

3a Plan administrator's name and address <input type="checkbox"/> Same as Plan Sponsor SHANNON & WILSON, INC. ADMINISTRATIVE COMMITTEE P.O. BOX 300303 SEATTLE, WA 98103	3b Administrator's EIN 91-0745357 3c Administrator's telephone number 206-632-8020
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4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN 4d PN
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5 Total number of participants at the beginning of the plan year	5	318
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6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).		
a(1) Total number of active participants at the beginning of the plan year.....	6a(1)	278
a(2) Total number of active participants at the end of the plan year	6a(2)	257
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits	6c	15
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d	272
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e	0
f Total. Add lines 6d and 6e	6f	272
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g	147
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	6h	0

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:
 2E 2J 2I

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) **R** (Retirement Plan Information)
- (2) **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3) **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) **H** (Financial Information)
- (2) **I** (Financial Information – Small Plan)
- (3) 0 **A** (Insurance Information)
- (4) **C** (Service Provider Information)
- (5) **D** (DFE/Participating Plan Information)
- (6) **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) Yes No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) Yes No

11c Enter the Receipt Confirmation Code for the 2021 Form M-1 annual report. If the plan was not required to file the 2021 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

**SCHEDULE H
(Form 5500)**

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration
Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2021

This Form is Open to Public Inspection

For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

A Name of plan <u>SHANNON & WILSON, INC. ELIGIBLE INDIVIDUAL ACCOUNT PLAN</u>		B Three-digit plan number (PN) ▶	<u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SHANNON & WILSON, INC.</u>		D Employer Identification Number (EIN) <u>91-0745357</u>	

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....	1a	787136	1169057
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	1021772	244010
(2) Participant contributions.....	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:		
(1)	Employer securities.....	26137654	30725654
(2)	Employer real property.....		
e	Buildings and other property used in plan operation.....		
f	Total assets (add all amounts in lines 1a through 1e).....	27946562	32138721
Liabilities			
g	Benefit claims payable.....		
h	Operating payables.....		
i	Acquisition indebtedness.....		
j	Other liabilities.....	1808908	1413067
k	Total liabilities (add all amounts in lines 1g through 1j).....	1808908	1413067
Net Assets			
l	Net assets (subtract line 1k from line 1f).....	26137654	30725654

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

		(a) Amount	(b) Total
Income			
a	Contributions:		
(1)	Received or receivable in cash from: (A) Employers.....	442323	
	(B) Participants.....		
	(C) Others (including rollovers).....		
(2)	Noncash contributions.....		
(3)	Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)		442323
b	Earnings on investments:		
(1)	Interest:		
	(A) Interest-bearing cash (including money market accounts and certificates of deposit).....		
	(B) U.S. Government securities.....		
	(C) Corporate debt instruments.....		
	(D) Loans (other than to participants).....		
	(E) Participant loans.....		
	(F) Other.....		
	(G) Total interest. Add lines 2b(1)(A) through (F)		0
(2)	Dividends: (A) Preferred stock.....		
	(B) Common stock.....	18902	
	(C) Registered investment company shares (e.g. mutual funds).....		
	(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)		
(3)	Rents.....		
(4)	Net gain (loss) on sale of assets: (A) Aggregate proceeds.....		
	(B) Aggregate carrying amount (see instructions).....		
	(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result.....		
(5)	Unrealized appreciation (depreciation) of assets: (A) Real estate.....		
	(B) Other.....	4939485	
	(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		5400710
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)		
(2) To insurance carriers for the provision of benefits.....	2e(2)		
(3) Other.....	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		0
f Corrective distributions (see instructions).....	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other.....	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		0
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d.....	2k		5400710
l Transfers of assets:			
(1) To this plan.....	2l(1)		1169057
(2) From this plan.....	2l(2)		1981767

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) Unmodified (2) Qualified (3) Disclaimer (4) Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) DOL Regulation 2520.103-8 (2) DOL Regulation 2520.103-12(d) (3) neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **VWC, PS**

(2) EIN: **91-1007261**

d The opinion of an independent qualified public accountant is **not attached** because:

(1) This form is filed for a CCT, PSA, or MTIA. (2) It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

	Yes	No	Amount
4a		X	

		Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e Was this plan covered by a fidelity bond?	4e	X		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.).....	4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l Has the plan failed to provide any benefit when due under the plan?	4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....	4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.....	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?..... Yes No
 If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
SHANNON & WILSON PROFIT SHARING RETIREMENT 401(K) PLAN	91-0745357	333

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) Yes No Not determined
 If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

Shannon & Wilson, Inc.
Eligible Individual Account Plan
Financial Statements
and Supplemental Schedule

December 31, 2021 and 2020

Shannon & Wilson, Inc. Eligible Individual Account Plan

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Independent Auditor's Report

To the Board of Trustees and Plan Management of Shannon & Wilson, Inc. Eligible Individual Account Plan

Opinion

We have audited the accompanying financial statements of Shannon & Wilson, Inc. Eligible Individual Account Plan (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), which comprise the statements of net assets available for benefits as of December 31, 2021 and 2020, and the related statement of changes in net assets available for benefits for the year ended December 31, 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2021 and 2020, and the changes in its net assets available for benefits for the year ended December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the Plan, and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplemental Schedule Required by ERISA

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion, the information in the accompanying schedule is fairly stated, in all material respects, in relation to the financial statements as a whole, and the form and content is presented in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

VWC, P.S.

October 10, 2022

Shannon & Wilson, Inc. Eligible Individual Account Plan

Statements of Net Assets Available for Benefits

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<i>Assets</i>		
Cash	\$ 1,169,057	\$ 787,136
Investments at fair value	30,725,654	26,137,654
Receivables:		
Due from the Employer	225,108	-
Dividends	18,902	1,021,772
Total assets	<u>32,138,721</u>	<u>27,946,562</u>
<i>Liabilities</i>		
Due to the Employer	1,169,057	787,136
Due to other qualified plan sponsored by the Employer	244,010	1,021,772
	<u>1,413,067</u>	<u>1,808,908</u>
<i>Net Assets Available for Benefits</i>	<u>\$ 30,725,654</u>	<u>\$ 26,137,654</u>

See accompanying notes to the financial statements.

Shannon & Wilson, Inc. Eligible Individual Account Plan

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2021

Additions

Investment income:	
Appreciation in fair value of investment - Class A common stock	\$ 4,939,485
Dividends	<u>18,902</u>
	4,958,387
Employer contributions	<u>442,323</u>
Total additions	5,400,710

Deductions

Net Increase

-
5,400,710

Transfers

From other qualified plan sponsored by the Employer	1,169,057
To other qualified plan sponsored by the Employer	(1,981,767)

Net Assets Available for Benefits

Beginning of year	<u>26,137,654</u>
End of year	<u>\$ 30,725,654</u>

See accompanying notes to the financial statements.

Shannon & Wilson, Inc. Eligible Individual Account Plan

Notes to Financial Statements

1. Description of Plan

The following description of the Shannon & Wilson, Inc. Eligible Individual Account Plan (the Plan) provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a stock bonus/profit sharing plan covering all eligible employees of Shannon & Wilson, Inc. (the Employer). Eligible employees include those who are 21 years of age or older and have completed one year of service in which they have worked at least 1,000 hours. The Employer is the Plan's sponsor and administrator. The Board of Trustees of the Plan is comprised of certain members of the Employer's management and is responsible for oversight of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The participant account records are maintained by the Employer and Northwest Plan Services, Inc.

Employer Contributions

The Employer may make discretionary contributions to the Plan. During 2021, the Employer made discretionary contributions to the Plan of up to 33% of the cash bonus compensation received by eligible employees. The Employer's contributions during 2021 included \$217,215 of the Employer's Class A common stock and \$225,108 of cash contributions made on behalf of eligible participants as well as participants who are 60 years of age or older or whose employment status changed during the year. These participants are prohibited by the terms and conditions of the Shannon & Wilson, Inc. Shareholder Agreement (the Agreement), from acquiring Class A common stock. As a result, cash contributions received by the Plan, if any, are subsequently transferred to another qualified plan sponsored by the Employer; the Shannon & Wilson, Inc. Profit Sharing Retirement and 401(k) Plan and Trust (the 401(k) Plan). Cash contributions are recorded as a receivable within the accompanying statement of net assets available for benefits as of December 31, 2021.

Investments

The Plan's investments consist of shares of the Employer's Class A (voting) and Class B (nonvoting) common stock. The Employer's common stock held by the Plan is subject to the terms and conditions of the Agreement, and may only be disposed of upon the occurrence of a triggering event as defined by the Agreement. Triggering events include, among other matters, a participant's death, disability, termination of employment, reaching age 65 and retirement. Class A common stock converts to Class B common stock upon the occurrence of a triggering event.

Participant Accounts

As applicable, each participant's account is credited with the transfers from the 401(k) Plan, an allocation of the Employer's contributions, and related earnings. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Shannon & Wilson, Inc. Eligible Individual Account Plan

Notes to Financial Statements

1. Description of Plan, continued

Transfers, Due to the Employer, and Due to Other Qualified Plan Sponsored by the Employer

As allowed under the Plan, participants under 60 years of age may transfer into the Plan all or part of their fully vested account balances from the 401(k) Plan, subject to limitations as defined by the Agreement. Participants may direct this transfer once each year and the funds transferred are used to acquire Class A common stock. As a result, at year end, an amount may be due to the Employer for the value of the amount transferred and common stock purchased. Furthermore, the Plan receives cash contributions and dividends (as further described below). Cash received by the Plan is immediately transferred to the 401(k) Plan and invested in the affected participants' accounts, as the Plan does not hold cash on behalf of participants. As a result, at year end, an amount may be due to the 401(k) Plan for the value of the cash received and amount transferred. In addition, upon the occurrence of a triggering event, a participant may choose to divest their investments in the Plan and transfer their account balance to the 401(k) Plan. Additionally, those participants who are eligible to receive a distribution of their account balance are first required to divest their investments in the Plan and transfer their account balance to the 401(k) Plan, where the distribution is processed.

Vesting

All participants are fully vested in their account balances.

Payment of Benefits

Each participant may select one of the distribution methods as defined by the Plan.

2. Summary of Accounting Policies

Basis of Accounting

The financial statements of the Plan are presented on the accrual basis of accounting.

Cash

Cash consists of monies held by the trust that due to timing have yet to be invested or disbursed. The cash balance, at times, may exceed federally insured limits.

Investment Valuation and Income Recognition

The Class A common stock of the Employer is valued at fair value as determined by an independent appraiser meeting the requirements of generally accepted appraisal standards and in accordance with 29 CFR 2510.3-18. The fair value of the common stock is based on the most recent per share valuation, which is performed as of December 31 (the Valuation Date). The per share fair value for Class A common stock, as determined by an independent appraisal and discounted for lack of marketability, was \$72.27 and \$60.24 per share as of December 31, 2021 and 2020, respectively. The per share value for Class B common stock was \$10 per share as of December 31, 2021 and 2020, which approximates fair value. This value represents the agreed upon price per share at which the Employer will repurchase the shares from the Plan. See Note 3 for discussion of fair value measurements.

Shannon & Wilson, Inc. Eligible Individual Account Plan

Notes to Financial Statements

2. Summary of Accounting Policies, continued

Investment Valuation and Income Recognition, continued

Investment transactions occurring during the year are recorded at the preceding Valuation Date's value. Appreciation in fair value of Class A common stock is a direct result of the change in the valuation of the share price of the Employer's common stock. Class B shares earn a 2% dividend annually. Dividend income is accrued on the ex-dividend date. A Class B dividend receivable is accrued within the accompanying statements of net assets available for benefits at December 31, 2021 and 2020 in the amounts of \$18,902 and \$21,576, respectively. The Class B dividends were paid in January 2022 and 2021, respectively. In September 2020, the board of directors of the Employer declared a Class A dividend of \$2.50 per share to shareholders of record as of December 31, 2020. A Class A dividend receivable was accrued within the accompanying statement of net assets available for benefits at December 31, 2020 in the amount of \$1,000,196. The Class A dividend was paid in March 2021.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

The Employer pays the Plan's administrative expenses.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires plan management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Significant estimates were used in the valuation of the Company's common stock (see Note 3). Actual results could differ from those estimates.

Subsequent Events

The Plan has evaluated subsequent events through October 10, 2022, the date the financial statements were available to be issued.

3. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

Shannon & Wilson, Inc. Eligible Individual Account Plan

Notes to Financial Statements

3. Fair Value Measurements, continued

The three levels of the fair value hierarchy under the Financial Accounting Standards Board Accounting Standards Codification 820 are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
- Level 2: Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

- Investment in Shannon & Wilson, Inc. common stock: Valued using the discounted cash flow valuation methodology (income approach); supplemented by a market approach. Both approaches are Level 3 inputs in the fair value hierarchy. The discounted cash flow valuation method requires the use of assumptions, the most of which includes future revenue growth, future earnings before interest, taxes, depreciation, marginal tax rate, weighted average cost of capital and discount rate.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of its financial instruments could result in a different fair value measurement at the reporting date.

Shannon & Wilson, Inc. Eligible Individual Account Plan

Notes to Financial Statements

3. Fair Value Measurements, continued

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 investments for the year ended December 31, 2021:

	Class A	Class B	Total
Balance, beginning of year	\$ 24,100,838	\$ 2,036,816	\$ 26,137,654
Employer contributions	442,323	-	442,323
Participant transfers from the 401(k) Plan	1,169,057	-	1,169,057
Participant transfers to the 401(k) Plan	(225,108)	(1,756,659)	(1,981,767)
Triggering event conversions	(752,732)	752,732	-
Unrealized gain	4,939,485	-	4,939,485
Dividend income	-	18,902	18,902
Balance, end of year	<u>\$ 29,673,863</u>	<u>\$ 1,051,791</u>	<u>\$ 30,725,654</u>

4. Risks and Uncertainties

As previously described, the Plan's investments consist solely of shares in the Employer's common stock. Due to the level of risk associated with investment in the Employer's common stock and uncertainties inherent in the estimations and assumptions used to determine the fair value of the Employer's common stock, it is at least reasonably possible that changes in the value of the Employer's common stock could occur in the near term and that such changes could materially affect participants' account balances and the amounts as reported in the financial statements.

5. Related-Party and Party-In-Interest Transactions

The Plan's investments are shares of the Employer's common stock issued by the Employer. Investments in these stocks qualify as party-in-interest transactions.

6. Plan Termination

Although it has not expressed any intent to do so, the Employer has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

Shannon & Wilson, Inc. Eligible Individual Account Plan

Notes to Financial Statements

7. Tax Status

The Internal Revenue Service (IRS) has determined and informed the Employer by a letter dated October 7, 2014, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (the Code). Although the Plan has been amended since receiving the determination letter, plan management believes that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified, and the related trust is tax-exempt.

U.S. GAAP requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by the IRS; however, there are currently no audits in progress for any tax periods.

Supplemental Schedule

Shannon & Wilson, Inc. Eligible Individual Account Plan

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

December 31, 2021

EIN: 91-0745357
Plan Number: 002

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment, including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
*	Shannon & Wilson, Inc.	Class A Common Stock ***	**	\$ 29,673,863
*	Shannon & Wilson, Inc.	Class B Common Stock ***	**	<u>1,051,791</u>
				<u>\$ 30,725,654</u>

* Represents a party-in-interest to the Plan.

** Cost information for participant directed investments is not required to be disclosed.

*** Transfer of shares is restricted by the terms, conditions, and covenants of the Shannon & Wilson, Inc. Amended and Restated Articles of Incorporation and the Shareholder Agreement.

Shannon & Wilson, Inc. Eligible Individual Account Plan

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

December 31, 2021

EIN: 91-0745357
Plan Number: 002

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment, including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
*	Shannon & Wilson, Inc.	Class A Common Stock ***	**	\$ 29,673,863
*	Shannon & Wilson, Inc.	Class B Common Stock ***	**	<u>1,051,791</u>
				<u>\$ 30,725,654</u>

* Represents a party-in-interest to the Plan.

** Cost information for participant directed investments is not required to be disclosed.

*** Transfer of shares is restricted by the terms, conditions, and covenants of the Shannon & Wilson, Inc. Amended and Restated Articles of Incorporation and the Shareholder Agreement.