,489	3,931,203	3,676,286	93.5%
Total Operating Expenses	\$ 15,010,863	9,845,989	5,164,874	52.5%
Percentage of Revenue	59.0%	30.6%		

Total operating expenses were \$15.0 million for the year ended March 31, 2025, an increase of \$5.2 million, or 52.5%, compared to \$9.8 million for the year ended March 31, 2024. The increase in operating expenses was attributable to the increase in our payroll expenses, rent, professional fees, product and software development expenses and settlement payments, as more fully discussed below.

Selling Expenses

Selling expenses primarily consist of payroll expenses, rent, and advertising expenses of retail stores. Total payroll expenses were \$3.3 million for the year ended March 31, 2025, compared to \$1.6 million for the year ended March 31, 2024. Rent was \$2.9 million for the year ended March 31, 2025, compared to \$2.4 million for the year ended March 31, 2024. Advertising expenses were \$0.3 million for the year ended March 31, 2025, compared to \$64,423 for the year ended March 31, 2024. The increase in payroll expenses was primarily due to the increased number of new employees hired for business operations in the first three quarters of the year ended March 31, 2025, despite a reduction in headcounts in the last quarter resulting from closures and dispositions of retail stores. The increase in rental expense was primarily due to the expansion of retail stores to support the Company's business growth and operational needs. The rise in advertising expense was mainly driven by intensified marketing campaigns and promotional activities aimed at enhancing brand visibility. Total commission expenses were \$9,980 for the year ended March 31, 2025, compared to \$1.1 million for the year ended March 31, 2024. The decrease in the commission expenses was primarily due to the Company's discontinuation of marketing referral expenses for promotions as of January 1, 2024.

General and Administrative Expenses

General and administrative expenses increased during the year ended March 31, 2025 compared to the previous year. Professional fees increased to \$2.0 million for the year ended March 31, 2025, compared to \$1.0 million for the year ended March 31, 2024, primarily attributable to the increase in audit fee, consulting fee, legal fee and IR expenses associated with our initial public offering and ongoing reporting obligations. Payroll expenses increased to \$1.5 million for the year ended March 31, 2025 from \$1.1 million for the year ended March 31, 2024 primarily due to additional employees hired in operation and accounting departments. Insurance expenses increased to \$1.1 million for the year ended March 31, 2025, compared to \$0.2 million for the same period of prior year as a result of increased general insurance of the stores and the purchase of directors and officers liability insurance after initial public offering in the year ended March 31, 2025. Software development fee increased to \$0.5 million for the year ended March 31, 2025, compared to \$0.3 million for the same period in prior year due to the increasing development fee of Fly E-Bike app and the increasing maintenance fee of Go Fly App. There were settlement payments of \$1.0 million for the year ended March 31, 2025, in connection with the UL Litigation.

Income Tax Provisions

Income taxes provision was \$0.3 million for the year ended March 31, 2025, a change from \$1.2 million income tax provision for the year ended March 31, 2024. This change was due to our pre-tax loss for the year ended March 31, 2025.

Net Income (Loss)

Net loss was \$5.3 million for the year ended March 31, 2025, a change of \$7.2 million, or 379.2%, from net income of \$1.9 million for the year ended March 31, 2024, which was mainly attributable to the reasons discussed above.

EBITDA

The following table sets forth the components of our EBITDA for the years ended March 31, 2025 and 2024:

	For the Year Ended March 31,			
	2025	2024	Change	Percentage Change
(Loss) Income from Operations	\$ (5,291,159)	\$ 1,895,222	\$ (7,186,381)	(379.2)%
Income Tax provision	336,166	1,182,933	(846,767)	(71.6)%
Depreciation	631,280	272,708	358,572	131.5%
Interest Expenses	405,615	152,050	253,565	166.8%
Amortization	65,091	1,648	63,443	3849.7%
EBITDA	\$ (3,853,007)	\$ 3,504,561	\$ (7,357,568)	(209.9)%
Percentage of Revenue	(15.2)%	10.9%		(26.1)%

Before interest expenses, income tax, depreciation, and amortization, for the year ended March 31, 2025, our net loss was \$3.9 million, a change of \$7.4 million, compared to net income of \$3.5 million for the year ended March 31, 2024, which was mainly attributable to the decrease in revenue, increase in selling expenses and general and administrative expenses described above. The ratio of EBITDA to revenue was negative 15.2% and 10.9% for the year ended March 31, 2025 and 2024, respectively.

Liquidity and Capital Resources

As of March 31, 2025, we had cash of \$0.8 million. We had working capital of \$1.3 million and \$0.3 million as of March 31, 2025 and 2024, respectively. We had net loss of \$5.3 million and net income of \$1.9 million for the year ended March 31, 2025 and 2024, respectively. During the year ended March 31, 2025, net cash used in operating activities of the Company was approximately \$10.1 million. As of March 31, 2025, the Company had a current portion of contractual obligation of approximately \$8.9 million.

We have funded our working capital and other capital requirements in the past primarily by equity contributions from our stockholders and net proceeds received from IPO and equity financing, cash flow from operations, and bank loans. Our ability to repay our current obligation will depend on the future realization of our current assets. Management has considered the historical experience, the economy, trends in the retail industry, the expected collectability of the accounts receivable and the realization of the inventories as of March 31, 2025. Our ability to continue to fund working capital and other capital requirements may be affected by general economic, competitive and other factors, many of which are outside of our control.

On June 7, 2024, we sold 450,000 shares of common stock, at a price of \$20.00 per share in our IPO. The gross proceeds of the IPO were \$9.0 million, prior to deducting the underwriting discounts, commissions and offering expenses payable by us. Net proceeds received by us from IPO were approximately \$7.9 million. On June 25, 2024, we sold an additional 67,500 shares of common stock to the underwriters of our IPO for gross proceeds of \$1.4 million upon full exercise of the underwriters' over-allotment option and received net proceeds of \$1.2 million. On June 4, 2025, Company issued 5,719,111 shares of common stock, at a price of \$1.2140 per share in its secondary public offering for gross proceeds of the offering were \$6.9 million, prior to deducting the placement agent's fees and offering expenses payable by the Company.

On July 3, 2025, the Company implemented a 1-for-5 reverse stock split of its issued and outstanding shares of common stock. The reverse stock split reduced the number of shares of common stock issued and outstanding from 24,587,500 to 4,917,500 as of March 31, 2025. The par value per share remained unchanged at \$0.01.

As of March 31, 2025, the Company had working capital of approximately \$1.3 million and cash of approximately \$0.8 million. The main cash outflow for the year ended March 31, 2025 was from net loss of \$5.3 million, a decrease in tax payable of \$1.5 million, an increase in inventories of \$2.5 million, a decrease in operating lease liabilities of \$4.9 million, purchase of software from a related party of \$0.9 million, purchase of equipment of \$1.6 million and an increase in prepayments and other receivables of \$2.5 million. As of March 31, 2025, the Company had a current portion of contractual obligation of approximately \$8.9 million. These factors raise substantial doubt as to the Company's ability to continue as a going concern. For the next 12 months from the issuance date of this report, we plan to alleviate the going concern risk through (i) equity financing to support the Company's working capital; (ii) other available sources of financing (including debt) from banks and other financial institutions; and (iii) financial support from the Company's related parties. The issuance and sale of additional equity would result in further dilution to our stockholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all. In the event that financing sources are not available, or that we are unsuccessful in increasing our gross profit margin and reducing operating losses, we may be unable to implement our current plans for expansion, repay debt obligations or respond to competitive pressures, any of which would have a material adverse effect on our business, financial condition and results of operations and may materially adversely affect our ability to continue as a going concern. The consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded assets or the amounts and classification of liabilities or any other adjustments that might be necessary should we be unable to continue as a going concern.

Our accounts receivable represent primarily accounts receivable from distributors that purchased our EVs and other products. As of March 31, 2025 and 2024, our accounts receivable, net of allowance for credit losses, was \$0.5 million and \$0.5 million, respectively. Our accounts receivable turnover period increased from 69 days in the year ended March 31, 2024 to 71 days in the year ended March 31, 2025, which was mainly attributable to the longer payment terms to dealers.

Our accounts payable represent primarily accounts payable to suppliers from whom we purchased accessories and components for our products. As of March 31, 2025 and 2024, our accounts payable were \$1.3 million and \$1.2 million, respectively. Our accounts payable turnover period increased to 33 days for the year ended March 31, 2025 from 25 days for the year ended March 31, 2024, which was primarily the result of longer payment cycles.

Our prepayments and other receivables primarily represent prepayments to vendors and other service providers. These prepayments and receivables increased by \$3.1 million, from \$0.6 million as of March 31, 2024, to \$3.7 million as of March 31, 2025. This significant increase is mainly due to the launch of Company's E-bike rental services, which required additional inventory. As a result, during the year ended March 31, 2025, the Company made substantial prepayments to vendors to secure inventory for the new services.

Our inventories primarily include our EVs, their accessories and spare parts. As of March 31, 2025 and 2024, our inventories, net of allowance, were \$6.4 million and \$5.4 million, respectively. The increase in inventories was primarily due to our preparation for the new rental business. Our inventory turnover days increased to 143 days in the year ended March 31, 2025, from 89 days in the year ended March 31, 2024, which was primarily due to strategic inventory buildup, allowing us to start new services.

As of March 31, 2025 and 2024, the total outstanding amount of loan principal was \$7.4 million and \$1.6 million, respectively. For the year ended March 31, 2025 and 2024, the interest expenses on our outstanding loans amounted to \$405,615 and \$152,050, respectively. See Note 8 to the Consolidated Financial Statements included within this annual report for further information on details of our outstanding loans.

The following table summarizes our cash flow data for the years ended March 31, 2025 and 2024:

	For the Year Ended March 31,	
	2025	2024
Net Cash (Used in) Provided by Operating Activities	\$ (10,059,466)	\$ 4,308,920
Net Cash Used in Investing Activities	(2,901,272)	(3,200,843)
Net Cash Provided by (Used in) Financing Activities	12,486,104	(49,628)
Net changes in cash including cash classified within current assets held for sale	<u>\$ (474,634)</u>	<u>\$ 1,058,449</u>

Operating Activities

Net cash used in operating activities for the year ended March 31, 2025 was \$10.1 million, which was due to net loss of \$5.3 million, a decrease in tax payable of \$1.5 million, an increase in inventories of \$2.7 million, a decrease in operating lease liabilities of \$4.8 million, and an increase in prepayments and other receivables of \$2.7 million, partially offset by amortization of right-of-use assets of \$5.1 million, an increase in accrued expenses and other payables of \$0.5 million, and a decrease in accounts receivables-related parties of \$0.2 million.

Net cash provided by operating activities for the year ended March 31, 2024 was \$4.3 million, which was mainly comprised of net income of \$1.9 million, amortization of right-of-use assets of \$2.3 million and inventories reserve of \$0.5 million, an increase in account payable of \$2.5 million, an increase in tax payable of \$0.6 million, and an increase of accrued expenses and other payables of \$0.3 million, offset by an increase in inventories of \$2.0 million, and a decrease in operating lease liabilities of \$1.9 million.

Investing Activities

Net cash used in investing activities was \$2.9 million for the year ended March 31, 2025, which was due to purchase of properties and equipment of \$1.6 million, purchase of GO FLY App and computer hardware and software from a related party of \$1.4 million, and the advance to a related party of \$0.5 million, and partially offset by the repayment from a related party of \$0.7 million.

Net cash used in investing activities was \$3.2 million for the year ended March 31, 2024, which was due to purchase of software from a related party of \$1.3 million, the purchase of equipment of \$1.3 million, advance to related parties of \$0.3 million, a prepayment for purchase of property of \$0.5 million and the purchase of property rights of \$0.03 million, offset by repayment from related parties of \$0.1 million.

Financing Activities

Net cash provided by financing activities was \$12.5 million for the year ended March 31, 2025, which consisted of net proceeds from the IPO of \$9.2 million, and loan proceeds of \$7.4 million, partially offset by repayments of loans of \$3.7 million and payment of IPO costs of \$0.3 million.

Net cash used in financing activities was \$0.05 million for the year ended March 31, 2024, which consisted of deferred IPO cost of \$0.2 million, repayments of loan payables of \$0.6 million, repayments to former related parties on other payables of \$0.3 million and payments of former related party loan of \$0.2 million, offset by borrowings from loan payable of \$1.1 million and capital contributions from stockholders of \$0.1 million.

Commitments and Contractual Obligations

The following table presents our material contractual obligations as of March 31, 2025:

Contractual Obligations	Total	Less than 1 year	1 – 2 years	3 – 5 years	Thereafter
Operating Lease Obligations and Others	\$ 11,724,690	2,617,762	5,290,390	2,842,381	974,157
Loan Payable	7,356,936	5,291,893	160,004	20,515	1,884,524
UL Litigation	1,000,000	1,000,000	—	—	—
Total Contractual Obligations	\$ 20,081,626	8,909,655	5,450,394	2,862,896	2,858,681

Off-Balance Sheet Arrangements

We have not entered into any transactions, agreements or other contractual arrangements that would result in off-balance sheet liabilities.

Quantitative and Qualitative Disclosures about Market Risk

Foreign Exchange Risk

A substantial majority of all of our revenues and expenses are denominated in U.S. dollars. We do not believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge exposure to such risk. In addition, as our business and operation expand in European and other overseas markets in the future, we may be exposed to increased foreign exchange risks for other currencies.

Interest Rate Risk

Our exposure to interest rate risk primarily relates to the interest expenses on our short-term and long-term bank borrowings. Our short-term and long-term bank borrowings bear interests at fixed rates. We have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in market interest rates. However, our future interest expenses may exceed expectations due to changes in market interest rates. If we were to renew these short-term and long-term bank borrowings, we might be subject to interest rate risk.

Critical Accounting Estimates

An accounting estimate is considered critical if it requires to be made based on assumptions about matters that are highly uncertain at the time such estimate is made, and if different accounting estimates that reasonably could have been used, or changes in the accounting estimate that are reasonably likely to occur periodically, could materially impact the consolidated financial statements.

We prepare our consolidated financial statements in conformity with U.S. GAAP, which requires us to make estimates and assumptions. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experiences 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. Some of our accounting policies require a higher degree of judgment than others in their application and require us to make significant accounting estimates.

Estimated Allowance for Inventories

Our estimated allowance for the inventory obsolescence reserves is based on our assessment of realization of inventory. Adjustments are recorded to write down the cost of inventories to the estimated net realizable value due to slow-moving merchandise and obsolescence, which is dependent upon factors such as inventory aging, historical and forecasted consumer demand, and market conditions that impact pricing. As of March 31, 2025 and 2024, we recorded inventory allowance balance of \$1,107,569 and \$514,021, respectively.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 8. Financial Statements and Supplementary Data

The information required by this item appears beginning on page F-1 of this annual report and is incorporated herein by reference.

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

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2025. Based on the evaluation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of March 31, 2025 due to the material weaknesses in financial reporting as described below.

Management's Annual Report on Internal Control over Financial Reporting

In our 10-K for the year ended March 31, 2025, we identified material weaknesses in our internal control over financial reporting. The material weaknesses that have been identified in internal control over financial reporting included our lack of (i) sufficient financial reporting and accounting personnel with appropriate knowledge of generally accepted accounting principles in the United States of America (the "U.S. GAAP") and SEC reporting requirements to properly address complex U.S. GAAP accounting issues and to prepare and review our consolidated financial statements and related disclosures to fulfill U.S. GAAP and SEC financial reporting requirements, (ii) formal internal control policies and internal independent supervision functions to establish formal risk assessment process and internal control framework, and (iii) sufficient controls designed and implemented in IT environment and IT general control activities, which are mainly associated with areas of logical access management, change management, computer operation, service organization management as well as cyber security management. To remediate the material weaknesses, we have engaged a third party consultant to perform internal review and assist us to set up more reliable internal control processes. The consultant commenced work in February 2025. We have begun organizing regular training programs for our accounting personnel, with a focus on U.S. GAAP and SEC reporting requirements, in order to improve the competence and awareness of our finance team. In addition, we plan to enhance our IT infrastructure by outsourcing our IT department to a provider to manage PC operations and system monitoring. Furthermore, we are developing and plan to implement an enterprise resource planning system to streamline sales, inventory, financial reporting, and order management. We will devote resources to remediate these material weaknesses as we grow and such resources required for implementing proper internal controls for financial reporting are available.

We have performed testing to evaluate the operating effectiveness of these remediation measures. Based on the results of our testing, we concluded that these material weaknesses had not been fully remediated as of March 31, 2025. Accordingly, we continue to consider these material weaknesses to be ongoing as of that date.

As of March 31, 2025, we believe that our internal controls over financial reporting were not effective in providing reasonable assurance regarding the reliability of our financial reporting due to the material weaknesses identified above.

This annual report on Form 10-K does not include an attestation report of our registered public accounting firm.

Changes in Internal Control over Financial Reporting

Other than the additional controls added to the revenue process, there was no change in our internal control over financial reporting that occurred during the fourth quarter of March 31, 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving the desired control objectives. Our management recognizes that any control system, no matter how well designed and operated, is based upon certain judgments and assumptions and cannot provide absolute assurance that its objectives will be met. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs. Similarly, an evaluation of controls cannot provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected.

Item 9B. Other Information

We have adopted an insider trading policy. Our insider trading policy is filed as an exhibit to this annual report and is incorporated herein by reference.

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

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Executive Officers and Directors

Set forth below is certain information with respect to our directors and executive officers:

Name	Age	Position
Zhou Ou	36	Chairman of the Board and Chief Executive Officer
Shiwen Feng	29	Director and Chief Financial Officer
Rui Feng	40	Chief Operating Officer
Ke Zhang	38	Chief Human Resource Officer
Bin Wang	67	Director
Lun Feng	65	Director
Zanfeng Zhang	51	Director

Set forth below is biographical information about each of the individuals named in the table above:

Zhou Ou, Founder, Chairman of the Board and Chief Executive Officer. Mr. Ou founded Fly E-Bike in 2018 and has since served as our Chairman of the Board and Chief Executive Officer (“CEO”). Before founding Fly E-Bike, Mr. Ou operated a motorcycle repair business for over eight years, and previously held a managerial position at a food delivery company. We believe that Mr. Ou’s prior experience in the motorcycle industry and his understanding of the delivery industry, combined with his tenure at our company, qualifies him to serve as our Chairman of the Board.

Shiwen Feng, Director and Chief Financial Officer. Ms. Feng has served as our Chief Financial Officer and a director since November 2024. Ms. Feng is an experienced financial professional with a background in corporate finance, corporate tax management, and project oversight. From October 2021 to October 2024, Ms. Feng served as the manager at PJMG LLC, a consulting services company, where she was responsible for overseeing financial planning, managing corporate structuring, and ensuring compliance with financial regulations. Prior to that, from September 2019 to July 2021, Ms. Feng worked at DGLG Accounting & Tax LLC, an accounting and financial consulting company, first as a staff member assisting with corporate formations, tax compliance, and payroll management, and later as a manager, focusing on financial reporting, monthly bookkeeping, and corporate tax filings. She earned her Master’s degree in Accounting from the Frank G. Zarb School of Business at Hofstra University in 2020 and her Bachelor’s degree in Accounting from Henan University in China in 2019. Ms. Feng was selected to serve as a member of our board of directors because of her experience in the financial services industry.

Rui Feng, Chief Operating Officer. Mr. Feng joined us as a retail store manager in 2018 and was responsible for overseeing our supply chain, implementing effective customer strategies, and ensuring legal compliance. He has served as our Chief Operating Officer since December 2022. Prior to joining us, Mr. Feng owned and operated a restaurant for four years, which provided him with valuable experience in managing a business.

Ke Zhang, Chief Human Resource Officer. Mr. Zhang has served as our Chief Human Resource Officer since December 2022. Mr. Zhang previously served as our director and resigned from this position on September 1, 2023. He joined us as a retail store manager in 2018, where he was responsible for overseeing various HR functions, including recruiting, employee training and development and managing our benefits system.

Bin Wang, Director. Mr. Wang has served as a director since June 2024. Mr. Wang has over 30 years of management experience in the financial industry. He currently serves as the Managing Director of Eon Capital International Ltd, a Hong Kong corporate advisory service company. He has also been a member of the board of directors of Maison Solutions Inc., a Nasdaq-listed company, since 2023. Previously, from 2018 to 2020, Mr. Wang was the Chairman and CEO of Alberton Acquisition Corp., a Nasdaq-listed company. From 2010 to 2012, he served as Independent Board Director in Sky Digital Stores Corp. (OTC: SKYC), participating in the company’s public listing process. From 2007 to 2018, Mr. Wang provided corporate advisory services to dozens of corporate clients in the US and Asia. Mr. Wang began his financial career at Chemical Bank in 1994 when he served as a commercial banking manager for the bank’s Asian market. From 1996 to 2000, he served as Vice President and Team Leader of Chase International Financial Services, to promote the bank’s business in Asia-Pacific region. After Chase merged with JPMorgan in 2000, Mr. Wang continued to work at JPMorgan Chase until late 2006, playing a wide range of management roles in the development and growth of international business. Mr. Wang graduated from Northwestern Polytechnic University in 1980, obtained his Master of Science degree in Mechanical Engineering from Xi’an Jiaotong University in 1983, and earned his Master of Arts degree in economics from Illinois State University in 1992. Mr. Wang was selected to serve as a member of our board of directors because of his extensive senior-level management experience in the financial services industry and his profound knowledge of our business and the industry as a whole.

Lun Feng, Director. Mr. Feng has served as a director since June 2024. Since August 2015, Mr. Feng has held the position of executive director at Si Fang Yu Feng Investment Co., Ltd., a Chinese investment management company. From June 2009 to June 2021, he served as the chairman of the board of directors at Beijing Wan Tong Li Ti Zhi Cheng Investment Co., Ltd., a Chinese investment management company. Additionally, Mr. Feng currently serves as an independent director at three public companies listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange. These companies include Bank of Xi'an Co., Ltd., Shanghai Xinnanyang Only Education and Technology Co., Ltd., and Bona Film Group Co., Ltd. Mr. Feng received his bachelor's degree in political economy from Northwest University (China) in 1982. Mr. Feng was selected to serve as a member of our board of directors because of his extensive senior-level management experience of public companies, his board experience and his extensive knowledge of our business and industry.

Zanfeng Zhang, Director. Mr. Zhang has served as a director since August 2024. Mr. Zhang has over 25 years of experience in finance and investment management. Since November 2017, he has served as Managing Director at IDG Capital, an investment and asset management company, where he oversees post-investment management and risk control. From August 2014 to July 2017, Mr. Zhang co-founded and served as the Chief Financial Officer of Beijing Jiufang Rugao Information Technology Co., Ltd., an internet startup providing community-based online-to-offline (O2O) life services and a fresh produce B2C (business-to-consumer) platform, where he oversaw financing activities. Prior to that, he co-founded and served as Chief Operating Officer of Beijing Panteng Technology Co., Ltd., a smart hardware startup, from September 2013 to August 2014, where he secured early-stage funding and led its market expansion. Earlier in his career, Mr. Zhang held senior financial roles at Ruijing Hengtong (Beijing) Investment Consulting Co., Ltd. from July 2008 to August 2013, and at Peugeot China Co., Ltd. from June 2003 to July 2008. Mr. Zhang holds a Master's degree in Business Management from Paris 1 Panthéon-Sorbonne University and a Bachelor's degree in Accounting from East China Jiaotong University. Mr. Zhang was selected to serve on the Board due to his extensive expertise in finance and investment management.

Information about the Board of Directors

Our board of directors oversees our business and affairs and monitors the performance of management. In accordance with corporate governance principles, the board does not involve itself in day-to-day operations. The directors keep themselves informed through discussions with our CEO and other key executives, by reading the reports and other materials that we send them, and by participating in board and committee meetings. Directors hold office until their successors have been elected and qualified or until he or she resigns or have been removed or disqualified.

Our board of directors are divided into three classes of directors, with the classes as nearly equal in number as possible, and with the directors serving three-year terms. The term of office of the Class I director, consisting of Lun Feng, will expire at our 2025 annual meeting of stockholders. The term of office of the Class II directors, consisting of Zanfeng Zhang and Bin Wang, will expire at our 2026 annual meeting of stockholders. The term of office of the Class III directors, consisting of Zhou Ou and Shiwen Feng, will expire at our 2027 annual meeting of stockholders. As a result, approximately one-third of our board of directors will be elected each year. The classification of directors will have the effect of making it more difficult for stockholders to change the composition of our board of directors. Our amended and restated bylaws also provide that, subject to any rights of holders of preferred stock to elect additional directors under specified circumstances, the number of directors will be fixed exclusively pursuant to a resolution adopted by our board of directors.

Committees of the Board of Directors

We have established an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee. Our Audit Committee consists of three independent directors. The members of the Audit Committee are Bin Wang, Lun Feng and Zanfeng Zhang, with Mr. Wang serving as the committee chair. The Audit Committee consists exclusively of directors who are financially literate. Mr. Wang is considered an "audit committee financial expert" as defined by the SEC's rules and regulations.

The Audit Committee responsibilities include:

- overseeing the compensation and work of and performance by our independent auditor and any other registered public accounting firm performing audit, review or attestation services for us;
- engaging, retaining and terminating our independent auditor and determining the terms thereof;
- assessing the qualifications, performance and independence of the independent auditor;
- evaluating whether the provision of permitted non-audit services is compatible with maintaining the auditor's independence;
- reviewing and discussing the audit results, including any comments and recommendations of the independent auditor and the responses of management to such recommendations;
- reviewing and discussing the annual and quarterly financial statements with management and the independent auditor;
- producing a committee report for inclusion in applicable SEC filings;
- reviewing the adequacy and effectiveness of internal controls and procedures;
- establishing procedures regarding the receipt, retention and treatment of complaints received regarding the accounting, internal accounting controls, or auditing matters and conducting or authorizing investigations into any matters within the scope of the responsibility of the Audit Committee; and
- reviewing transactions with related persons for potential conflict of interest situations.

Compensation Committee. Our Compensation Committee consists of three independent directors. The members of the Compensation Committee are Lun Feng, Bin Wang and Zanfeng Zhang, with Mr. Feng serving as the committee chair. The committee has primary responsibility for:

- reviewing and recommending all elements and amounts of compensation for each executive officer, including any performance goals applicable to those executive officers;
- reviewing and recommending for approval the adoption, any amendment and termination of all cash and equity-based incentive compensation plans;
- once required by applicable law, causing to be prepared a committee report for inclusion in applicable SEC filings;
- approving any employment agreements, severance agreements or change of control agreements that are entered into with the CEO and certain executive officers; and
- reviewing and recommending the level and form of non-employee director compensation and benefits.

Nominating and Governance Committee. The Nominating and Governance Committee consists of three independent directors. The members of the Nominating and Governance Committee are Zanfeng Zhang, Bin Wang and Lun Feng, with Mr. Zhang serving as the committee chair. The Nominating and Governance Committee's responsibilities include:

- recommending persons for election as directors by the stockholders;
- recommending persons for appointment as directors to the extent necessary to fill any vacancies or newly created directorships;
- reviewing annually the skills and characteristics required of directors and each incumbent director's continued service on the board;
- reviewing any stockholder proposals and nominations for directors;
- advising the board of directors on the appropriate structure and operations of the board and its committees;
- reviewing and recommending standing board committee assignments;
- developing and recommending to the board Corporate Governance Guidelines, a Code of Business Conduct and Ethics and other corporate governance policies and programs and reviewing such guidelines, code and any other policies and programs at least annually;
- making recommendations to the board as to determinations of director independence; and
- making recommendations to the board regarding corporate governance based upon developments, trends, and best practices.

The Nominating and Governance Committee will consider stockholder recommendations for candidates for the board of directors.

Involvement in Certain Legal Proceedings

None of our directors and executive officers have been involved in any of the following events during the past ten years:

- any bankruptcy petition filed by or against such person or any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from or otherwise limiting his involvement in any type of business, securities or banking activities or to be associated with any person practicing in banking or securities activities;
- being found by a court of competent jurisdiction in a civil action, the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;
- being subject of, or a party to, any federal or state judicial or administrative order, judgment decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of any federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
- being subject of or party to any sanction or order, not subsequently reversed, suspended, or vacated, of any self-regulatory organization, any registered entity or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Code of Business Conduct and Ethics

We have adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of the code is made available in the Corporate Governance section of our website, which is located at flyebike.com. Our stockholders are also able to review these documents by accessing our public filings at the SEC's website at www.sec.gov. If we make any substantive amendments to, or grant any waivers from, the code of business conduct and ethics for any officer or director, we will disclose the nature of such amendment or waiver on our website or in a current report on Form 8-K filed with the SEC.

Trading Policies

On May 3, 2024, we adopted insider trading policies and procedures governing the purchase, sale, and/or other dispositions of our securities by directors, officers and employees, which are reasonably designed to promote compliance with insider trading laws, rules and regulations, and applicable Nasdaq listing standards (the "Insider Trading Policy").

Clawback Policy

Our board of directors has adopted a clawback policy that covers our executive officers, who are defined as our chief executive officer, president, chief financial officer, principal accounting officer (or the controller, if no such accounting officer exists), any vice-president in charge of a significant principal business unit, division, or function (such as sales, administration, or finance), and any other officer or person who performs a policy-making function.

This clawback policy pertains to incentive-based compensation, which includes any compensation that is granted, earned, or vested wholly or in part based on the achievement of a financial reporting measure. It mandates the recovery of such compensation from an executive officer in cases where we must prepare an accounting restatement due to material noncompliance with U.S. financial reporting requirements under the securities laws. This includes any necessary restatement to correct an error in previously issued financial statements that is material to those statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected.

The Compensation Committee will make determinations regarding "materiality" for the purposes of this policy.

The incentive-based compensation eligible for recovery under this policy includes compensation received during the three completed fiscal years immediately preceding the date we are required to prepare an accounting restatement, as outlined above. This applies provided that the individual served as an executive officer at any time during the performance period relevant to the incentive-based compensation.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires the Company's officers, directors and persons who beneficially own more than ten percent of its common stock to file reports of ownership and changes in ownership with the SEC. These reporting persons are also required to furnish the Company with copies of all Section 16(a) forms they file. Based solely on our review of such forms furnished to us, we believe that the applicable reporting requirements of Section 16(a) have been satisfied.

Item 11. Executive Compensation

The following table shows the compensation awarded to or earned during the years ended March 31, 2025 and 2024 by our chief executive officer. Other than as listed below, we did not have any officers that received more than \$100,000 in compensation during the years ended March 31, 2025 and 2024. The person listed in the following table is referred to herein as the "named executive officer."

Name and principal position	Year	Salary	Bonus	Stock Awards	Option Awards	All Other Compensation	Total (\$)
Zhou Ou	2025	\$ 100,000	—	—	—	—	\$ 100,000
Chief Executive Officer	2024	\$ 100,000	—	—	—	—	\$ 100,000

Narrative Disclosure to Summary Compensation Table

Zhou Ou, Chief Executive Officer

Mr. Ou has entered into an employment agreement with one of our subsidiaries, FLYEBIKE Inc, dated April 1, 2023. Under the agreement, Mr. Zhou Ou serves as the Chief Executive Officer of the Company and receives a monthly base salary of \$8,333. He is also entitled to reimbursement for authorized and reasonable business expenses. The agreement allows for at-will termination by either party. If Mr. Ou's employment is terminated due to death or disability, he or his estate will receive salary and benefits through the termination date. The Company may terminate the agreement for cause, releasing it from all further obligations except for accrued salary and benefits through the termination date. "Cause" includes failure or neglect by Mr. Ou to perform duties, disobedience to orders, misconduct such as misappropriation of funds, personal profit from Company transactions, misrepresentation, legal violations, acts involving moral turpitude or unethical conduct, disloyalty including aiding a competitor, failure to devote full-time efforts to the Company, not working exclusively for the Company, non-cooperation in investigations, breaches of the employment agreement or the Company rules, and any other act of misconduct or omission. The agreement includes covenants for non-disclosure, non-solicitation, and non-competition. For two years post-termination, Mr. Ou agrees not to solicit the Company's customers or engage in competing business activities within New York State.

In order to support our operations and allocate more resources towards our development, Mr. Ou received compensation at the level of a store manager for the years ended March 31, 2025 and 2024.

Shiwen Feng, Chief Financial Officer

Mr. Feng has entered into an employment agreement with the Company, dated November 7, 2024. Under the agreement, Ms. Feng serves as the Chief Financial Officer of the Company and receives a monthly base salary of \$6,667. She will also be entitled to reimbursement for authorized and reasonable expenses. The agreement allows for at-will termination by either party, provided, however, a minimum of two weeks' advance written notice is required in the event of resignation by Ms. Feng. If Ms. Feng's employment is terminated due to death or disability, she or her estate will receive salary and benefits through the termination date. The Company may terminate the agreement for cause, releasing it from all further obligations except for accrued salary and benefits through the termination date. "Cause" includes failure or neglect by Ms. Feng to perform duties, disobedience to orders, misconduct such as misappropriation of funds, personal profit from Company transactions, misrepresentation, legal violations, acts involving moral turpitude or unethical conduct, disloyalty including aiding a competitor, failure to devote full-time efforts to the Company, not working exclusively for the Company, non-cooperation in investigations, breaches of the employment agreement or the Company rules, and any other act of misconduct or omission. The agreement includes covenants for non-disclosure, non-solicitation, and non-competition. For two years post-termination, Ms. Feng agrees not to solicit the Company's customers or engage in competing business activities within New York State. Ms. Feng will not receive any additional compensation as a director in addition to her compensation as the Chief Financial Officer of the Company.

Outstanding Option Awards

As of March 31, 2025, there were no option or stock awards outstanding.

Employee Benefit Plans

2024 Plan

On May 3, 2024, our Board approved the Fly-E Group Inc. 2024 Omnibus Incentive Plan, subject to stockholder approval. On February 10, 2025, our Board approved Amendment No. 1 of the plan ("Amendment No. 1") to increase the number of shares available for grant under the plan and add a provision providing for an automatic increase to the plan's share reserve every year, commencing on April 1, 2026, and continuing on the first day of each of the Company's fiscal years through the tenth anniversary of the plan's effective date (the 2024 Omnibus Incentive Plan, as amended by Amendment No. 1, the "2024 Plan"). On March 10, 2025, the Company's stockholders approved and adopted the 2024 Plan.

The following is a summary of the material terms of the 2024 Plan.

Plan Administration

The 2024 Plan will be administered by our Compensation Committee. Our board of directors will retain the authority under the 2024 Plan to exercise any or all of the powers and authorities related to the administration and implementation of the 2024 Plan.

Award Eligibility

Awards under the 2024 Plan may be made to our or any of our affiliates' employees, officers and directors, as well as to consultants and advisors currently providing services to us or any of our affiliates at the time of such award. As of the date of this annual report, the Company engages approximately 55 employees, four (4) officers, five (5) directors, and five (5) consultants and advisers.

Shares Subject to the 2024 Plan

Subject to adjustment in accordance with the terms of the 2024 Plan, the number of shares of our common stock available for issuance under the 2024 Plan is the sum of (A) 740,000, plus (B) an increase commencing on April 1, 2026, and continuing annually on each anniversary thereof until the tenth anniversary of the plan effective date, equal to the lesser of (i) 8% of the total number of all classes of the Company's common stock outstanding on the last day of the immediately preceding fiscal year and (ii) such smaller number of shares as determined by the Board or the Committee (the "Share Limit").

Reversion of Shares

If any shares covered by an award are not purchased or are forfeited or expire, or if any award otherwise terminates without delivery of any shares subject to the award or is settled in cash in lieu of shares, then the number of shares counted against the Share Limit with respect to such award will, to the extent of any such forfeiture, termination, expiration or settlement, again be available for issuance under the 2024 Plan.

Awards

The 2024 Plan provides for the grant of awards of stock options, stock appreciation rights ("SARs"), restricted stock, restricted stock units, deferred stock units, unrestricted stock, dividend equivalent rights, and other equity-based awards.

Stock Options

Stock options granted under the 2024 Plan may be nonqualified stock options or incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). Each option will become vested and exercisable at such times and under such conditions as our Compensation Committee may approve consistent with the terms of the 2024 Plan. No option may be exercisable more than ten years after the option grant date. Our Compensation Committee may include in the option agreement provisions specifying the period during which an option may be exercised following termination of the grantee's service.

The exercise price per share of our common stock for each option granted under the 2024 Plan may not be less than 100%, or 110% in the case of an incentive stock option granted to a stockholder who owns more than ten percent of our voting stock, of the fair market value of a share of our common stock on the option grant date, except in the case of an option granted upon assumption of, or in substitution for, outstanding awards previously granted under a compensatory plan by a business entity acquired or to be acquired by us or an affiliate of ours or with which we or an affiliate has combined or will combine. Payment of the exercise price for shares purchased pursuant to the exercise of an option may be made in such forms as are approved by our Compensation Committee. These forms may include, in our Compensation Committee's discretion, cash, cash equivalents, shares of our common stock and net issuance.

Restricted Stock, Restricted Stock Units, and Deferred Stock Units

Restricted stock is an award of our common stock on which vesting restrictions are imposed that subject such shares of our common stock to a substantial risk of forfeiture, as defined in Section 83 of the Code. A restricted stock unit is an award that represents a conditional right to receive shares of our common stock in the future and that may be made subject to the same types of restrictions and risk of forfeiture as restricted stock. A deferred stock unit is a restricted stock unit that may be settled at some point in the future at a time or times consistent with the requirements of Section 409A of the Code.

Stock Appreciation Rights

A SAR is a right to receive upon exercise, in the form of common stock, cash or a combination of common stock and cash, the excess of the fair market value of one share of common stock on the exercise date over the grant price of the SAR. SARs may be granted in conjunction with all or a part of any option or other award granted under the 2024 Plan, or without regard to any option or other award. Upon exercise of a SAR, the holder will be entitled to receive, in the specified form of consideration, the excess of the fair market value of one share of our common stock on the exercise date over the exercise price of the SAR, as determined by our Compensation Committee. The exercise price of a SAR may not be less than the fair market value of a share of our common stock on the grant date.

Dividend Equivalent Rights

Dividend equivalent rights entitle the grantee to receive cash, shares of our common stock, or a combination of both equal to the amount of that the grantee would have received had the grantee held a specified number of shares of our common stock during the period. Dividend equivalent rights may be granted independently or in connection with the grant of any equity-based award, except that no dividend equivalent right may be granted in connection with, or related to an option or SAR.

Other Equity-Based Awards

Our Compensation Committee may grant other types of equity-based or equity-related awards in such amounts and subject to such terms and conditions as our Compensation Committee may determine, including unrestricted stock and dividend equivalent rights which are described in more detail in the 2024 Plan.

Changes to Capital Structure

In the event of a merger, reorganization, recapitalization, reclassification, stock split, reverse stock split, spin-off combination of shares, exchange of shares, stock dividend or other distribution payable in capital stock, or other increase or decrease in such shares effected without the receipt of consideration by us, then the number and kind of shares for which grants of options and other awards may be made under the 2024 Plan may be adjusted proportionately and accordingly by our Compensation Committee.

Change of Control

Except as otherwise provided in the applicable award agreement, upon the occurrence of a change of control of our Company in which outstanding awards are not being assumed or continued, all outstanding shares of restricted stock, restricted stock units, deferred stock units, dividend equivalent rights and performance-based awards will be deemed to have vested and any underlying shares of our common stock will be deemed delivered immediately before the change of control; and either or both of the following actions shall be taken: (i) at our Compensation Committee's discretion, all options and SARs will become exercisable fifteen days before the change of control (with any exercise of an option or SAR during such fifteen day period to be contingent upon the consummation of the change of control) and terminate upon the change of control to the extent not exercised; and/or (ii) at our Compensation Committee's discretion, all options, SARs, shares of restricted stock, restricted stock units, deferred stock units, dividend equivalent rights and/or performance-based awards will be canceled and cashed out in connection with the change of control. Other equity-based awards will be governed by the terms of the applicable award agreement.

If we experience a change of control in which outstanding awards that are not exercised prior to the change of control will be assumed or continued by the surviving entity, then, except as otherwise provided in the applicable award agreement, in another agreement with the grantee, or as otherwise set forth in writing, upon the occurrence of the change of control, the 2024 Plan and the awards granted under the 2024 Plan will continue in the manner and under the terms so provided in the event of the change of control to the extent that provision is made in writing in connection with such change of control for the assumption or continuation of such awards, or for the substitution for such awards with new awards, with appropriate adjustments as to the number of shares (disregarding any consideration that is not common stock) and exercise prices of options and SARs.

Plan Amendment and Termination

The Compensation Committee may adopt, amend and rescind rules relating to the administration of the 2024 Plan, and our board of directors may amend, suspend, or terminate the 2024 Plan at any time; provided, that, no such amendment or termination will be made that materially and adversely impairs the rights of any participant with respect to any award granted under the 2024 Plan without the participant's consent, other than amendments that are necessary to permit the granting of awards in compliance with applicable laws. The 2024 Plan will automatically terminate the day before the tenth (10th) anniversary of the Plan Effective Date, unless earlier terminated by our board of directors or in accordance with the terms of the 2024 Plan.

New Plan Benefits

All awards to be made under the 2024 Plan are discretionary, subject to the terms of the 2024 Plan. The benefits and amounts that will be received or allocated under the 2024 Plan are generally not determinable at this time.

Director Compensation

The following table sets forth information as to the compensation paid to our directors in the year ended March 31, 2025:

Name	Cash Compensation	Stock Awards	Total
Bin Wang	37,500	-	37,500
Lun Feng	50,000	-	-
Zanfeng Zhang	7,500	-	7,500
Zhou Ou ⁽¹⁾	-	-	-
Shiwen Feng ⁽³⁾	\$ -	-	\$ -

(1) Mr. Ou does not receive any additional compensation as a director in addition to his compensation disclosed in the Summary Compensation Table.

(2) Ms. Feng receives \$6,667 per month for serving as Chief Financial Officer of the Company. Ms. Feng does not receive any additional compensation as a director.

Director Agreements

Each of the Company's independent directors, Bin Wang, Lun Feng and Zanfeng Zhang, has entered into an Independent Director Agreement (each, an "Independent Director Agreement"). Under the Independent Director Agreement between us and each of our independent directors, Mr. Zhang is entitled to an annual cash fee of \$30,000, Mr. Wang and Mr. Feng each is entitled to an annual cash fee of \$50,000.

We will also reimburse each independent director for pre-approved reasonable business-related expenses incurred in good faith in connection with the performance of the director's duties for us. As also required under each Independent Director Agreement, we have separately entered into a standard indemnification agreement with each of our directors, the term of which began on the date of the director's appointment.

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

The following table sets forth information with respect to the beneficial ownership of our common stock as of July 15, 2025 by:

- each person known to us to beneficially own 5% or more of our common stock;
- each director;
- each of our executive officers; and
- all officers and directors as a group.

All information with respect to beneficial ownership has been furnished by the respective 5% or more stockholders, directors or executive officers, as the case may be. Each person is deemed to own beneficially shares of common stock that are issuable upon exercise of options, warrants or upon conversion of convertible securities if they are exercisable or convertible within 60 days of July 15, 2025. Except as otherwise indicated each person has the sole power to vote and dispose of all shares of common stock listed opposite his or her name. Unless otherwise noted, the mailing address of each listed beneficial owner is c/o Fly-E Group, Inc., 136-40 39th Avenue, Flushing, NY 11354.

Name and address of beneficial owner	Shares beneficially owned	Percentage owned
Executive Officers and Directors		
Zhou Ou	1,540,000	8.5%
Shiwen Feng	-	
Rui Feng	352,000	1.9%
Ke Zhang	1,474,000	8.1%
Bin Wang	-	
Lun Feng	-	
Zanfeng Zhang	-	
<i>Directors and Officers as a group (seven persons)</i>	<i>3,366,000</i>	<i>18.7%</i>

Securities Authorized for Issuance Under Equity Compensation Plans

We have adopted the 2024 Plan in order to grant equity-based and other incentive awards to our officers, employees, directors, consultants and advisers. There are 740,000 shares of common stock reserved for future issuance under the 2024 Plan. We have not issued any grants or awards under the 2024 Plan.

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

In addition to the compensation arrangements in the section titled “Executive Compensation,” except as set forth below, during our last two fiscal years, we have not entered into any material transactions or series of transactions that would be considered material in which any director or executive officer or beneficial owner of 5% or more of any class of our capital stock, or any immediate family member of any of the preceding persons, had a direct or indirect material interest:

From April 1, 2023 to March 31, 2025, our Chairman and CEO, Mr. Ou, provided financial support to the Company by advancing funds and making various payments on behalf of the Company totaling \$3,274,924. These amounts payable to Mr. Ou are unsecured, bear no interest and do not have a maturity date. From April 1, 2023 to March 31, 2025, the Company repaid a total of \$1,207,404 to Mr. Ou, including repayment of amounts owed to Mr. Ou prior to April 1, 2022. From April 1, 2023 to March 31, 2025, the Company transferred \$2,263,630 of the payable balance along with a cash contribution of \$136,370 from Mr. Ou as capital contribution. As of March 31, 2025 and 2024, the remaining balance of these payables was nil and \$92,229, respectively. From August 9, 2024 to September 17, 2024, the Company advanced \$477,771 to Mr. Ou, Chairman and CEO of the Company, for personal use. This advance is unsecured, bears no interest and does not have a maturity date. As of March 31, 2025, the advance was paid back in full.

From April 1, 2023 to March 31, 2025, Mr. Rui Feng, our Chief Operating Officer, advanced a total of \$8,711 to the subsidiaries of the Company to support their business operations. These amounts payable to Mr. Feng are unsecured, bear no interest and do not have a maturity date. From April 1, 2023 to March 31, 2025, the Company repaid \$8,711 to Mr. Feng. As of March 31, 2025, the Company has paid off all amounts owed to Mr. Feng.

From April 1, 2023 to March 31, 2025, Mr. Ke Zhang, our Chief Human Resource Officer, advanced an aggregate of \$52,802 to the subsidiaries of the Company to support their business operations. These amounts payable to Mr. Zhang are unsecured, bear no interest and do not have a maturity date. From April 1, 2023 to March 31, 2025, the Company repaid \$52,802 to Mr. Zhang. As of March 31, 2025, the Company has paid off all amounts owed to Mr. Zhang.

On March 6, 2021, the Company and DGLG Accounting and Tax LLC (“DGLG”) entered into an engagement letter, wherein the Company engaged DGLG as a consultant to assist the Company in its IPO planning, financing and tax services. Mr. Guo is a partner at DGLG. In December 2022, the Company hired Mr. Guo as its former CFO. Under the terms of the engagement agreement with DGLG, the Company has agreed to compensate DGLG for consulting services based on an hourly fee arrangement. For the years ended March 31, 2025 and 2024, DGLG’s consulting fees were \$225,000 and \$100,000, respectively. For the years ended March 31, 2025 and 2024, the Company paid DGLG a total of \$61,050 and \$123,000, respectively, for tax services. As of March 31, 2025, the Company did not owe any amount to DGLG.

On April 1, 2023, the Company agreed to retain the services of PJMG LLC (“PJMG”), a company in which Mr. Guo, the Company’s former CFO who resigned on November 6, 2024, holds over 50% of the equity interests as a consultant following the completion of its IPO. PJMG was engaged to provide compliance consulting services related to accounting, finance, and management, as well as to oversee market planning and development, follow-on fundraising, and investor relationship management from June 2024 to May 2025. The service fee is \$45,000 for the first month and from the second month the fees are \$15,000 per month. To secure these services, the Company prepaid a total of \$120,000 to PJMG as of March 31, 2025. During the year ended March 31, 2025, the Company paid PJMG a total of \$372,047 for consulting services. \$312,047 was expensed as consulting expenses during the year ended March 31, 2025.

Fly E Bike SRL, a company formed under the laws of the Dominican Republic and in which Mr. Ou holds over 50% of the equity interests, is a distributor for the Company. During the years ended March 31, 2025 and 2024, Fly E Bike SRL purchased certain EV products from the Company in the amount of \$42,010 and \$326,914, respectively. As of March 31, 2025 and 2024, the Company had accounts receivable from Fly E Bike SRL in the amounts of \$37,465 and \$326,914, respectively. In addition, during the year ended March 31, 2025, the Company advanced a total of \$143,455 to Fly E Bike SRL. Such advance is unsecured, bears no interest and does not have a maturity date. As of July 15, 2025, the advance was paid back in full.

In December 2023, the Company engaged DF Technology US Inc (“DFT”) for certain technology services. Mr. Guo, the Company’s former CFO, owns over 50% of the equity interest in DFT. As of March 31, 2025 and March 31, 2024, the accumulative payments to DFT for development of the ERP system were \$2,500,000 and \$1,554,000, respectively. During the fiscal year of 2025, the Company started to use part of the ERP system which was valued at \$2,310,000 and treated that part as computer hardware and software and started for depreciation. As of March 31, 2025 and 2024, construction in progress was nil and \$275,000, respectively, and primarily relating to the cost incurred to develop the software by DFT. As of March 31, 2025 and March 31, 2024, the Company had a prepayment of nil and \$1,279,000, respectively, to DFT. In July 2024, the Company engaged DFT, a former related party, to develop a new APP, GO FLY APP, for the rental business. The total contract price for the GO FLY APP is \$500,000, and the GO FLY APP was delivered on September 5, 2024.

Director Independence

We believe that each of our directors, Messrs. Wang, Feng, and Zhang, is an independent director under the Nasdaq listing rules.

Related Party Transaction Policy

Our Company has adopted a written Audit Committee Charter, which contains the procedures used to identify, review, approve and disclose, if necessary, any transaction in which (i) the Company is a participant and (ii) a related person has or will have a direct or indirect material interest.

Once a related party transaction in which the aggregate amount involved will or may be expected to exceed the lesser of \$120,000 or 1% of the Company's total assets at year-end for the last two completed fiscal years if the Company qualifies as a smaller reporting company in any calendar year has been identified, the Audit Committee or the full board must review the transaction for approval or ratification. In determining whether to approve or ratify a related party transaction, the Audit Committee or the full board shall consider all relevant facts and circumstances, including the following factors: (i) the materiality and character of the related person's direct or indirect interest; (ii) the commercial reasonableness of the terms; (iii) any Company contractual obligations; (iv) the benefit or perceived benefit, or lack thereof, to the Company; (v) the opportunity cost of alternate transactions; and (vi) the actual or apparent conflict of interest of the related person.

Any director who has a direct or indirect material interest in the proposed related person transaction may be present during initial presentation of the related person transaction to the Audit Committee or the board, but should not participate in the Audit Committee or the board action regarding whether to approve or ratify the transaction. If, however, a proposed transaction arises in which all directors are deemed to have a direct or indirect material interest in the transaction, the interested directors may participate in the consideration and approval of the proposed transaction, and the Company may enter into any such related person transaction that is approved in accordance with the provisions of the Delaware General Corporation Law.

Item 14. Principal Accounting Fees and Services

The following table sets forth the fees billed by Marcum Asia CPAs LLP ("Marcum Asia"), our registered independent public accounting firm, for 2025 and 2024 for the categories of services indicated.

	Year Ended March 31,	
	2025	2024
Audit fees (1)	\$ 608,727	\$ 552,065
Tax Fees	-	-
All Other Fees	-	-
Total All Fees	\$ 608,727	\$ 552,065

- (1) Audit fees consist of fees related to professional services rendered in connection with the audit of our annual financial statements, review of our quarterly financial statements and review of our registration statement on Form S-1 relating to our initial public offering.

Our policy is to pre-approve all audit and permissible non-audit services performed by the independent accountants. These services may include audit services, audit-related services, tax services and other services. The pre-approval is made by the audit committee of the board of directors. Our board approved all services that our independent accountants provided to us prior to our IPO. Following the completion of our IPO, such services were reviewed and approved by the Audit Committee.

Part IV

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as part of this report:

(1) Financial Statements:

	Page
<u>Report of Independent Registered Public Accounting Firm (PCAOB ID:5395)</u>	F-2
<u>Consolidated Balance Sheets as of March 31, 2025 and 2024</u>	F-3
<u>Consolidated Statements of Operations and Comprehensive (Loss) Income for the Years Ended March 31, 2025 and 2024</u>	F-4
<u>Consolidated Statements of Changes in Stockholders' Equity for the Years Ended March 31, 2025 and 2024</u>	F-5
<u>Consolidated Statements of Cash Flows for the Years Ended March 31, 2025 and 2024</u>	F-6
<u>Notes to Consolidated Financial Statements</u>	F-7

(2) Financial Statement Schedules:

All financial statement schedules are omitted because they are not applicable or the amounts are immaterial and not required, or the required information is presented in the financial statements and notes thereto beginning on page F-1.

(3) Exhibits

We hereby file as part of this report the exhibits listed in the attached Exhibit Index. Exhibits which are incorporated herein by reference can be inspected on the SEC website at www.sec.gov.

Item 16. Form 10-K Summary

Not Applicable.

EXHIBIT INDEX

Exhibit number	Description
1.1	Underwriting Agreement, dated as of June 5, 2024, by and between the Company and The Benchmark Company, LLC (incorporated by reference to Exhibit 1.1 to Form 8-K filed on June 7, 2024)
3.1	Amended and Restated Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.1 to Form 8-K filed on June 7, 2024)
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Form 8-K filed on March 14, 2025)
3.3	The Second Certificate of Amendment of Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Form 8-K filed on July 2, 2025)
3.4	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the Company's registration statement on Form S-1 (File No. 333-276830) filed on April 22, 2024 and incorporated herein by reference.
4.1*	Description of Securities of the Registrant
4.2	Form of Underwriter's Warrant, dated June 7, 2024 (incorporated by reference to Exhibit 4.1 to Form 8-K filed on June 7, 2024)
4.3	Form of Warrant (incorporated by reference to Exhibit 4.1 to Form 8-K filed on June 5, 2025)
10.1	Employment agreement dated April 1, 2023 by and between FLYEBIKE Inc and Zhou Ou. (incorporated by reference to Exhibit 10.1 to the Company's Annual Report on Form 10-K filed on June 28, 2024)†
10.2	Employment Agreement dated November 7, 2024 by and between the Company and Shiwen Feng. (incorporated by reference to Exhibit 10.1 to Form 8-K filed on November 8, 2024)†
10.3	Fly-E Group, Inc. 2024 Omnibus Incentive Plan (incorporated by reference to Appendix A to the Company's Proxy Statement on Schedule 14A filed on February 21, 2025)†
10.4	Form of the Independent Director's Agreement of Fly-E Group, Inc. (incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K filed on June 28, 2024)
10.5	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K filed on June 28, 2024)
10.6	Engagement Letter dated March 6, 2021, by and between the Company and DGLG Accounting and Tax LLC. (incorporated by reference to Exhibit 10.6 to the Company's Annual Report on Form 10-K filed on June 28, 2024)
10.7 [#]	Contract Agreement for the Development of POS and ERP System dated December 13, 2023 between the Company and DF Technology US Inc. (incorporated by reference to Exhibit 10.7 to the Company's Annual Report on Form 10-K filed on June 28, 2024)
10.8	Placement Agency Agreement, dated April 22, 2025, by and between the Company and American Trust Investment Services, Inc., as amended (incorporated by reference to Exhibit 1.1 to the Company's registration statement on Form S-1 (File No. 333-286678) filed on April 22, 2025 and incorporated herein by reference.
10.9*	Joint Amendment to Placement Agency Agreement and Engagement Letter, dated May 13, 2025, by and between the Company and American Trust Investment Services, Inc.
10.10	Form of Securities Purchase Agreement (incorporated by reference to Exhibit 10.1 to Form 8-K filed on June 5, 2025)
10.11 [#]	Loan and Security Agreement dated as of August 5, 2024, by and among the Company, Fly-E-Bike Inc., Fly EV, Inc. and Peapack-Gladstone Bank (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 16, 2024)
10.12 [#]	Contract Agreement dated as of July 5, 2024, by and between the registrant and DF Technology US Inc (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on August 16, 2024)
10.13	Letter Agreement dated as of April 1, 2023, by and between the Company and PJMG LLC (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on August 16, 2024)
14.1	Code of Ethics (incorporated by reference to Exhibit 14.1 to the Company's Annual Report on Form 10-K filed on June 28, 2024)
19.1	Insider Trading Policy (incorporated by reference to Exhibit 19.1 to the Company's Annual Report on Form 10-K filed on June 28, 2024)
21.1*	List of Subsidiaries.
31.1*	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1	Clawback policy (incorporated by reference to Exhibit 97.1 to the Company's Annual Report on Form 10-K filed on June 28, 2024)
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith

† Compensatory plan or arrangement.

The exhibits and schedules to this Exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The registrant hereby agrees to furnish a copy of any omitted schedules to the Commission upon request.

SIGNATURES

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

Date: July 15, 2025

FLY-E GROUP, INC.

By: /s/ Zhou Ou

Name: Zhou Ou

Title: Chief Executive Officer
(Principal Executive Officer)

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

Signature	Title	Date
<u>/s/ Zhou Ou</u> Zhou Ou	Chief Executive Officer (Principal Executive Officer) and Director	July 15, 2025
<u>/s/ Shiwen Feng</u> Shiwen Feng	Chief Financial Officer (Principal Accounting and Financial Officer) and Director	July 15, 2025
<u>/s/ Bin Wang</u> Bin Wang	Director	July 15, 2025
<u>/s/ Lun Feng</u> Lun Feng	Director	July 15, 2025
<u>/s/ Zanfeng Zhang</u> Zanfeng Zhang	Director	July 15, 2025

FLY-E GROUP, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
<u>Report of Independent Registered Public Accounting Firm (PCAOB ID:5395)</u>	F-2
<u>Consolidated Balance Sheets as of March 31, 2025 and 2024</u>	F-3
<u>Consolidated Statements of Operations and Comprehensive (Loss) Income for the Years Ended March 31, 2025 and 2024</u>	F-4
<u>Consolidated Statements of Changes in Stockholders' Equity for the Years Ended March 31, 2025 and 2024</u>	F-5
<u>Consolidated Statements of Cash Flows for the Years Ended March 31, 2025 and 2024</u>	F-6
<u>Notes to Consolidated Financial Statements</u>	F-7



Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of
Fly-E Group, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Fly-E Group, Inc. (the “Company”) as of March 31, 2025 and 2024, the related consolidated statements of operations and comprehensive (loss) income, changes in stockholders’ equity and cash flows for each of the years in the two-year period ended March 31, 2025, 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, 2025 and 2024, and the results of its operations and its cash flows for each of the years in the two-year period ended March 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph – Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 1, the Company has incurred significant losses and significant cash outflows from operating and investing activities, and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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 audits. 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 audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits 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 audits 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 audits 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 audits 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 audits provide a reasonable basis for our opinion.

/s/ Marcum Asia CPAs LLP

Marcum Asia CPAs LLP

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

New York, New York
July 15, 2025

NEW YORK OFFICE • 7 Penn Plaza • Suite 830 • New York, New York • 10001
Phone 646.442.4845 • Fax 646.349.5200 • www.marcumasia.com

CONSOLIDATED FINANCIAL STATEMENTS
FLY-E GROUP, INC.

CONSOLIDATED BALANCE SHEETS
(Expressed in U.S. dollars, except for the number of shares)

	March 31, 2025	March 31, 2024
ASSETS		
Current Assets		
Cash	\$ 840,102	\$ 1,403,514
Accounts receivable	466,187	212,804
Accounts receivable, net – related parties	37,465	326,914
Inventories, net	6,397,274	5,364,060
Prepayments and other receivables	3,676,986	588,660
Prepayments and other receivables – related parties	120,000	240,256
Assets held for sale	2,462,502	—
Total Current Assets	14,000,516	8,136,208
Property and equipment, net	7,287,213	1,755,022
Security deposits	728,450	781,581
Deferred IPO costs	—	502,198
Deferred tax assets, net	94,983	35,199
Operating lease right-of-use assets	10,933,068	16,000,742
Intangible assets, net	525,865	36,384
Long-term prepayment for property	—	450,000
Long-term prepayment for software development– related parties	136,580	1,279,000
Total Assets	<u>\$ 33,706,675</u>	<u>\$ 28,976,334</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 1,272,305	\$ 1,180,796
Short-term loan payables	5,191,058	—
Current portion of long-term loan payables	100,835	1,213,242
Accrued expenses and other payables	1,366,968	925,389
Other payables – related parties	—	92,229
Operating lease liabilities – current	2,617,762	2,852,744
Taxes payable	—	1,530,416
Liabilities held for sale	2,152,447	—
Total Current Liabilities	12,701,375	7,794,816
Long-term loan payables	2,065,040	412,817
Operating lease liabilities – non-current	9,106,928	13,986,879
Total Liabilities	<u>23,873,343</u>	<u>22,194,512</u>
Commitment and Contingencies		
Stockholders' Equity		
Preferred stock, \$0.01 par value, 10,000,000 shares authorized and nil outstanding as of March 31, 2025		
March 31, 2024*	—	—
Common stock, \$0.01 par value, 300,000,000 shares authorized and 4,917,500 shares outstanding as of March 31, 2025 and 100,000,000 shares authorized and 4,400,000 shares outstanding as of March 31, 2024*	49,175	44,000
Additional paid-in capital	10,940,724	2,576,000
Shares subscription receivable	(219,998)	(219,998)
(Accumulated deficit) Retained Earnings	(895,510)	4,395,649
Accumulated other comprehensive loss	(41,059)	(13,829)
Total FLY-E Group, Inc. Stockholders' Equity	<u>9,833,332</u>	<u>6,781,822</u>
Total Liabilities and Stockholders' Equity	<u>\$ 33,706,675</u>	<u>\$ 28,976,334</u>

* Shares and per share data are presented on a retroactive basis to reflect the 1-for-110,000 stock split completed on April 2, 2024 and the 1-for-5 reverse stock split completed on July 3, 2025.

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

FLY-E GROUP, INC.

**CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE (LOSS) INCOME**

(Expressed in U.S. dollars, except for the number of shares)

	For the Years Ended March 31,	
	2025	2024
Revenues	\$ 25,427,163	\$ 32,205,666
Cost of Revenues	14,976,266	19,099,120
Gross Profit	<u>10,450,897</u>	<u>13,106,546</u>
Operating Expenses		
Selling Expenses	7,403,374	5,914,786
General and Administrative Expenses	7,607,489	3,931,203
Total Operating Expenses	<u>15,010,863</u>	<u>9,845,989</u>
Income (Loss) from Operations	<u>(4,559,966)</u>	<u>3,260,557</u>
Other Income (Expenses), net	10,588	(30,352)
Interest Expenses, net	(405,615)	(152,050)
Income (Loss) Before Income Taxes	<u>(4,954,993)</u>	<u>3,078,155</u>
Income Tax Expense	(336,166)	(1,182,933)
Net Income (Loss)	<u>\$ (5,291,159)</u>	<u>\$ 1,895,222</u>
Other Comprehensive Income (Loss)		
Foreign currency translation adjustment	(27,230)	(13,829)
Total Comprehensive Income (Loss)	<u>\$ (5,318,389)</u>	<u>\$ 1,881,393</u>
Earnings (Losses) per Share*	\$ (1.10)	\$ 0.43
Weighted Average Number of Common Stock		
– Basic and Diluted*	<u>4,821,010</u>	<u>4,400,000</u>

* Shares and per share data are presented on a retroactive basis to reflect the 1-for-110,000 stock split completed on April 2, 2024 and the 1-for-5 reverse stock split completed on July 3, 2025.

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

FLY-E GROUP, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN
STOCKHOLDERS' EQUITY

(Expressed in U.S. dollars, except for the number of shares)

	Preferred Stock		Common Stock		Additional	Shares	Accumulated	(Accumulated	Total
	Shares*	Amount	Shares*	Amount	Paid-in	Subscription	Other	deficit)	Stockholders'
					Capital	Receivables	Comprehensive	Retained	Equity
								Earnings	
Balance at March 31, 2023	—	\$ —	4,400,000	\$ 44,000	\$ 176,000	\$ (219,998)	\$ —	\$ 2,500,427	\$ 2,500,429
Net Income	—	—	—	—	—	—	—	1,895,222	1,895,222
Capital Contribution	—	—	—	—	2,400,000	—	—	—	2,400,000
Foreign currency translation adjustment	—	—	—	—	—	—	(13,829)	—	(13,829)
Balance at March 31, 2024	—	\$ —	4,400,000	\$ 44,000	2,576,000	(219,998)	(13,829)	\$ 4,395,649	\$ 6,781,822
Net loss	—	—	—	—	—	—	—	(5,291,159)	(5,291,159)
Issuance of common stock upon initial public offering, net	—	—	517,500	5,175	8,364,724	—	—	—	8,369,899
Foreign currency translation adjustment	—	—	—	—	—	—	(27,230)	—	(27,230)
Balance at March 31, 2025	—	\$ —	4,917,500	\$ 49,175	\$10,940,724	\$ (219,998)	\$ (41,059)	\$ (895,510)	\$ 9,833,332

* Shares and per share data are presented on a retroactive basis to reflect the 1-for-110,000 stock split completed on April 2, 2024 and the 1-for-5 reverse stock split completed on July 3, 2025.

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

FLY-E GROUP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in U.S. dollars, except for the number of shares)

	For the Years Ended March 31,	
	2025	2024
Cash flows from operating activities		
Net (loss) income	\$ (5,291,159)	\$ 1,895,222
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Loss on disposal of property and equipment	108,593	46,084
(Gain) Loss on termination of operating lease	(111,564)	5,957
(Gain) Loss on disposal of subsidiaries	(84,302)	—
Credit loss for accounts receivable	116,746	—
Depreciation expense	631,280	272,708
Amortization expense	65,091	1,648
Deferred income taxes (benefits) expenses	(64,829)	176,093
Amortization of operating lease right-of-use assets	5,084,535	2,277,910
Inventories reserve	870,589	456,209
Changes in operating assets and liabilities:		
Accounts receivable	(329,029)	176,273
Accounts receivable – related parties	248,349	(190,349)
Inventories	(2,736,241)	(1,981,515)
Prepayments and other receivables	(2,677,904)	194,160
Prepayments for operation services to related parties	(60,000)	(60,000)
Security deposits	(84,605)	(422,240)
Accounts payable	91,509	2,489,025
Accrued expenses and other payables	460,364	334,726
Operating lease liabilities	(4,771,518)	(1,933,760)
Taxes payable	(1,525,371)	570,769
Net cash (used in) provided by operating activities	<u>(10,059,466)</u>	<u>4,308,920</u>
Cash flows from investing activities		
Purchases of properties and equipment	(1,634,174)	(1,253,555)
Purchase of software and hardware from a related party	(1,392,580)	(1,279,000)
Cash held at disposal entities	(54,774)	—
Repayment from a related party	660,256	111,500
Advance to a related party	(480,000)	(291,756)
Prepayments for property	—	(450,000)
Payments of property rights	—	(38,032)
Net cash used in investing activities	<u>(2,901,272)</u>	<u>(3,200,843)</u>
Cash flows from financing activities		
Borrowing from loan payables	7,367,795	1,095,000
Repayments of loan payables	(3,661,559)	(639,367)
Repayments on other payables - related parties	(92,229)	(290,252)
Payments of related party loan	—	(150,000)
Capital Contributions from Stockholders	—	136,370
Payments of IPO cost	(282,403)	(201,379)
Net proceeds from issuance of common stock - IPO	9,154,500	—
Net cash provided by (used in) financing activities	<u>12,486,104</u>	<u>(49,628)</u>
Net changes in cash including cash classified within current assets held for sale	(474,634)	1,058,449
Effect of exchange rate changes on cash	(27,230)	(13,829)
Less: net decrease in cash classified within current assets held for sale	(61,548)	—
Cash at beginning of the year	1,403,514	358,894
Cash at the end of the year	<u>\$ 840,102</u>	<u>\$ 1,403,514</u>
Supplemental disclosure of cash flow information		
Cash paid for interest expense	<u>\$ 405,615</u>	<u>\$ 152,050</u>
Cash paid for income taxes	<u>\$ 1,957,867</u>	<u>\$ 435,881</u>
Supplemental disclosure of non-cash investing and financing activities		
Settlement of accounts payable by related parties	\$ —	\$ 50,000
Settlement of accounts payable by capital contribution	\$ —	\$ 2,263,630
Purchase of vehicle funded by loan	\$ 224,638	\$ 34,974
Purchase of office funded by loan	\$ 1,800,000	\$ —
Purchase software and office by using previous prepayments	\$ 1,729,000	\$ —
Purchase property rights by using previous prepayments	\$ 54,572	\$ —
Properties used for rental services	\$ 193,964	\$ —
Unpaid deferred IPO cost	\$ —	\$ 225,000
Deferred IPO cost recognized as additional paid-in capital	\$ 502,198	\$ —
Uncollected proceeds from disposal of subsidiaries	\$ 635,193	\$ —
Termination of operating lease right-of-use assets and operating lease liabilities	\$ (2,473,686)	\$ (2,814,235)

Right-of-use assets obtained in exchange for operating lease liabilities

\$ 2,490,547 \$ 10,771,688

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

FLY-E GROUP, INC.

Notes to Consolidated Financial Statements

1 — DESCRIPTION OF BUSINESS, ORGANIZATION AND BASIS OF PRESENTATION

Organization and principal activities

Fly-E Group, Inc. (the “Company” or “Fly-E Group”) was incorporated under the laws of the State of Delaware on November 1, 2022. The Company has no substantive operations other than holding all of the issued and outstanding shares of Fly E-Bike Inc. (“Fly E-Bike”) and Fly EV, Inc. (“Fly EV”). Fly E-Bike and Fly EV were incorporated under the laws of the State of Delaware on August 22, 2022 and November 1, 2022, respectively. Fly EV has no substantive operations. The Company, through its wholly owned subsidiaries, is principally engaged in designing, installing and selling smart electric bikes (“E-bikes”), electric motorcycles (“E-motorcycles”), electric scooters (“E-scooters”), and related accessories under the brand name of “Fly E-Bike.” The Company’s principal operations and geographic markets are mainly in the United States of America (the “U.S.”). During the year ended March 31, 2025, the Company closed four stores in the U.S. As of July 15, 2025, the Company has opened a total of 20 retail stores, including 19 retail stores in the U.S and one retail store in Canada. The Company offers rental services from selected locations. The Company also operates one online store, focusing on selling E-motorcycles, E-bikes, and E-scooters. The Company plans to open another online store focusing on selling gas bikes in the future.

The Company’s business was initially operated under CTATE INC. (“Ctate”), a corporation formed under the laws of the State of New York in 2018. Before merging with Fly E-Bike, Ctate owned 27 companies, each of which operated a Fly E-Bike store. On September 12, 2022, Ctate and Fly E-Bike, which was a wholly-owned subsidiary of Ctate, entered into an Agreement and Plan of Merger, pursuant to which Ctate merged into and with Fly E-Bike, with Fly E-Bike being the surviving corporation (the “Merger”). As a result of the Merger, the original shareholders of Ctate became the stockholders of Fly E-Bike and subsequently effectively controlled the combined entity.

On December 21, 2022, Fly-E Group and Fly E-Bike entered into a Share Exchange Agreement, pursuant to which Fly-E Group acquired all of the issued and outstanding shares of Fly E-Bike by issuing its shares to the stockholders of Fly E-Bike on a one-for-one basis (the “Share Exchange”). As a result of the Share Exchange, Fly E-Bike became a wholly owned subsidiary of Fly-E Group.

As a result of the Merger and the Share Exchange, Fly E-Bike and its subsidiaries are under common control of Fly-E Group, resulting in the consolidation of Fly E-Bike and its subsidiaries, which was accounted as a reorganization of entities under common control at carrying value. The consolidated financial statements are prepared on the basis as if the reorganization became effective as of the beginning of the first period presented in the consolidated financial statements of Fly-E Group.

On June 7, 2024, the Company issued 450,000 shares of common stock, at a price of \$20.00 per share in its initial public offering (“IPO”). The gross proceeds of the offering were \$9.0 million, prior to deducting the underwriting discounts, commissions and offering expenses payable by the Company. In addition, the Company granted the underwriters a 30-day option to purchase an additional 67,500 shares of common stock at the initial public offering price, less underwriting discounts and commissions, to cover over-allotments. On June 25, 2024, the Company issued an additional 67,500 shares of common stock to the underwriters of its IPO for gross proceeds of \$1.4 million upon full exercise of the underwriters’ over-allotment option. Net proceeds received by the Company from its initial public offering, including the exercise of the over-allotment option, were approximately \$9.2 million. The Company also issued to The Benchmark Company, LLC (“Benchmark”), the representative of the underwriters warrants to purchase 25,875 shares.

On June 4, 2025, the Company issued 5,719,111 shares of common stock, at a price of \$1.2140 per share in its second public offering. The gross proceeds of the offering were \$6.9 million, prior to deducting the placement agent’s fees and offering expenses payable by the Company. Each share of common stock was sold together with two warrants, with each warrant to purchase one share of common stock. Each warrant is exercisable immediately with an exercise price equal to 120% of the offering price (\$1.4565 per share) and expires on the fifth anniversary of the issuance date, subject to certain adjustments.

On July 3, 2025, the Company implemented a 1-for-5 reverse stock split of its issued and outstanding shares of common stock. As a result, all share and per share information has been retroactively adjusted to reflect the reverse stock split for all periods presented. The reverse stock split reduced the number of shares of common stock issued and outstanding from 24,587,500 to 4,917,500 as of March 31, 2025. The par value per share remained unchanged at \$0.01.

The reverse stock split was accounted for retrospectively in the accompanying consolidated financial statements and notes for all periods presented. All references to the number of shares of common stock, including per share amounts, have been adjusted to reflect the reverse stock split.

The consolidated financial statements include the financial statements of the Company and each of the following subsidiaries as of March 31, 2025.

Name	Background	Ownership
FLY-E GROUP, INC.	● A Delaware corporation ● Incorporated on November 1, 2022 ● A holding company	Parent Company
FLY EV, INC.	● A Delaware corporation ● Incorporated on November 1, 2022 ● A holding Company	100% owned by Fly-E Group, Inc.
FLY E-BIKE, INC.	● A Delaware Company ● Incorporated on August 22, 2022 ● A holding Company	100% owned by Fly-E Group, Inc.
UNIVERSE KING CORP	● A New York corporation ● Incorporated on November 19, 2018 ● A retail store	100% owned by Fly E-Bike, Inc.
UFOTS CORP.	● A New York corporation ● Incorporated on May 2, 2019 ● A retail store	100% owned by Fly E-Bike, Inc.
TKPGO CORP.	● A New York corporation ● Incorporated on July 3, 2018 ● A retail store	100% owned by Fly E-Bike, Inc.
FLYFLS INC	● A New York corporation ● Incorporated on October 13, 2020 ● A retail store and corporate office	100% owned by Fly E-Bike, Inc.
FLY37 INC	● A New York corporation ● Incorporated on October 14, 2020 ● No operation	100% owned by Fly E-Bike, Inc.
FIYET INC	● A New York corporation ● Incorporated on November 12, 2020 ● A retail store	100% owned by Fly E-Bike, Inc.
FLYAM INC	● A New York corporation ● Incorporated on February 19, 2021 ● A retail store	100% owned by Fly E-Bike, Inc.
OFLYO INC	● A New York corporation ● Incorporated on March 29, 2021 ● A retail store	100% owned by Fly E-Bike, Inc.

FLYEBIKE INC	● A New York corporation ● Incorporated on March 30, 2021 ● A retail store	100% owned by Fly E-Bike, Inc.
FLYCLB INC	● A New York corporation ● Incorporated on April 15, 2021 ● A retail store	100% owned by Fly E-Bike, Inc.
FLYEBIKE NJ INC	● A New Jersey corporation ● Incorporated on June 8, 2021 ● No operation	100% owned by Fly E-Bike, Inc.
FLYEBIKEMIAMIN INC	● A Florida corporation ● Incorporated on June 30, 2021 ● No operation	100% owned by Fly E-Bike, Inc.
GOFLY INC	● A Texas corporation ● Incorporated on July 23, 2021 ● No operation	100% owned by Fly E-Bike, Inc.
FLYTRON INC.	● A New York corporation ● Incorporated on November 9, 2021 ● A retail store	100% owned by Fly E-Bike, Inc.
FLYCYCLE INC.	● A New York corporation ● Incorporated on January 10, 2022 ● A retail store	100% owned by Fly E-Bike, Inc.
FLYNJ2 INC.	● A New Jersey corporation ● Incorporated on February 10, 2022 ● A retail store	100% owned by Fly E-Bike, Inc.
FLYCORONA INC.	● A New York corporation ● Incorporated on March 9, 2022 ● A retail store	100% owned by Fly E-Bike, Inc.
MEEBIKE	● A New York corporation ● Incorporated on March 25, 2022 ● A retail store	100% owned by Fly E-Bike, Inc.
FLY E BIKE NJ3, INC	● A New Jersey corporation ● Incorporated on July 18, 2022 ● A retail store	100% owned by Fly E-Bike, Inc.
FLY E-BIKE SAN ANTONIO INC	● A Texas corporation ● Incorporated on January 1, 2023 ● No operation	100% owned by Fly E-Bike, Inc.
FLYEBIKE WORLD INC.	● A New York corporation ● Incorporated on February 27, 2023 ● A retail store	100% owned by Fly E-Bike, Inc.
FLY DELIVERY INC.	● A New York corporation ● Incorporated on March 2, 2023 ● A delivery store	100% owned by Fly E-Bike, Inc.

FLYEBIKE MIAMI2 INC.	● A Florida corporation ● Incorporated on April 13, 2023 ● A retail store	100% owned by Fly E-Bike, Inc.
FLYDC INC.	● A Washington, DC corporation ● Incorporated on May 31, 2023 ● A retail store	100% owned by Fly E-Bike, Inc.
FLYJH8509 INC.	● A New York corporation ● Incorporated on August 30, 2023 ● A retail store	100% owned by Fly E-Bike, Inc.
FLYBX2381 INC.	● A New York corporation ● Incorporated on August 30, 2023 ● A retail store	100% owned by Fly E-Bike, Inc.
FLYNJ4 INC.	● A New York corporation ● Incorporated on October 4, 2023 ● A retail store	100% owned by Fly E-Bike, Inc.
FLYTORONTO Corp.	● A Toronto corporation ● Incorporated on October 18, 2023 ● A retail store	100% owned by Fly E-Bike, Inc.
FLYLA INC.	● A California corporation ● Incorporated on December 1, 2023 ● A retail and rental store	100% owned by Fly E-Bike, Inc.
FWMOTOR INC.	● A New York corporation ● Incorporated on April 3, 2024 ● A retail store	100% owned by Fly E-Bike, Inc.
DCMOTOR INC.	● A Maryland corporation ● Incorporated on April 9, 2024 ● A retail store	100% owned by Fly E-Bike, Inc.
AOFL LLC	● A New York corporation ● Incorporated on June 25, 2024 ● A holding company	100% owned by Fly E-Bike, Inc.
GOBIKE INC	● A New York corporation ● Incorporated on July 16, 2024 ● A rental store	100% owned by Fly E-Bike, Inc.
FLYEBIKE BOSTON INC.	● A Massachusetts corporation ● Incorporated on September 1, 2024 ● A retail store	100% owned by Fly E-Bike, Inc.
FLYNJ1 INC	● A Massachusetts corporation ● Incorporated on January 29, 2025 ● A retail store	100% owned by Fly E-Bike, Inc.

Liquidity and Going Concern

In assessing the Company's liquidity, the Company monitors and analyzes its cash on-hand and its operating and capital expenditure commitments. The Company's liquidity needs are to meet its working capital requirements, operating expenses and capital expenditure obligations. Debt financing from financial institutions and equity financings have been utilized to finance the working capital requirements of the Company.

On June 7, 2024, the Company closed the IPO of 450,000 shares of the common stock at the price of \$20.00 per share, resulting in net proceeds to the Company of \$7.9 million after deducting underwriting discounts and commissions and offering expenses. On June 25, 2024, the Company sold an additional 67,500 shares of common stock to the underwriters of the IPO for gross proceeds of \$1.4 million upon full exercise of the underwriters' over-allotment option and received net proceeds of approximately \$1.2 million.

As of March 31, 2025, the Company had working capital of approximately \$1.3 million and cash of approximately \$0.8 million. During the year ended March 31, 2025, the Company had net loss of approximately \$5.3 million. During the year ended March 31, 2025, net cash used in operating activities of the Company was approximately \$10.1 million. As of March 31, 2025, the Company had a current portion of contractual obligation of approximately \$8.9 million. On June 4, 2025, the Company closed a public offering of (i) 5,719,111 shares of the common stock at the price of \$1.2140 per share and (ii) 11,438,222 warrants to purchase 11,438,222 shares of common stock, resulting in net proceeds to the Company of \$6.1 million after deducting placement agent's fees and offering expenses. Management has determined there is substantial doubt about its ability to continue as a going concern. Management plans to alleviate the going concern risk through (i) equity financing to support the Company's working capital; (ii) other available sources of financing (including debt) from banks and other financial institutions; and (iii) financial support from the Company's related parties. There is no assurance that the Company will be successful in implementing the foregoing plans or that additional financing will be available to the Company on commercially reasonable terms, or at all. The Company's inability to secure needed financing when required could require material changes to the Company's business plans and could have a material adverse effect on the Company's ability to continue as a going concern and results of operations. The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The consolidated financial statements do not include any adjustments that might result from the outcome of such uncertainties.

2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The accompanying consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the U.S. (the "U.S. GAAP") and regulations of the Securities Exchange Commission (the "SEC").

(b) Principles of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries over which the Company exercises control and, when applicable, entities for which the Company has a controlling financial interest. All transactions and balances among the Company and its subsidiaries have been eliminated upon consolidation.

(c) Segment Information

The Company's chief operating decision-makers ("CODM") (i.e., chief executive officer and his direct reports) review financial information presented on a consolidated basis, accompanied by disaggregated information about revenues by different revenues streams for purposes of allocating resources and evaluating financial performance. The Company and its subsidiaries offer E-bikes, E-motorcycles, E-scooters and other items and services in its stores. The Company's retail operating divisions are geographically based, have similar economic characteristics and similar expected long-term financial performance. Because substantially all of the Company's long-lived assets and revenues are located in and derived from the U.S., geographical segments are not presented. The Company's operating segments are reported in one reportable segment. There are no segment managers who are held accountable for operations, operating results and plans for levels or components below the consolidated unit level. Based on qualitative and quantitative criteria established by Accounting Standards Codification ("ASC") 280, "Segment Reporting", the Company considers itself to be operating within one reportable segment. The Company has concluded that consolidated net (loss) income is the measure of segment profitability. The CODM assesses performance for the Company, monitors budget versus actual results, and determines how to allocate resources based on consolidated net (loss) income as reported in the consolidated statements of operations and other comprehensive (loss) income. There are no other expense categories regularly provided to the CODM that are not already included in the primary financial statements herein.

(d) Use of Estimates

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Significant accounting estimates include allowance for inventories. Changes in facts and circumstances may result in revised estimates. Actual results could differ from those estimates, and as such, differences may be material to the consolidated financial statements.

(e) Commitments and Contingencies

In the normal course of business, the Company is subject to loss contingencies, such as legal proceedings and claims arising out of its business, which cover a wide range of matters, including, among others, government investigations, shareholder lawsuits, and non-income tax matters.

An accrual for a loss contingency is recognized when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. If a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, is disclosed.

(f) Cash

Cash consists of cash on hand and cash deposited with banks. The Company's cash is maintained at financial institutions in the U.S. Deposits in these financial institutions may, from time to time, exceed the Federal Deposit Insurance Corporation's (the "FDIC") federally insured limit, which is \$250,000. The Company has not incurred any losses in the past for amount over the FDIC limits. As of March 31, 2025 and March 31, 2024, nil and nil deposited with banks was uninsured, respectively.

(g) Accounts Receivable

Accounts receivable includes trade account due from customers. Accounts receivable is recorded at the invoiced amount less an allowance for any credit loss and does not bear interest, which is due after 30 to 90 days, depending on the credit term with the customers. Accounts receivable which is deemed to be uncollectible is charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

The Company adopt the current expected credit loss model ("CECL model") to estimate the expected credit losses, which is determined by multiplying the probability of default. In determining the probability of default, the Company mainly considers factors such as aging schedule of receivables, migration rate of receivables, assessment of receivables due from specific identifiable counterparties that are considered at risk or uncollectible, current market conditions, as well as reasonable and supportable forecasts of future economic conditions.

As of March 31, 2025, the Company accrued credit losses of \$116,746, consisting of \$41,100 related to accounts receivable from a related party customer and \$75,646 related to accounts receivable from a third party customer. As of March 31, 2024, no credit losses were recognized.

(h) Inventories, Net

Inventories, consisting of products available for sale, are stated at the lower of cost or net realizable value using the first-in-first-out method. Adjustments to the carrying value are recorded for estimated obsolescence or excess inventory equal to the difference between the cost of inventory and the estimated net realizable value based upon assumptions about future demand and market conditions. Inventory cost consists of the direct cost of merchandise including freight. For the years ended March 31, 2025 and 2024, the impairment loss was \$870,589 and \$456,209, respectively.

(i) Prepayments and Other Receivables

Prepayments and other receivables are mainly prepayments to vendors, prepaid expenses paid to service providers, prepaid taxes, advances to employees, and other deposits. Management regularly reviews the aging of such balances and changes in payment and realization trends and records allowances when management believes that the collection of amounts due is at risk. Accounts considered uncollectable are written off against allowances after exhaustive efforts at collection are made. As of March 31, 2025 and 2024, no allowance against prepayments and other receivables was recorded.

(j) Property and Equipment, Net

Property and equipment are stated at cost less accumulated depreciation and any recorded impairment.

The estimated useful lives are as follows:

Machinery and equipment	5 years
Furniture and fixtures	5 years
Leasehold improvements	3 – 10 years (shorter of lease term or useful lives)
Motor vehicles	5 years
Buildings	30 years
Properties used for lease	2 years
Computer hardware and software	10 years

Depreciation on property and equipment is calculated on the straight-line method over the estimated useful lives of the assets. The cost and related accumulated depreciation of assets sold or otherwise retired are eliminated from the accounts and any gain or loss is included in the consolidated statements of operations. Expenditures for maintenance and repairs are charged to earnings as incurred, while additions, renewals, and betterments, which are expected to extend the useful life of assets, are capitalized. The Company also re-evaluates the periods of depreciation to determine whether subsequent events and circumstances warrant revised estimates of useful lives.

Construction in progress

Direct costs that are related to the construction of property, equipment and software and incurred in connection with bringing the assets to their intended use are capitalized as construction in progress. Construction in progress is transferred to specific property, equipment and software items and the depreciation of these assets commences when the assets are ready for their intended use. In December 2023, the Company engaged DF Technology US Inc (“DFT”), a former related party which ceased to be the related party on November 6, 2024, for certain technology services, such as enterprise resource planning system (“ERP system”). During the fiscal year of 2025, the Company reclassified \$2,310,000 from construction in process to computer hardware and software and started for depreciation. As of March 31, 2025 and 2024, construction in progress was nil and \$275,000, respectively, and primarily relating to the cost incurred to develop the software by DFT.

(k) Intangible Assets

Intangible asset is stated at cost less accumulated amortization and amortized in a method which reflects the pattern in which the economic benefits of the intangible asset are expected to be consumed or otherwise used up. The balance of intangible asset represents internal use software and property rights. The software is acquired externally tailored to the Company’s requirements. The Company capitalizes the costs associated with design, development, acquisition and maintenance of its acquired intangible assets and amortizes these assets over their remaining useful lives on a straight-line basis. Any further payments made to maintain or develop these assets would be capitalized and amortized over the balance of the useful life for the assets. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

The estimated useful lives of intangibles assets are as follows:

Property rights	5-20 years
Software	5 years

(l) Impairment of Long-lived Assets

At the end of each reporting period, the Company reviews the carrying amounts of its property and equipment, intangible assets subject to depreciation and amortization, and right-of-use assets, to determine whether there is any indication that the carrying value of an asset may not be recoverable. The Company assesses the recoverability of the assets based on the undiscounted future cash flows the assets are expected to generate and recognize an impairment loss when estimated undiscounted future cash flows expected to result from the use of the asset plus net proceeds expected from disposition of the asset, if any, are less than the carrying value of the asset. If an impairment is identified, the Company will reduce the carrying amount of the asset to its estimated fair value based on a discounted cash flows approach or, when available and appropriate, to comparable market values. As of March 31, 2025 and 2024, no impairment of long-lived assets was recognized.

(m) Deferred IPO Costs

The Company complies with the requirements of FASB ASC Topic 340-10-S99-1, "Other Assets and Deferred Costs — SEC Materials" ("ASC 340-10-S99") and SEC Staff Accounting Bulletin Topic 5A, "Expenses of Offering". Deferred IPO costs consist of underwriting, legal, accounting and other professional expenses incurred through the balance sheet date that are directly related to the initial public offering of the Company and that will be charged to additional paid-in capital upon the completion of the offering. Total deferred offering cost of \$502,198 as of March 31, 2024 was charged to additional paid-in capital upon IPO.

(n) Fair Value Measurements

Fair value is defined as the price that would be received for an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. When determining the fair value measurements for assets and liabilities, the Company considers the principal or most advantageous market in which it would transact and consider assumptions that market participants would use when pricing the asset or liability. The following summarizes the three levels of input required to measure fair value, of which the first two are considered observable and the third is considered unobservable:

Level-1 — Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level-2 — Include other inputs that are directly or indirectly observable in the marketplace.

Level-3 — Unobservable inputs which are supported by little or no market activity.

The fair value for certain assets and liabilities such as cash, accounts receivable, other receivables, prepayments and other current assets, short-term loans, accounts payable, contract liabilities, accrued expenses and other payables, and tax payables have been determined to approximately carrying amounts due to the short maturities of these instruments. The Company believes that its long-term loan to a third party approximates the fair value based on current yields for debt instruments with similar terms. The Company and its subsidiaries did not have any non-financial assets or liabilities that are measured at fair value on a recurring basis as of March 31, 2025 and 2024.

(o) Revenue Recognition

Product revenue

The Company follows the revenue accounting requirements of Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers. The core principle underlying the revenue recognition of this ASC allows the Company to recognize revenue that represents the transfer of products and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in such exchange. This will require the Company to identify contractual performance obligations and determine whether revenue should be recognized at a point in time or over time, based on when control of products and services transfers to a customer.

To achieve that core principle, the Company applies a five-step model to recognize revenue from customer contracts. The five-step model requires that the Company (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, including variable consideration to the extent that it is probable that a significant future reversal will not occur, (iv) allocate the transaction price to the respective performance obligations in the contract, and (v) recognize revenue when (or as) the Company satisfies the performance obligation.

The Company generates substantially all its revenues from sales of products such as smart E-bikes, E-motorcycles, E-scooters and accessories to the retail and wholesale customers through its wholly owned subsidiaries stores. In accordance with ASC 606, the Company's performance obligations are satisfied upon the control of products being passed to the customer, which is the point in time that the customers are able to direct the use of and obtain substantially all of the economic benefit of the products or services. The transfer of control typically occurs at a point in time based on consideration of when the customer has an obligation to pay for the products, and physical possession of, legal title to, and the risks and rewards of ownership of the products have been transferred, and the customer has accepted the products. Revenue is recognized net of estimates of variable consideration, including product returns, customer discounts and allowance, which occurs at the point of sale, or the services have been rendered. Historically, the Company has not experienced any significant returns nor provided significant customer discounts.

The Company offers an assurance-type warranty to its customers. An assurance-type warranty guarantees that the product will perform as promised and is not a performance obligation. This type of warranty promises to repair or replace a delivered good or service if it does not perform as expected. Since an assurance-type warranty guarantees the functionality of a product, the warranty is not accounted for as a separate performance obligation, and thus no transaction price is allocated to it. Rather, to account for an assurance-type warranty the vendor should estimate and accrue a warranty liability when the promised good or service is delivered to the customer (see ASC 460-10).

Since the contract price and term are fixed and enforceable, and an assurance-type warranty guarantees the functionality of a product, and the warranty is not accounted for as a separate performance obligation, no transaction price is allocated to it. The Company recognizes sales in full at the point in time when the products are delivered or accepted by the customers, in accordance with the acceptance term specified in the contract. The Company records estimated future warranty costs under ASC 460. Such estimated costs for warranties are estimated at the time of delivery and these warranties are not service warranties separately sold by the Company. Generally, the estimated claim rates of warranty are based on actual warranty experience or the Company's best estimate. The Company accrued \$20,131 and \$27,714 of warranty reserves under accrued expenses and other payables as of March 31, 2025 and 2024, respectively. The Company has no contract assets and contract liabilities balances as of March 31, 2025 and 2024, respectively.

Rental Revenue

The Company operates rental business primarily from the Go Fly rental mobile app and selected Fly E-Bike stores that provide users with a flexible and affordable e-bike rental option.

The Company offers rental services through its subsidiaries, GOBIKE INC, FLYLA INC, and FLYTORONTO CORP. All the products available for rent are owned by the Company. The Company leases products to customers, and as a result, the Company considers itself to be the accounting lessor, as applicable, in these arrangements in accordance with ASC 842. Rental business operating costs include refunded products repair fee and other operating costs, as applicable.

Due to the short-term nature of the rental business, the Company classifies these rentals operating leases. Revenue generated from the rental services is recognized over the rental period, which is typically one day, one week or more.

Disaggregated information of revenues by business lines are as follows:

	For the years Ended March 31,	
	2025	2024
Product revenues - retail (ASC 606)	\$ 21,725,817	\$ 26,389,720
Product revenues - wholesale (ASC 606)	3,529,479	5,815,946
Revenues - rental services (ASC 842)	171,867	—
Net revenues	<u>\$ 25,427,163</u>	<u>\$ 32,205,666</u>

(p) Selling Expenses

Selling expenses mainly consist of advertising costs, and payroll and related expenses for personnel engaged in selling and marketing activities. Advertising expenses, which consist primarily of online and offline advertisements, are expenses when the services are received. The advertising expenses were \$273,816 and \$64,423 for the years ended March 31, 2025 and 2024, respectively.

(q) Research and Development Expenses

Research and development expenses include salaries for the Company's research and development personnel, as well as related development expenses paid to the third-party development team. The Company recognizes internal use software acquired and internally developed in accordance with ASC 350-40 "Software—internal use software". The Company expenses all costs that are incurred in connection with the planning and implementation phases of development, and costs that are associated with maintenance of the existing software for internal use. Certain costs associated with developing internal-use software are capitalized when such costs are incurred within the application development stage of software development. As a result, the Company expensed the development costs of the Fly E-Bike app as they incurred. For the years ended March 31, 2025 and 2024, development costs amounted to \$549,368 and \$292,724, respectively, which were recorded under general and administrative expenses.

(r) Income Taxes

Current income taxes are provided based on net income/(loss) for financial reporting purposes and adjusted for income and expense items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the relevant tax jurisdictions.

Deferred taxes are accounted for using the asset and liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of assessable tax profit. In principle, deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets (the "DTAs") are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated using tax rates that are expected to apply to the period when the asset is realized, or the liability is settled. Deferred tax is charged or credited in the income statement, except when it is related to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity. DTAs are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all the DTAs will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities.

An uncertain tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred. The tax returns filed in 2018 to 2024 are subject to examination by any appropriate tax authorities. For the years ended March 31, 2025 and 2024, the Company accrued \$30,301 and \$60,487 income tax related penalty included in current income taxes expenses, respectively.

(s) Leases

The Company accounts for leases in accordance with ASC 842. The Company leases premises for offices, warehouses, and retail stores under non-cancellable operating leases, and the Company leases its products to customers under non-cancellable operating leases.

Lessor

The Company's lease arrangements include products rentals to customers. The lease term is from one hour to one month. Due to the short-term nature of these arrangements, the Company classifies these leases as operating leases. The Company does not separate lease and non-lease components, such as insurance or roadside assistance provided to the lessee, in its lessor lease arrangements. Lease payments are primarily fixed and are recognized as revenue in the period over which the lease arrangement occurs. Taxes or other fees assessed by governmental authorities that are both imposed on and concurrent with each lease revenue-producing transaction and collected by the Company from the lessee are excluded from the consideration in its lease arrangements. The Company mitigates residual value risk of its leased assets by performing regular maintenance and repairs, as necessary, and through periodic reviews of asset depreciation rates based on the Company's ongoing assessment of present and estimated future market conditions.

Lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms. Leases with an initial term of 12 months or less are short-term leases and not recognized as operating lease right-of-use assets and operating lease liabilities on the consolidated balance sheets. The Company recognizes lease expense for short-term leases on a straight-line basis over the lease term.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate. Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

(t) Concentration Risk

Concentration of customers and suppliers

No customers individually represented greater than 10% of total net revenues of the Company for the years ended March 31, 2025 and 2024.

For the year ended March 31, 2025, the Company's top two suppliers represented 42% and 32% of total purchases of the Company, respectively. For the year ended March 31, 2024, the Company's top three suppliers represented 36%, 21%, and 13% of total purchases of the Company, respectively. As of March 31, 2025, two suppliers accounted for 63% and 25% of accounts payable balance, respectively. As of March 31, 2024, three suppliers accounted for 31%, 26%, and 23% of accounts payable balance, respectively.

Concentration of credit risk

Financial instruments that are potentially subject to credit risk consist principally of accounts receivable. The Company believes the concentration of credit risk in its account receivable is substantially mitigated by its ongoing credit evaluation process and relatively short collection terms. The Company does not generally require collateral from customers. The Company evaluates the need for an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends, and other information. Historically, the Company did not have any bad debt on its account receivable.

Financial instruments that potentially expose the Company to concentrations of credit risk consist principally of cash and cash equivalents, term deposits, restricted cash, short-term investments, and accounts receivable, net. The Company's investment policy requires cash and cash equivalents, term deposits, restricted cash, and short-term investments to be placed with high-quality financial institutions and to limit the amount of credit risk from any one issuer. The Company regularly evaluates the credit standing of the counterparties or financial institutions.

(u) Related Parties

A related party is generally defined as (i) any person and or their immediate family hold 10% or more of the Company's securities (ii) the Company's management and/or their immediate family, (iii) someone that directly or indirectly controls, is controlled by or is under common control with the Company, or (iv) anyone who can significantly influence the financial and operating decisions of the Company. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related parties may be individuals or corporate entities. Transactions involving related parties cannot be presumed to be carried out on an arm's length basis, as the requisite conditions of competitive, free market dealings may not exist. Representations about transactions with related parties, if made, shall not imply that the related party transactions were consummated on terms equivalent to those that prevail in arm's length transactions unless such representations can be substantiated.

(v) Earnings (Loss) Per Share

The Company computes earnings per share ("EPS") in accordance with ASC 260, "Earnings per Share". ASC 260 requires companies to present basic and diluted EPS. Basic EPS is measured as net income divided by the weighted average common stock outstanding for the period. Diluted EPS takes into account the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised and converted into ordinary shares. Potential shares of common stock 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.

For the year ended March 31, 2025, the Company had potential shares of common stock issuable upon the exercise of the Representative's Warrants (as defined below). As the Company incurred losses for the year ended March 31, 2025, inclusion of these potential shares of common stock would have reduced the net loss per share. Therefore, these potential shares were excluded from the calculation of diluted net loss per share. For the year ended March 31, 2024, there were no dilutive shares.

(w) Foreign Currencies Translation

Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency using the applicable exchange rates at the balance sheet dates. The resulting exchange differences are recorded in the statement of operations. The reporting currency of the Company is United States Dollar (\$). The Company's subsidiary in Canada maintains its books and records in its local currency, Canadian dollar (CAD), which is the functional currency for this subsidiary as it is the primary currency of the economic environment in which this entity operates.

In general, for consolidation purposes, assets and liabilities of subsidiaries whose functional currency is not United States Dollar are translated into United States Dollar in accordance with ASC Topic 830-30, "Translation of Financial Statement", using the exchange rate on the balance sheet date. Revenues and expenses are translated at average rates prevailing during the period. The gains and losses resulting from translation of financial statements of foreign subsidiaries are recorded as a separate component of accumulated other comprehensive income within the statement of stockholders' equity.

(x) Representative's Warrants

Upon the closing of the IPO in June 2024, the Company issued to Benchmark underwriters warrants (the "Representative's Warrants") to purchase 25,875 shares of common stock which warrants are also exercisable on a cashless basis. The Company accounts for these warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ASC 480, Distinguishing Liabilities from Equity and ASC 815, Derivatives and Hedging. The Company accounts for its warrants as equity that meet all of the criteria (i) require physical settlement or net-share settlement or (ii) give the Company a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement), the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance and subsequent changes in fair value are not recognized as long as the warrants continue to be classified as equity.

(y) Held for Sale

The Company classifies assets and liabilities to be sold (disposal group) as held for sale in the period when all of the applicable criteria are met, including: (i) management commits to a plan to sell, (ii) the disposal group is available to sell in its present condition, (iii) there is an active program to locate a buyer, (iv) the disposal group is being actively marketed at a reasonable price in relation to its fair value, (v) significant changes to the plan to sell are unlikely, and (vi) the sale of the disposal group is generally probable of being completed within one year. Management performs an assessment at least quarterly or when events or changes in business circumstances indicate that a change in classification may be necessary.

Assets and liabilities held for sale are presented separately within the consolidated balance sheets with any adjustments necessary to measure the disposal group at the lower of its carrying value or fair value less costs to sell. For each period the disposal group remains classified as held for sale, its recoverability is reassessed, and any necessary adjustments are made to its carrying value.

The Company does not report the results of operations of a business as discontinued operations as the disposal is not a strategic shift that will have a major effect on its operations and financial results.

(z) Newly adopted accounting pronouncements

In November 2023, the FASB issued ASU 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.” This guidance requires a public entity to disclose for each reportable segment, on an interim and annual basis, the significant expense categories and amounts that are regularly provided to the chief operating decision-maker (“CODM”) and included in each reported measure of a segment’s profit or loss. Additionally, it requires a public entity to disclose the title and position of the individual or the name of the group or committee identified as the CODM. This guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted, and the guidance should be applied retrospectively to all periods presented in the financial statements, unless it is impracticable. The Company adopted the ASU for the fiscal year ending March 31, 2025 and applied retrospectively to all prior periods presented. The adoption of this ASU had no material impact on reportable segments identified and had no effect on the Company’s financial position, results of operations, or cash flows.

(aa) Recent accounting pronouncements not yet adopted

The Company considers the applicability and impact of all accounting standards updates (“ASUs”). Management periodically reviews new accounting standards that are issued. Under the Jumpstart Our Business Startups Act of 2012, as amended (the “JOBS Act”), the Company meets the definition of an emerging growth company and has elected the extended transition period for complying with new or revised accounting standards, which delays the adoption of these accounting standards until they would apply to private companies.

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures.” This guidance requires a public entity to disclose in their rate reconciliation table additional categories of information about federal, state and foreign income taxes and to provide more details about the reconciling items in some categories if the items meet a quantitative threshold. The guidance also requires all entities to disclose annually income taxes paid (net of refunds received) disaggregated by federal (national), state and foreign taxes and to disaggregate the information by jurisdiction based on a quantitative threshold. This guidance is effective for annual periods beginning after December 15, 2024. Early adoption is permitted, and this guidance should be applied prospectively but there is the option to apply it retrospectively. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, “Income Statement – Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, requiring public business entities to disclose additional information about specific expense categories in the notes to the financial statements at interim and annual reporting periods, including purchases of inventory, employee compensation, depreciation, and intangible asset amortization.” The provisions of this update are effective for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, using either a prospective or retrospective approach. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

3 — INVENTORIES, NET

Inventories, net consisted of the following:

	March 31, 2025	March 31, 2024
Batteries	\$ 2,084,890	\$ 1,009,228
Electric Vehicles	3,070,224	2,634,643
Tires	482,364	687,927
Accessories	1,867,365	1,546,283
Inventories	7,504,843	5,878,081
Inventory reserves	(1,107,569)	(514,021)
Inventories, net	<u>\$ 6,397,274</u>	<u>\$ 5,364,060</u>

Movements of inventory reserves are as follows:

	March 31, 2025	March 31, 2024
Beginning balance	\$ 514,021	\$ 431,363
Addition	870,589	456,209
Write off	(277,041)	(373,551)
Ending Balance	<u>\$ 1,107,569</u>	<u>\$ 514,021</u>

As of March 31, 2025 and 2024, the inventory allowance balance was \$1,107,569 and \$514,021, respectively. For the years ended March 31, 2025 and 2024, the impairment loss was \$870,589 and \$456,209, respectively.

4 — PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other current assets as of March 31, 2025 and 2024 consisted of the following:

	March 31, 2025	March 31, 2024
Prepaid rent	\$ 157,683	\$ 179,792
Prepayments to vendors (i)	2,353,105	143,018
Prepaid iCloud Server	—	1,747
Prepaid insurance	214,111	237,207
Prepayments to other service providers	269,693	26,896
Prepaid income tax	18,127	—
Other receivable from third parties (ii)	664,267	—
Total Prepayment and Other Receivables	<u>\$ 3,676,986</u>	<u>\$ 588,660</u>

- (i) As of March 31, 2025 and 2024, the prepayments to vendors were \$2.4 million and \$0.1 million, respectively. The increase in prepayments to vendors was primarily due to the Company's anticipation of growth in future sales and rental services. The Company plans to purchase more E-vehicles and related accessories from overseas and U.S. vendors to support the expansion in retail and rental markets. These prepayments to vendors are expected to be settled by the end of October 2025.
- (ii) On December 17, 2024, the management team approved a plan to sell 100% of its equity interests in subsidiaries FLYMHT INC, FLY14 CORP, EDISONBIKE INC, and FLY6AVE INC to third-party individuals (the "Buyers"). On January 1, 2025, the Company entered into share transfer agreements with the Buyers for total cash consideration of \$635,193. The full consideration should be settled in cash at closing date, which was January 1, 2025. As of March 31, 2025, the Company did not receive any consideration (See Note - 14 — DISPOSAL OF SUBSIDIARIES). As of March 31, 2025, the Company had other receivables of \$29,074 from a third-party individual.

5 — PROPERTY AND EQUIPMENT, NET

Property and equipment as of March 31, 2025 and 2024 consisted of the following:

	March 31, 2025	March 31, 2024
Furniture & Fixtures	\$ 400,080	\$ 400,558
Machinery & Equipment	230,015	212,317
Automobile	669,902	306,607
Leasehold improvements	683,595	976,870
Building (ii)	3,663,215	—
Computer hardware and software (i)	2,310,000	—
Construction in progress-Software	—	275,000
Properties for rental business (iii)	193,963	—
Property and Equipment	<u>8,150,770</u>	<u>2,171,352</u>
Less: Accumulated depreciation	<u>(863,557)</u>	<u>(416,330)</u>
Property and Equipment, net	<u>\$ 7,287,213</u>	<u>\$ 1,755,022</u>

For the years ended March 31, 2025 and 2024, the depreciation expenses were \$631,280 and \$272,708, respectively.

- (i) In December 2023, the Company engaged DFT, a former related party, for certain technology services, such as ERP system. The total contract price for the ERP system is \$2,500,000. The ERP system is fully completed and delivered on May 20, 2025. As of March 31, 2025 and 2024, the accumulative payments to DFT for development of the ERP system were \$2,446,580 and \$1,554,000, respectively. During the fiscal year of 2025, the Company started to use part of the ERP system which was valued at \$2,310,000 and treated that part as computer hardware and software and started for depreciation. As of March 31, 2025 and 2024, construction in progress was nil and \$275,000, respectively, and primarily relating to the cost incurred to develop the software by DFT. As of March 31, 2025 and 2024, the Company had a prepayment of \$136,580 and \$1,279,000, respectively, to DFT (see Note 13 – Long-term prepayment for software development – related parties, net).
- (ii) On August 12, 2024, the Company entered into a purchase agreement with He's Realty Holdings LLC (the "Seller"), a third party, to purchase an office property. The final purchase price of the property was \$3,594,000 and closing cost was \$69,215. The Company paid \$628,211 in cash to the Seller, withdrew \$1,235,004 from its line of credit with Peapack-Gladstone Bank, and financed the remaining \$1,800,000. On August 13, 2024, the Company's subsidiary, AOFL LLC, obtained a one-year short-term loan of \$1,800,000 from He's Realty Holdings LLC with an annual interest rate of 6.5%. The principal amount shall be paid to He's Realty Holdings LLC in one or more installments on or before August 11, 2025, and during the one-year borrowing period, AOFL LLC needs to pay interest of \$9,750 to He's Realty Holdings LLC on a monthly basis. The collateral provided was the office purchased by AOFL LLC. The loan was paid off in full on November 29, 2024.
- (iii) In October 2024, the Company started to offer rental services through its subsidiaries, GOBIKE INC, in New York, FLYLA INC, in Log Angeles, and FLYTORONTO CORP, in Toronto. The rental term is from one hour to one month. In New York, the Company offers a single model of E-Bike for rent, FLY 11 PRO GOFLY as of the date of this report. In Log Angeles, the Company offers 31 types of E-Bikes and E-scooters for rent, including FLY AIR2, FLY TANK, and FLY 11 PRO. In Toronto, the Company offers three types of E-Bikes for rent, FLY 7, FLY 11, and FLY 11 PRO.

6 — INTANGIBLE ASSETS, NET

Intangible assets as of March 31, 2025 and 2024 consisted of the following:

	March 31, 2025	March 31, 2024
Property rights	\$ 92,604	\$ 38,032
GO FLY App	500,000	—
Total Intangible assets	592,604	38,032
Less: Accumulated Amortization	(66,739)	(1,648)
Intangible assets, net	<u>\$ 525,865</u>	<u>\$ 36,384</u>

For the years ended March 31, 2025 and 2024, the amortization expenses were \$65,091 and \$1,648, respectively.

In July 2024, the Company engaged DFT, a former related party, to develop a new APP, GO FLY APP, for the rental business. The total contract price for the GO FLY APP is \$500,000, and the GO FLY APP was delivered on September 5, 2024.

7 — ACCRUED EXPENSES AND OTHER PAYABLES

	March 31, 2025	March 31, 2024
Accrued payroll	\$ 62,068	\$ 121,120
Advances from customers	28,144	25,099
Advances from IGH Holding Inc	49,000	49,000
Accrued warranty	20,131	27,714
Payroll tax and sales tax payable	113,601	245,226
Accrued store expenses	58,044	21,975
Accrued IPO offering cost	—	225,000
Accrued freight in cost	35,980	107,255
Accrued UL penalty ⁽ⁱ⁾	1,000,000	—
Accrued professional fee	—	103,000
Accrued Expenses and Other Current Liabilities	<u>\$ 1,366,968</u>	<u>\$ 925,389</u>

(i) See Note 12 — Commitments and contingencies

8 — LOAN PAYABLE

A summary of the Company's loans is listed as follows:

Lender	Due Date	March 31, 2025	March 31, 2024
Chase Bank ⁽ⁱ⁾	October 25, 2027	—	176,366
Chase Bank ⁽ⁱⁱ⁾	January 12, 2028	301	56,580
Chase Bank ^(vii)	September 28, 2028	—	221,197
Leaf Capital Funding, LLC ⁽ⁱⁱⁱ⁾	September 30, 2027	34,620	46,856
Sinoelite Corp ^(iv)	April 3, 2024	—	100,000
Automobile Loan – Honda ^(v)	June 25, 2027	20,353	28,833
Bank of Hope ^(vi)	September 15, 2024	—	391,227
Bank of Hope ^(vi)	September 22, 2024	—	400,000
Bank of Hope ^(vi)	December 12, 2024	—	205,000
Milea Truck Sales of Queens Inc. ^(viii)	August 22, 2027	106,093	—
Milea Truck Sales of Queens Inc. ^(viii)	July 26, 2027	76,779	—
Peapack-Gladstone Bank ^(ix)	August 31, 2025	4,936,058	—
Veocity Commercial Capital, LLC ^(x)	December 1, 2054	1,927,729	—
AOWINV LLC ^(xi)	December 1, 2054	255,000	—
Total loan payables		7,356,933	1,626,059
Short-term loan payables		(5,191,058)	—
Current portion of long-term loan payables		(100,835)	(1,213,242)
Long-term loan payables		\$ 2,065,040	\$ 412,817

- (i) On October 25, 2022, the Company's subsidiary, Universe King Corp. obtained a five-year long-term loan of \$230,000 from JPMorgan Chase Bank, N.A. with an annual interest rate of 10.35%. Mr. Ke Zhang, the Company's Chief Human Resource Officer, provided a guarantee on this loan. To secure payment and performance of the liabilities, Universe King Corp. pledged to JPMorgan Chase Bank, N.A., a continuing security interest in all of its right, title and interest in all of its properties, whether now owned or hereinafter acquired and whether now existing or hereafter arising. On August 9, 2024, the Company paid off this loan in full.
- (ii) On January 12, 2023, the Company's subsidiary, Arfy Corp. obtained a five-year long-term loan of \$70,000 from JPMorgan Chase Bank, N.A. with an annual interest rate of 9.8%. Mr. Tong Chen, an original stockholder of the Company, provided a guarantee on this loan. To secure payment and performance of the liabilities, Arfy Corp. pledged to JPMorgan Chase Bank, N.A., a continuing security interest in all of its right, title and interest in all of its properties, whether now owned or hereinafter acquired and whether now existing or hereafter arising. On August 9, 2024, the Company paid \$52,069 and as of March 31, 2025, the outstanding balance is \$301.
- (iii) On August 24, 2022, Universe King Corp. obtained a five-year long-term loan of \$63,674 from Leaf Capital Funding, LLC with an annual interest rate of 7.0%. The collateral provided included the Fuso trucks, whether now owned or hereafter acquired by Universe King Corp., and together with all accessories, accessions, attachments thereto, and all other substitutions, renewals, replacements and improvements and all proceeds of the foregoing. As of March 31, 2025, the outstanding balance is \$34,620. From April 1 to July 15, 2025, the Company paid \$3,785 on principal and interest of the loan.
- (iv) On January 3, 2023, Fly E-Bike, Inc. obtained a one-year and three-month long-term loan of \$100,000 from Sinoelite Corp with no interest. On April 25, 2024, the Company paid off this loan in full.
- (v) On June 12, 2023, Flyebikemiami Inc obtained a four-year long-term loan of \$34,974 from AutoNation Honda Miami Lakes with an annual interest rate of 3.98%. The collateral provided was the Honda vehicle purchased by Flyebikemiami Inc. As of March 31, 2025, the outstanding balance is \$20,353. From April 1 to July 15, 2025, the Company paid \$2,368 on principal and interest of the loan.

- (vi) On September 20, 2023, Fly-E Group, Inc obtained a line of credit of \$1,000,000 from Bank of Hope with a floating annual interest rate, currently at 8.5%. On the same date, the Company withdrew \$391,226 from Bank of Hope to pay off the loan balance with Flushing Bank as of September 15, 2023. On September 22, 2023 and December 12, 2023, the Company withdrew \$400,000 and \$205,000, respectively, from Bank of Hope to support its business operations. Mr. Zhou Ou, the Company's Chief Executive Officer, and Mr. Ke Zhang, the Company's Chief Human Resource Officer, provided a guarantee on this loan. To secure payment and performance of the liabilities, Fly-E Group pledged to Bank of Hope the following items: inventory, chattel paper, accounts, equipment, and general intangibles of first 29 incorporated subsidiaries of the Company. On August 9, 2024, the Company paid off this loan in full.
- (vii) On October 2, 2023, the Company's subsidiary, Fly14 Corp. obtained a five-year long-term loan of \$240,000 from JPMorgan Chase Bank, N.A. with an annual interest rate of 10.40%. To secure payment and performance of the liabilities, Fly14 Corp. pledged to JPMorgan Chase Bank, N.A., a continuing security interest in all of its rights, title and interest in all of its properties, whether now owned or hereinafter acquired and whether now existing or hereafter arising. On August 9, 2024, the Company paid off this loan in full.
- (viii) On August 22, 2024, Fly E-Bike, Inc. obtained a three-year long-term loan of \$128,132 from Milea Truck Sales of Queens Inc. with an annual interest rate of 9.90%. The collateral provided was the FTR 2025 vehicle purchased by Fly E-Bike, Inc. As of March 31, 2025, the outstanding balance is \$106,093. From April 1 to July 15, 2025, the Company paid \$12,385 on principal and interest of the loan.

On July 26, 2024, Fly E-Bike, Inc. obtained a three-year long-term loan of \$96,506 from Milea Truck Sales of Queens Inc. with an annual interest rate of 7.03%. The collateral provided was the NRR-CAB 2025 vehicle purchased by Fly E-Bike, Inc. As of March 31, 2025, the outstanding balance is \$76,779. From April 1 to July 15, 2025, the Company paid \$8,943 on principal and interest of the loan.

- (ix) On August 5, 2024, Fly-E Group, Inc obtained a line of credit of \$5 million from Peapack-Gladstone Bank with a floating annual interest rate and the current annual interest rate is 8.8%. On August 5, 2024, the Company withdrew from this line of credit to pay off the outstanding principal and interest of loans from Bank of Hope in total of \$996,476 and the loan from JPMorgan Chase Bank, N.A obtained by Fly14 Corp in total of \$208,601. On August 6, 2024, the Company withdrew in total \$214,905 from this line of credit to pay off the outstanding principal and interest of loans from JPMorgan Chase Bank, N.A. From August 7, 2024 to August 19, 2024, the Company withdrew \$3,490,000 from the line of credit. Mr. Zhou Ou, the Company's Chief Executive Officer, and Mr. Ke Zhang, the Company's Chief Human Resource Officer, provided a guarantee on this loan. To secure payment and performance of the liabilities, Fly-E Group granted Peapack-Gladstone Bank a continuing lien on and security interest in all assets of the Company, including accounts, chattel paper, documents, instruments, inventory, general intangibles, equipment, fixtures, deposit accounts, goods, letter-of-credit rights, supporting obligations, investment property, commercial tort claims, property in the Lender's possession, additions, and proceeds of first 39 incorporated subsidiaries of the Company. From January 1 to February 19, 2025, the Company paid \$102,492 on interest of the line of credit.
- (x) On November 27, 2024, the Company's subsidiary, AOFL LLC (the "borrower") obtained four thirty-year long-term loans of \$525,000, \$560,000, \$595,000, and \$420,000, respectively, from Veicity Commercial Capital, LLC (the "lender") with an annual interest rate of 11.24%. The lender charged a total of \$170,933 loan settlement fees for closing the loan which included attorney fee, escrow fee, origination fee, and so on. The Company amortized the \$170,933 over the loan term. To secure payment and performance of the liabilities, AOFL LLC pledged to Veicity Commercial Capital, LLC a continuing lien on and security interest in any and all deposits or other sums at any time credited by or due from lender to the borrower and any cash, securities, instruments or other property of the borrower in the possession of lender. From April 1 to July 15, 2025, the Company paid \$61,142 on principal and interest of the loan.

On August 13, 2024, the Company's subsidiary, AOFL LLC, obtained a one-year short-term loan of \$1,800,000 from He's Realty Holdings LLC with an annual interest rate of 6.5%. The principal amount shall be paid to He's Realty Holdings LLC in one or more installments on or before August 11, 2025, and during the one-year borrowing period, AOFL LLC only needs to pay interest of \$9,750 to He's Realty Holdings LLC on a monthly basis. The collateral provided was the office purchased by AOFL LLC. The loan was paid off in full on November 29, 2024.

- (xi) On February 10, 2023, Fly E-Bike, Inc. obtained a five-month short-term loan of \$255,000 from AOWINV LLC with no interest. On June 10, 2025, the Company paid off this loan in full.

For the years ended March 31, 2025 and 2024, the total interest expenses on the Company's outstanding loans amounted to \$405,615 and \$152,050, respectively. The weighted average interest rate on short-term borrowings outstanding as of March 31, 2025 and 2024 was 13.1% and nil, respectively.

9 — STOCKHOLDER’S EQUITY

Prior to the effectiveness of the 2024 Stock Split and 2025 Reverse Stock Split discussed below, the Company was authorized to issue 400 shares of common stock having a par value of \$0.01 per share and 40 shares of preferred stock having a par value of \$0.01 per share. There were 200 shares of common stock were issued and outstanding prior to the effectiveness of the stock splits.

2024 Stock Split

On March 27, 2024, the Company’s board of directors approved a 1-for-110,000 stock split of the Company’s capital stock. The stock split became effective on April 2, 2024. The par value of the Company’s common stock remained unchanged at \$0.01 per share, and the number of authorized shares of the Company’s capital stock was increased from 440 to 48,400,000, with the number of authorized shares of common stock and preferred stock being increased from 400 to 44,000,000 and from 40 to 4,400,000, respectively. On June 7, 2024, the Company amended and restated the certificate of incorporation to authorize the Company to issue up to 110,000,000 shares. The par value of the Company’s common stock remained unchanged at \$0.01 per share, and the number of authorized shares of the Company’s capital stock increased to 110,000,000, with the number of authorized shares of common stock and preferred stock being increased 100,000,000 and 10,000,000, respectively. On March 10, 2025, the Company amended and restated the certificate of incorporation to authorize the Company to increase the authorized shares of common stock of the Company from 100,000,000 shares to 300,000,000 shares. The par value of the Company’s common stock remained unchanged at \$0.01 per share.

On June 7, 2024, the Company completed its initial public offering and issued 450,000 shares of common stock, at a price of \$20.00 per share. The gross proceeds of the offering were \$9.0 million, prior to deducting the underwriting discounts, commissions and offering expenses payable by the Company. In addition, the Company granted the underwriters a 30-day option to purchase an additional 67,500 shares of common stock at the initial public offering price, less underwriting discounts and commissions, to cover over-allotments. On June 25, 2024, the Company issued an additional 67,500 shares of common stock to the underwriters for gross proceeds of \$1.4 million upon full exercise of the underwriters’ over-allotment option. Net proceeds received by the Company from the initial public offering, including the exercise of over-allotment option, were approximately \$9.2 million.

2025 Reverse Stock Split

On July 3, 2025, the Company implemented a 1-for-5 reverse stock split of its issued and outstanding shares of common stock. The reverse stock split reduced the number of shares of common stock issued and outstanding from 24,587,500 to 4,917,500 as of March 31, 2025. The par value per share remained unchanged at \$0.01.

The reverse stock split was accounted for retrospectively in the accompanying consolidated financial statements and notes for all periods presented. All references to the number of shares of common stock, including per share amounts, have been adjusted to reflect the reverse stock split.

Upon the closing of IPO offering in June 2024, the Company issued to Benchmark the representative of the underwriters warrants to purchase 25,875 shares of common stock. The Representative’s Warrants have an exercise price equal to \$20.00 per share and are exercisable until the date on June 7, 2029, after the date of commencement on December 7, 2024. The Representative’s Warrants are also exercisable on a cashless basis. As the Representative’s Warrants are considered indexed to the Company’s own stock and meet the criteria for equity classification according to ASC:815-40, the Representative’s Warrants are classified as equity. None of the Representative’s Warrants were exercised as of March 31, 2025.

The fair value of the warrant, using the Black-Scholes Model on the date of issuance was \$274,472. The key inputs into the Black-Scholes Model variables were as follows at measurement date:

	June 7, 2024
Stock price	\$ 20.00
Risk-free interest rate	4.46%
Volatility	56.52%
Exercise price	\$ 20.00
Dividend yield	\$ —

The stock price and exercise prices stated herein have been retroactively adjusted to reflect the reverse stock split that occurred in July 2025.

The following table summarizes the Company's activities and status of the Representative's Warrants:

	Number of Warrant	Weighted Average Exercise Price	Weighted Average Remaining Term (Years)
Outstanding as of March 31, 2024	—	—	—
Issued	25,875	\$ 20.00	4.2
Exercised	—	—	—
Forfeited or expired	—	—	—
Outstanding as of March 31, 2025	25,875	\$ 20.00	4.2

The number of shares and warrants, as well as the exercise prices stated herein, have been retroactively adjusted to reflect the reverse stock split that occurred in July 2025.

As of March 31, 2025 and 2024, the subscription receivable represents the unpaid capital contribution of \$219,998 by the stockholders.

During the year ended March 31, 2024, Mr. Ou paid certain vendors of the Company to settle certain accounts payable balance on behalf the Company. On June 30, 2023, the Company transferred \$2.26 million, a portion of the accounts payable balance, along with a cash contribution of \$0.14 million from Mr. Zhou Ou as capital contribution (see Note 13). On June 30, 2023, a total of \$2.4 million were transferred and recorded as capital contribution (see Note 13).

10 — INCOME TAX

(a) Income Tax Expense

The company conduct business both domestically and internationally and, as a result, the parent company and most of its subsidiaries file a consolidated income tax return in U.S. federal, U.S. states and U.S. Cities, and one of the subsidiaries files a foreign income tax return in certain foreign jurisdictions.

The Company will file a consolidated annual U.S. federal tax return for tax year ending March 31, 2025, as well as combined tax returns for New Jersey, New York State, Florida, Texas, California, District of Columbia, Massachusetts, Maryland, and New York City. Most subsidiaries of the Company were incorporated in the State of New York and are subject to the U.S. federal corporate income taxes with a tax rate of 21.0%. The State of New York levies a corporate income tax rate of 8.45% on state-level earnings. In addition, a sum of fixed dollar minimum taxes is imposed on the taxable group members, in accordance with their gross receipts within the State of New York. The City of New York levies a 6.50% city corporate income tax, along with a sum of fixed dollar minimum taxes, applied to taxable group members based on their gross receipts within the city. Five of the Company's subsidiaries are located in New Jersey, which imposes a state income tax rate of 9.0%. Two of the Company's subsidiaries is located in Florida, which imposes a state income tax rate of 5.5%. Two subsidiaries of the Company are located in Texas, which imposes a state income tax rate of 0.75% on the appointed state revenue. One of the Company's subsidiaries is located in California, which imposes a state income tax rate of 8.84%. One of the Company's subsidiaries is located in District of Columbia, which imposes a state income tax rate of 8.25%. One of the Company's subsidiaries is located in Massachusetts, which imposes a state income tax rate of 8.25%. One of the Company's subsidiaries is located in Maryland, which imposes a state income tax rate of 8.00%.

The Company's wholly owned foreign subsidiary in Canada will file a Canadian federal tax return for tax year ending March 31, 2025, as well as Ontario state tax return. It is subject to the Canadian federal corporate income taxes with a tax rate of 15.0% and Ontario state corporate income taxes with a tax rate of 11.5%.

Income tax on unappropriated earnings is accrued during the period the earnings arise and adjusted to the extent that distributions are approved by the stockholders in the following year.

Income tax expense for the years ended March 31, 2025 and 2024 amounted to \$0.34 million and \$1.18 million, respectively. Significant components of the provision for income taxes are as follows:

	For the years ended March 31,	
	2025	2024
Current		
Federal	\$ 94,113	\$ 474,445
State	183,598	297,885
City	123,284	234,510
Deferred		
Federal	(4,000)	158,300
State	1,000	36,300
City	(2,000)	21,500
Foreign	(59,829)	(40,007)
Total	\$ 336,166	\$ 1,182,933

The provision for income taxes is based on the following pretax income (loss):

	For the years ended March 31,	
	2025	2024
U.S.	\$ (4,690,634)	\$ 3,275,797
Canada	(264,359)	(197,642)
Total	<u>\$ (4,954,993)</u>	<u>\$ 3,078,155</u>

For the years ended March 31, 2025, the total pre-tax loss was \$4.9 million, which included \$4.7 million pre-tax loss in the U.S. and \$0.2 million pre-tax loss in Canada. For the year ended March 31, 2024, the total pre-tax income was \$3.1 million, which included \$3.3 million pre-tax income in U.S. and \$0.2 million pre-tax loss in Canada.

The following table reconciles to the Company's effective tax rate:

	For the years ended March 31,	
	2025	2024
Pre-tax book (loss) income	\$ (4,954,993)	\$ 3,078,155
Federal Statutory rate	21.0%	21.0%
State income tax rate, net of federal income tax benefit	4.6%	7.9%
City income tax rate, net of federal income tax benefit	5.5%	5.0%
Foreign statutory rate	0.4%	—
Permanent differences	(1.2)%	5.2%
Valuation allowance of deferred tax assets	(34.6)%	—
Return to project adjustment	(2.5)%	(0.8)%
Total	<u>(6.8)%</u>	<u>38.3%</u>

Penalties and interest incurred related to underpayment of income tax are classified as income tax expenses in the period incurred. For the years ended March 31, 2025 and 2024, the Company accrued \$30,301 and \$60,487 income tax related penalty included in current income taxes expenses, respectively.

United States

Income tax expense for the year ended March 31, 2025 and 2024 amounted to \$0.40 million and \$1.22 million, respectively.

Significant components of the provision for income taxes are as follows:

	For the Years Ended March 31,	
	2025	2024
Current		
Federal	\$ 94,113	\$ 474,445
State	183,598	297,885
City	123,284	234,510
Deferred		
Federal	(4,000)	158,300
State	1,000	36,300
City	(2,000)	21,500
Total	<u>\$ 395,995</u>	<u>\$ 1,222,940</u>

Canada

Fly Toronto Corp, a subsidiary of the Company, was formed under the laws of Canada and conducts its business primarily in Canada.

Income tax benefit for the year ended March 31, 2025 and 2024 amounted to \$59,829 and 40,007, respectively. Significant components of the provision for income taxes are as follows:

	For the Years Ended March 31,	
	2025	2024
Current		
Federal	\$ —	\$ —
State	—	—
City	—	—
Deferred		
Federal	(33,866)	(22,845)
State	(25,963)	(17,515)
City	—	353
Total	<u>\$ (59,829)</u>	<u>\$ (40,007)</u>

(b) Deferred Tax Assets (Liabilities)

Net DTAs as of March 31, 2025 and 2024 amounted to \$94,983 and \$35,199, respectively. Significant components of DTAs (DTLs), net are as follows:

	As of March 31, 2025	As of March 31, 2024
Net operating loss carry forwards	\$ 1,506,378	\$ 40,332
Inventory reserve	410,000	186,000
Operating right-of-use liability	4,837,000	5,810,000
Amortization difference	10,000	—
Total deferred tax assets (DTAs)	<u>6,763,378</u>	<u>6,036,332</u>
Valuation allowance	(1,714,000)	—
Deferred tax assets, net of valuation allowance	<u>\$ 5,049,378</u>	<u>\$ 6,036,332</u>
Accumulated depreciation	(460,395)	(482,133)
Operating lease right-of-use assets	(4,494,000)	(5,519,000)
Total deferred tax liabilities (DTLs)	<u>(4,954,395)</u>	<u>(6,001,133)</u>
Deferred tax assets, net	<u>\$ 94,983</u>	<u>\$ 35,199</u>
Deferred tax assets (liabilities) – U.S., net	\$ —	\$ (5,000)
Deferred tax assets – Canada, net	<u>\$ 94,983</u>	<u>40,199</u>

As of March 31, 2025 and 2024, the Company had approximately \$5.0 million and \$6.0 million, respectively, in the DTAs, which respectively included approximately \$1.5 million and \$40,332 related to net operating loss carryforwards that can be used to offset taxable income in future periods, \$4.8 million and \$5.8 million related to lease liability, and \$0.4 million and \$0.2 million related to inventory allowance.

As of March 31, 2025 and 2024, the Company had approximately \$5.0 million and \$6.0 million, respectively, which included \$0.5 million and \$0.5 million, respectively, in the DTLs that related to accumulated depreciation and \$4.5 million and \$5.5 million related to ROU assets.

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards. As of March 31, 2025 and 2024, the Company recorded approximately \$94,983 and \$40,199, respectively, in the net DTAs. The tax losses in Canada can be carried forward for twenty years to offset future taxable profit. The tax losses of entities in Canada will begin to expire in 2044, if not utilized. As of March 31, 2025, management considered it more likely than not that the Company will have sufficient taxable income in the future that will allow the Company to realize these net DTAs.

As a result of the Tax Cuts and Jobs Act (TCJA), US NOLs arising after December 31, 2017, may be carried forward indefinitely and can offset only up to 80% of taxable income in any future year. Based upon the Company's recent taxable loss history, the Company performed an analysis and determined that it was necessary to establish a valuation allowance of \$1,714,000 with respect to its net deferred income tax assets as of and for the fiscal year ended March 31, 2025.

Uncertain Tax Positions

The Company evaluates each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measures the unrecognized benefits associated with the tax positions. As of March 31, 2025 and 2024, the Company did not have any significant unrecognized uncertain tax positions.

11 — LEASES

The Company adopted Topic 842 for all periods presented. At the inception of a contract, the Company determines if the arrangement is, or contains, a lease. The leases of the Company mainly consisted of offices, retail stores, and warehouses.

The Company's operating right-of-use ("ROU") assets and lease liabilities were as follows:

	March 31, 2025	March 31, 2024
Operating ROU:		
ROU assets	\$ 10,933,068	\$ 16,000,742
Total operating ROU assets	<u>\$ 10,933,068</u>	<u>\$ 16,000,742</u>
	March 31, 2025	March 31, 2024
Operating lease obligations:		
Current operating lease liabilities	\$ 2,617,762	\$ 2,852,744
Non-current operating lease liabilities	9,106,928	13,986,879
Total lease liabilities	<u>\$ 11,724,690</u>	<u>\$ 16,839,623</u>

The Company had 36 and 38 leases as of March 31, 2025 and 2024, respectively.

The weighted average lease term, discount rates, and remaining lease terms for the operating leases as of March 31, 2025 were as follows:

Remaining lease term and discount rate:

Weighted average discount rate	7.2%
Weighted average remaining lease term (years)	4.67 years

The weighted average lease term, discount rates, and remaining lease terms for the operating leases as of March 31, 2024 were as follows:

Remaining lease term and discount rate:

Weighted average discount rate	6.4%
Weighted average remaining lease term (years)	5.51 years

The Company leases its offices, warehouse, and retail stores under non-cancellable operating lease agreements. During the year ended March 31, 2025, lease expenses were \$4.3 million, including \$1.4 million in cost of goods-occupancy cost, \$2.9 million in rent expense included in selling expense, and \$62,527 in rent expense in general and administrative expense. During the year ended March 31, 2024, lease expenses were \$3.3 million, including \$0.7 million in cost of goods-occupancy cost, \$2.4 million in rent expense in selling expense, and \$0.2 million in rent expense in general and administrative expense.

For the year ended March 31, 2025, the Company terminated 12 leases.

As of March 31, 2025, future minimum lease liabilities, all under office and facilities non-cancellable operating lease agreements, were as follows:

As of March 31	Operating Lease Liabilities
2025	\$ 3,355,040
2026	3,293,360
2027	2,914,613
2028	2,421,343
2029	700,849
Thereafter	1,126,233
Total lease payments	13,811,438
Less: interest	(2,086,748)
Present value of lease liabilities	<u>\$ 11,724,690</u>

12 — COMMITMENTS AND CONTINGENCIES

Commitments

The Company has not entered any off-balance sheet financial guarantees or other off-balance sheet commitments to guarantee the payment obligations of any third parties. The Company has not entered any derivative contracts that are indexed to its shares and classified as shareholder's equity or that are not reflected in its consolidated financial statements. Furthermore, the Company does not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. The Company does not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to itself or engages in leasing, hedging or product development services with itself.

Contingencies

Legal

From time to time, the Company is a party to certain legal proceedings, as well as certain asserted and unasserted claims. Amounts accrued, as well as the total amount of reasonably possible losses with respect to such matters, individually and in the aggregate, are not deemed to be material to the consolidated financial statements.

The Company's products and other production facilities as well as the packaging, storage, distribution, advertising and labeling of its products, are subject to extensive legal and regulatory requirements. For example, pursuant to the DMV registration requirement, the Company must satisfy the DMV Registration requirements and conduct required testing for all of its products sold in U.S. Loss of or failure to renew or obtain necessary permits, licenses, registrations, or certificates could prevent the Company from legally selling its products in the U.S. If the Company were found to be in violation of applicable laws and regulations, it could be subject to administrative punishment, including fines, injunctions, recalls or asset seizures, as well as potential criminal sanctions, any of which could have a material adverse effect on its business, financial condition, results of operations and prospects. As of the date hereof, the Company believes it is in compliance with the relevant regulations in the U.S.

UL Litigation

On or about March 12, 2025, UL LLC ("UL") filed a complaint against the Company, along with the Company's certain subsidiaries and certain individuals, in the Eastern District of New York (the "Complaint"). The Complaint alleges that the Company improperly used UL's trademark by claiming certain products were certified by UL. On May 21, 2025, the Company and UL LLC ("UL") entered into a settlement and release agreement (the "Settlement Agreement") on mutually acceptable settlement terms. Pursuant to the Settlement Agreement, the Company agreed to pay UL an aggregate amount of \$1,000,000 before November 30, 2025 (Refer to Note 7 — Accrued Expenses and other payables). From May 28 to July 15, 2025, the Company paid \$350,000 to UL.

Inflation

Inflationary factors, such as increases in personnel and overhead costs, could impair the Company's operating results. Although the Company does not believe that inflation has had a material impact on the Company's financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on the Company's ability to maintain current levels of gross margin and operating expenses as a percentage of sales revenue if the revenues do not increase with such increased costs.

13 — RELATED PARTY TRANSACTIONS

(A) Related party balances

Accounts receivable, net — related parties

Name of Related Party	Relationship	Nature	March 31, 2025	March 31, 2024
Fly E Bike SRL	Zhou Ou (CEO), owns over 50% equity interest of this entity	Accounts receivable	\$ 78,565	\$ 326,914
Accounts receivable – related parties			78,565	326,914
Less: Allowance for credit loss			41,100	—
Accounts receivable, net - related parties			<u>\$ 37,465</u>	<u>\$ 326,914</u>

During the year ended March 31, 2025, the Company received \$290,359 from Fly E Bike SRL. The Company accrued \$41,100 credit losses during the year ended March 31, 2025.

Prepayments and other receivables — related parties

Name of Related Party	Relationship	Nature	March 31, 2025	March 31, 2024
Fly E Bike SRL	Zhou Ou (CEO), owns over 50% equity interest of this entity	Other receivables	\$ —	\$ 180,256
PJMG LLC	Ruifeng Guo (former CFO who resigned on November 6, 2024), owns over 50% equity interest of this entity	Prepayments	120,000	60,000
Prepayments and other receivables – related parties			<u>\$ 120,000</u>	<u>\$ 240,256</u>

During the year ended March 31, 2025, the Company advanced nil to Fly E Bike SRL, a distributor the Company works with and in which Mr. Ou holds over 50% of the equity interest. This advance is unsecured, bears no interest and does not have a maturity date. On June 12, 2024, the Company received \$180,256 from Fly E Bike SRL. On April 1, 2023, the Company agreed to retain the services of PJMG, a company in which Mr. Guo, the Company's former CFO who resigned on November 6, 2024, holds over 50% of the equity interests as a consultant following the completion of its IPO. PJMG was engaged to provide compliance consulting services related to accounting, finance, and management, as well as to oversee market planning and development, follow-on fundraising, and investor relationship management from June 2024 to May 2025. The service fee is \$45,000 for the first month and from the second month the fees will be \$15,000 per month. To secure these services, the Company prepaid a total of \$120,000 to PJMG as of March 31, 2025. From August 9, 2024 to September 17, 2024, the Company advanced \$480,000 to Mr. Ou, Chairman and CEO of the Company, for personal use. This advance is unsecured, bears no interest and does not have a maturity date. As of March 31, 2025, the advance was paid back in full.

Long-term prepayment for software development – related parties, net

Name of Related Party	Relationship	Nature	March 31, 2025	March 31, 2024
DF Technology US Inc	Ruifeng Guo (former CFO who resigned on November 6, 2024), owns over 50% equity interest of this entity	Long-term prepayment for software development	\$ 136,580	\$ 1,279,000
Long-term prepayment for software development — related parties, net			<u>\$ 136,580</u>	<u>\$ 1,279,000</u>

In December 2023, the Company engaged DFT for development of certain technology services. Mr. Guo, the Company's former CFO who resigned on November 6, 2024, owns over 50% of the equity interest in DFT. As of March 31, 2025 and 2024, the Company paid \$136,580 and \$1,279,000 to DFT as prepayment for software development, respectively. During the fiscal year of 2025, the Company started to use part of the ERP system which was valued at \$2,310,000 and treated that part as computer hardware and software and started for depreciation. As of March 31, 2025 and 2024, construction in progress was nil and \$275,000, respectively (see Note 5 – Property and Equipment).

Other payables — related parties

Name of Related Party	Relationship	Nature	March 31, 2025 ⁽ⁱ⁾	March 31, 2024 ⁽ⁱ⁾
Zhou Ou	Chairman, CEO of the Company	Other payable	\$ —	\$ 92,229
Other Payables-related parties			<u>\$ —</u>	<u>\$ 92,229</u>

(i) Represents the remaining balance of the advance provided by the related party to the Company's subsidiaries for the purpose of supporting their business operations.

All of the above payables are unsecured, non-interest bearing, and due on demand. The Company paid a total of \$92,229 and \$290,252 to Mr. Zhou Ou during the years ended March 31, 2025 and 2024, respectively.

(B) Related party transactions

Revenues — related parties

Name of Related Party	Relationship	Nature	For the Years Ended March 31	
			2025	2024
Fly E Bike SRL	Zhou Ou (CEO), owns over 50% equity interest of this entity	Product sales	\$ 42,010	\$ 326,914
Revenues — related parties			<u>\$ 42,010</u>	<u>\$ 326,914</u>

During the years ended March 31, 2025 and 2024, Fly E Bike SRL, a distributor the Company works with and in which Mr. Ou holds over 50% of the equity interest, purchased certain EV products from the Company in the amount of \$42,010 and \$326,914, respectively.

Purchase of Intangible Assets — related parties

Name of Related Party	Relationship	Nature	March 31, 2025	March 31, 2024
DF Technology US Inc	Ruifeng Guo (former CFO who resigned on November 6, 2024), owns over 50% equity interest of this entity	Purchase of Software	\$ 500,000	\$ —
Purchase of Intangible Assets — related parties			<u>\$ 500,000</u>	<u>\$ —</u>

In December 2023, the Company engaged DFT for development of certain technology services. Mr. Guo, the Company's former CFO who resigned on November 6, 2024, owns over 50% of the equity interest in DFT. In July 2024, the Company engaged DFT for development of a new APP, GO FLY APP, for the rental business. The total contract price for the GO FLY APP is \$500,000, and the GO FLY APP was delivered on September 5, 2024.

(C) Other Related Party Transactions

On March 6, 2021, the Company and DGLG entered into an engagement letter, pursuant to which the Company engaged DGLG as a consultant to assist the Company in its IPO planning, financing and tax services. Mr. Guo, the Company's former CFO who resigned on November 6, 2024, is a partner at DGLG. Under the terms of the engagement agreement with DGLG, the Company has agreed to compensate DGLG for consulting services based on an hourly fee arrangement. DGLG's consulting fees were \$225,000 and \$100,000 for the years ended March 31, 2025 and 2024, respectively. In addition, during the year ended March 31, 2025 and 2024, the Company paid DGLG a total of \$61,050 and \$123,000 for tax services, including sales tax services, payroll tax services, and income tax services, rendered by DGLG, respectively.

On April 1, 2023, the Company agreed to retain the services of PJMG, a company in which Mr. Guo, the Company's former CFO who resigned on November 6, 2024, holds over 50% of the equity interests as a consultant following the completion of its IPO. To secure these services, the Company prepaid a total of \$120,000 to PJMG as of March 31, 2025. During the year ended March 31, 2025, the Company paid PJMG a total of \$372,047 for consulting services. \$312,047 was expensed as consulting expenses during the year ended March 31, 2025.

During the year ended March 31, 2025, the Company committed to the disposal of certain subsidiaries. The decision was driven by two primary factors: (1) to simplify the Company's legal and operational structure, and (2) to create a more streamlined and transparent organizational structure, thereby reducing the complexity of consolidation across auditing, finance, and tax reporting. These subsidiaries were not part of a strategic exit from the New York region or the retail industry. Rather, the disposal was intended to enhance administrative efficiency and align the Company's structure with its long-term operational goals.

In December, 2024, the Company decided to proceed with the disposal plan and sell 100% of its equity interests in subsidiaries FLYMHT INC, FLY14 CORP, EDISONEBIKE INC, and FLY6AVE INC to third-party individuals (the "Buyers"). On January 1, 2025, the Company entered into share transfer agreements with the Buyers. Pursuant to the terms of the agreements, the Company agreed to sell, transfer, and assign all its rights, title, and interests in the shares of the subsidiaries to the Buyers, free and clear of all liens and encumbrances. The Buyers agreed to purchase the shares for total cash consideration of \$635,193. There were no contingent payments, earn-outs, or post-closing adjustments specified in the agreements. There was \$84,302 gain from this disposal. As of March 31, 2025, the Company did not receive any consideration from the third parties. In June, 2025, the Company received \$103,000 from the Buyers.

On March 11, 2025, the management team approved to sell 100% of its equity interests in subsidiaries FLYEBIKE BROOKLYN INC, FLYMHT659 INC, and FLYBX745 INC to third-party individuals (the "Buyers"). On April 1, 2025, the Company entered into share transfer agreements with the Buyers. Pursuant to the terms of the agreements, the Company agreed to sell, transfer, and assign all its rights, title, and interests in the shares of the subsidiaries to the Buyers, free and clear of all liens and encumbrances. The Buyers agreed to purchase the shares for total cash consideration of \$310,055. There were no contingent payments, earn-outs, or post-closing adjustments specified in the agreements. In June 2025, the Company received \$30,000 from the Buyers.

The disposal of these subsidiaries were not considered discontinued operations under ASC 205-20, as their disposal did not represent a strategic shift that had a major effect on the Company's operations and financial results.

As of March 31, 2025, the Company had classified the assets and liabilities of the subsidiaries that were sold on April, 1, 2025 as held for sale in accordance with ASC 360-10. The classification criteria were met when the management committed to a plan to sell.

Summarized Held for Sale Financial Information

A summary of the carrying amounts of major classes of assets and liabilities, which are included in assets and liabilities held for sale in the consolidated balance sheet, is as follows:

	March 31, 2025
ASSETS	
Cash	\$ 61,548
Inventories, net	195,192
Prepayments and other receivables	22,096
Property and equipment, net	154,876
Security deposits	73,025
Operating lease right-of-use assets	1,955,765
Assets held for sale	<u>\$ 2,462,502</u>
LIABILITIES	
Accrued expenses and other payables	25,498
Operating lease liabilities – current	319,874
Operating lease liabilities – non-current	1,807,075
Liabilities held for sale	<u>2,152,447</u>

There was no gain or loss on the sale of subsidiaries:

Total consideration determined: \$310,055

Net assets disposed excluded intercompany other payables: \$310,055

Gain on disposal: \$nil

15 — SUBSEQUENT EVENTS

The Company has evaluated subsequent events after March 31, 2025, up through July 15, 2025, the date at which the consolidated financial statements were issued. Except for the events mentioned below, the Company did not identify any subsequent events with material financial impact on the Company's consolidated financial statements.

On April 1, 2025, the Company sold three subsidiaries: FLYEBIKE BROOKLYN INC, FLYMHT659 INC, and FLYBX745 INC to third-party individuals (Refer to Note - 14 — Disposal of Subsidiaries).

On April 29, 2025, the Company obtained a short-term loan of \$1,575,000 from Agile Capital Funding, LLC, which requires weekly repayments of \$70,000. From April 29 to July 15, 2025, the Company paid \$372,500 on principal and interest of the loan.

On May 1, 2025, the Company sold three subsidiaries: ARFY CORP., FLY GC INC., and ESEBIKE INC to third-party individuals. The consideration determined was \$156,517. As of July 15, 2025, the Company did not receive any consideration from the third-party individuals.

On June 1, 2025, the Company sold two subsidiaries: UFOTS CORP and FLYCORONA INC to third-party individuals. The consideration determined was \$60,207. As of July 15, 2025, the Company did not receive any consideration from the third-party individuals.

On June 4, 2025, the Company issued 5,719,111 shares of common stock, at a price of \$1.2140 per share in its second public offering. The gross proceeds of the offering were \$6.9 million, prior to deducting the placement agent's fees and offering expenses payable by the Company. Each share of common stock was sold together with two warrants, with each warrant to purchase one share of common stock. Each warrant is exercisable immediately with an exercise price equal to 120% of the offering price (\$1.4565 per share) and expires on the fifth anniversary of the issuance date, subject to certain adjustments.

On June 10, 2025, the Company paid off the short-term loan of \$255,000 from AOWINV LLC.

On June 23, 2025, a total of 19 subsidiaries of the Company obtained short-term loans from Strip Inc. with an aggregate principal amount of \$379,900. The loan terms vary across subsidiaries, with repayment periods ranging from 42 weeks to 12 months. Repayment schedules differ by agreement and include both weekly and monthly installment options. The stated annual interest rates range from 12.0% to 22.8%.

On July 1, 2025, the Company sold three subsidiaries: OFLYO INC, FLYCYCLE INC, and FLYBX2381 INC to third-party individuals. The consideration determined was \$106,647. As of July 15, 2025, the Company did not receive any consideration from the third-party individuals.

On July 3, 2025, the Company implemented a 1-for-5 reverse stock split of its common stock. The reverse stock split reduced the number of shares of common stock issued and outstanding from 53,183,053 to approximately 10,636,611 as of July 3, 2025. The par value per share remained unchanged at \$0.01.

From June 24, 2025 to July 9, 2025, certain holders of the Company's outstanding warrants exercised their rights to acquire common stock. The exercises were completed on a cashless basis pursuant to the terms of the warrant agreements, resulting in the issuance of 7,419,477 shares of common stock. The exercises did not generate any cash proceeds to the Company. All share numbers for warrant exercises prior to the reverse stock split have been retroactively adjusted to reflect the 1-for-5 reverse stock split.

DESCRIPTION OF SECURITIES**Authorized Capital Stock**

As of July 15, 2025, our amended and restated certificate of incorporation authorizes us to issue up to 300,000,000 shares of common stock, \$0.01 par value per share, of which 18,096,873 shares of common stock are issued and outstanding, and 10,000,000 shares of preferred stock, par value \$0.01 per share, of which no shares of preferred stock are issued and outstanding. We are a Delaware corporation, and our affairs are governed by our amended and restated certificate of incorporation and amended and restated by-laws. The following are summaries of material provisions of our amended and restated certificate of incorporation and amended and restated by-laws insofar as they relate to the material terms of our common stock. Complete copies of our amended and restated certificate of incorporation and amended and restated by-laws are filed as exhibits to our public filings.

Common Stock

Shares of our common stock have the following rights, preferences and privileges:

Voting

Each holder of common stock is entitled to one vote for each share of common stock held on all matters submitted to a vote of stockholders. Any action at a meeting at which a quorum is present will be decided by a majority of the voting power present in person or represented by proxy, except in the case of any election of directors, which will be decided by a plurality of votes cast. There is no cumulative voting.

Dividends

Holders of our common stock are entitled to receive dividends when, as and if declared by our board of directors out of funds legally available for payment, subject to the rights of holders, if any, of any class of stock having preference over the common stock. Any decision to pay dividends on our common stock will be at the discretion of our board of directors. Our board of directors may or may not determine to declare dividends in the future. The board's determination to issue dividends will depend upon our profitability and financial condition any contractual restrictions, restrictions imposed by applicable law and the SEC, and other factors that our board of directors deems relevant.

Liquidation Rights

In the event of a voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of our common stock will be entitled to share ratably on the basis of the number of shares held in any of the assets available for distribution after we have paid in full, or provided for payment of, all of our debts and after the holders of all outstanding series of any class of stock have preference over the common stock, if any, have received their liquidation preferences in full.

Other

Our issued and outstanding shares of common stock are fully paid and nonassessable. Holders of shares of our common stock are not entitled to preemptive rights. Shares of our common stock are not convertible into shares of any other class of capital stock, nor are they subject to any redemption or sinking fund provisions.

Certificate of Incorporation and Bylaw Provisions

Our amended and restated certificate of incorporation and bylaws include a number of anti-takeover provisions that may have the effect of encouraging persons considering unsolicited tender offers or other unilateral takeover proposals to negotiate with our board of directors rather than pursue non-negotiated takeover attempts. These provisions include:

Advance Notice Requirements. Our bylaws establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of stockholders. These procedures provide that notice of stockholder proposals must be timely and given in writing to our corporate Secretary. Generally, to be timely, notice must be received at our principal executive offices not later than 90 days and not earlier than 120 calendar days prior to the first anniversary date of the immediately preceding year's annual meeting, subject to certain exceptions. The notice must contain the information required by the bylaws, including information regarding the proposal and the proponent.

Special Meetings of Stockholders. Our bylaws provide that special meetings of stockholders may be called at any time by only the board of directors or the Chief Executive Officer.

No Written Consent of Stockholders. Our certificate of incorporation and bylaws provide that any action required or permitted to be taken by stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing by such stockholders.

Amendment of Bylaws. Our bylaws may be altered, amended or repealed and new bylaws may be adopted by the stockholders or by the board of directors at any regular meeting of the stockholders or of the board of directors, at any special meeting of the stockholders or of the board of directors or by written action by the board of directors if notice of such alteration, amendment, repeal or adoption of new bylaws be contained in the notice of such meeting or any notice required for such written action.

Preferred Stock. Our amended and restated certificate of incorporation authorizes our board of directors to create and issue rights entitling our stockholders to purchase shares of our stock or other securities. The ability of our board to establish the rights and issue substantial amounts of preferred stock without the need for stockholder approval may delay or deter a change in control of us.

Classified Board of Directors. Our board of directors are divided into three classes of directors, with the classes as nearly equal in number as possible, and with the directors serving three-year terms. As a result, approximately one-third of our board of directors will be elected each year. The classification of directors will have the effect of making it more difficult for stockholders to change the composition of our board of directors. Our amended and restated bylaws also provide that, subject to any rights of holders of preferred stock to elect additional directors under specified circumstances, the number of directors will be fixed exclusively pursuant to a resolution adopted by our board of directors.

Delaware Takeover Statute

We are not subject to the provisions of Section 203 of the Delaware General Corporation Law (the “DGCL”). In general, Section 203 prohibits a Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a three-year period following the time that the person becomes an interested stockholder, unless the business combination is approved in a prescribed manner. A “business combination” includes, among other things, a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. An “interested stockholder” is a person who, together with affiliates and associates, owns, or did own within three years prior to the determination of interested stockholder status, 15% or more of the corporation’s voting stock.

Under Section 203 of the DGCL, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions: (1) before the stockholder became an interested stockholder, the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder; (2) upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans, in some instances; or (3) at or after the time the stockholder became an interested stockholder, the business combination was approved by the board of directors and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

A Delaware corporation may “opt out” of these provisions with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from a stockholders’ amendment approved by at least a majority of the outstanding voting shares.

Limitations on Liability and Indemnification of Officers and Directors

Our amended and restated certificate of incorporation and bylaws limit the liability of our officers and directors and provide that we will indemnify our officers and directors, in each case, to the fullest extent permitted by the DGCL.

American Trust Investment Services, Inc.

1244 119th St
Whiting, Indiana 46394
www.amtruinvest.com/

May 13, 2025

STRICTLY CONFIDENTIAL

Fly-E Group, Inc.
136-40 39th Avenue
Flushing, New York 11354

Re: Joint Amendment to Placement Agency Agreement and Engagement Letter

Dear Mr. Ou:

Reference is made to (i) that certain engagement letter dated March 5, 2025 (the “**Engagement Letter**”) between Fly-E Group Inc. (the “**Company**”) and American Trust Investment Services, Inc. (“**ATIS**”) pursuant to which ATIS will act as the lead underwriter, agent or advisor in connection with an offering of securities of the Company and (ii) that certain placement agency agreement, dated April 22, 2025, by and between the Company and ATIS (the “**Agreement**”), pursuant to which ATIS will serve as the exclusive placement agent for the Company, on a “reasonable best efforts” basis, for the proposed placement to certain investors of up to an aggregate of \$8,000,000 of common stock of the Company, par value \$0.01 per share and warrants to purchase common stock.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and ATIS agree as follows:

1. Section 6 of the Engagement letter is hereby deleted in its entirety and shall have no further force or effect from the date hereof.
2. Section 7 of the Engagement letter is hereby deleted and replaced in its entirety with the following:
 7. Tail. ATIS shall be entitled to compensation under clause 9 hereunder, calculated in the manner set forth therein, with respect to any public or private offering or other financing or capital-raising transaction of any kind (“**Tail Financing**”) to the extent that any capital or funds in such Tail Financing is provided to the Company directly or indirectly by investors whom ATIS had contacted or introduced to the Company during the Term, if such Tail Financing is consummated at any time within the 6-month period following the expiration or termination (other than for cause in accordance with FINRA Rule 5110(g)(5)(B)) of this Agreement. The Company and ATIS shall agree upon a list of such investors upon expiration or termination of this Agreement or the Underwriting Agreement, as applicable.
3. Section 1(a)(iii) the Agreement is hereby deleted in its entirety and shall have no further force or effect from the date hereof.
4. Section 1(a)(iv) of the Agreement is hereby deleted and replaced in its entirety with the following:
 - (iv) The Placement Agent shall be entitled to compensation under clauses 1(a) (i) and (ii) hereunder, calculated in the manner set forth herein, with respect to any public or private offering or other financing or capital-raising transaction of any kind (“**Tail Financing**”) to the extent that such financing or capital is provided to the Company by parties contacted or introduced by Placement Agent directly and indirectly, during the Term (as defined below), if such Tail Financing is consummated at any time within the six (6) month period following the termination (other than for cause in accordance with FINRA Rule 5110(g)(5)(B)) of the Engagement Agreement.

Except as specifically amended hereby, the Engagement Letter and the Agreement shall remain in full force and effect and all other terms of the Engagement Letter and the Agreement remain unchanged. To the extent any provision of the Engagement Letter and the Agreement is inconsistent with this letter agreement, this letter agreement shall control.

[Remainder of Page Left Blank; Signature Page to Follow]

This amendment to the Engagement Letter and the Agreement may be executed in counterparts and by facsimile transmission.

Yours truly,

AMERICAN TRUST INVESTMENT SERVICES, INC.

By: /s/ James Dever

Name: James Dever

Title: Chief Executive Officer

ACCEPTED AND AGREED TO AS OF
THE DATE FIRST ABOVE WRITTEN:

FLY-E GOURP INC.

By: /s/ Zhou Ou

Name: Zhou Ou

Title: Chief Executive Officer

(Signature Page to Joint Amendment to Engagement Letter and Placement Agency Agreement)

SUBSIDIARIES OF FLY-E GROUP, INC.

The following is a list of subsidiaries of Fly-E Group, Inc. as of July 15, 2025.

Legal Name	Jurisdiction
FLY EV, INC.	Delaware
FLY E-BIKE, INC.	Delaware
UNIVERSE KING CORP	New York
TKPGO CORP.	New York
FLYFLS INC	New York
FLY37 INC	New York
FIYET INC	New York
FLYAM INC	New York
FLYEBIKE INC	New York
FLYCLB INC	New York
FLYEBIKE NJ INC	New Jersey
FLYEBIKEMIAM INC	Florida
GOFLY INC	Texas
FLYTRON INC.	New York
FLYNJ2 INC.	New Jersey
FLYBWY INC.	New York
MEEBIKE	New York
FLY E BIKE NJ3, INC	New Jersey
FLY E-BIKE SAN ANTONIO INC	Texas
FLYEBIKE WORLD INC.	New York
FLY DELIVERY INC.	New York
FLYEBIKE MIAMI2 INC.	Florida
FLYDC INC.	Washington, D.C.
FLYJH8509 INC.	New York
FLYNJ4 INC.	New York
FLYTORONTO Corp.	Toronto, Canada
FLYLA INC.	California
FWMOTOR INC	New York
DCMOTOR INC	Maryland
AOFL LLC	New York

**CERTIFICATION OF THE
PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Zhou Ou, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended March 31, 2025 of Fly-E Group, 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 and 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 the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 15, 2025

By: /s/ Zhou Ou
Zhou Ou
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF THE
PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a)
UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Shiwen Feng, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended March 31, 2025 of Fly-E Group, 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 and 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 the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 15, 2025

By: /s/ Shiwen Feng
Shiwen Feng
Chief Financial Officer
(Principal Accounting and Financial Officer)

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

In connection with the Annual Report of Fly-E Group, Inc.(the “Company”) on Form 10-K for the fiscal year ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Zhou Ou, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

Date: July 15, 2025

By: /s/ Zhou Ou

Zhou Ou

Chief Executive Officer

(Principal Executive Officer)

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

In connection with the Annual Report of Fly-E Group, Inc.(the “Company”) on Form 10-K for the fiscal year ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Shiwen Feng, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

Date: July 15, 2025

By: /s/ Shiwen Feng

Shiwen Feng
Chief Financial Officer
(Principal Accounting and Financial Officer)