

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2021 This Form is Open to Public Inspection
---	---	---

Part I Annual Report Identification Information	
For calendar plan year 2021 or fiscal plan year beginning <u>01/01/2021</u> and ending <u>12/31/2021</u>	
A This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report ☐ the final return/report ☒ an amended return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here.	▶ ☐
D Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)
E If this is a retroactively adopted plan permitted by SECURE Act section 201, check here.	▶ ☐

Part II Basic Plan Information—enter all requested information				
1a Name of plan	TPS, LLC 401(K) PLAN		1b Three-digit plan number (PN) ▶	001
			1c Effective date of plan	03/01/2014
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)	TPS, LLC 2821 OLD ROUTE 15 NEW COLUMBIA, PA 17856		2b Employer Identification Number (EIN)	46-3927815
			2c Plan Sponsor's telephone number	570-538-7313
			2d Business code (see instructions)	333900

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2022	KELLI STIMELY
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2022	KELLI STIMELY
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2021)
v. 210624

3a Plan administrator's name and address ☒ Same as Plan Sponsor		3b Administrator's EIN	
		3c Administrator's telephone number	
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	
5 Total number of participants at the beginning of the plan year		5	414
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)	307
a(2) Total number of active participants at the end of the plan year		6a(2)	330
b Retired or separated participants receiving benefits.....		6b	6
c Other retired or separated participants entitled to future benefits		6c	127
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d	463
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e	0
f Total. Add lines 6d and 6e		6f	463
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g	444
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	
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 2S 2T 3D			
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) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	
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) ☒ <u>1</u> 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 A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500. ▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	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 TPS, LLC 401(K) PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 TPS, LLC	D Employer Identification Number (EIN) 46-3927815

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions	Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
--------	---	--

1 Coverage Information:

(a) Name of insurance carrier
VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
71-0294708	86509	YH4491	463	01/01/2021	12/31/2021

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end	4	237429
5	Current value of plan's interest under this contract in separate accounts at year end.....	5	28501600

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b	Premiums paid to carrier	6b	
c	Premiums due but unpaid at the end of the year	6c	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☒ other ▶ GROUP PENSION FUNDING

b	Balance at the end of the previous year	7b	606169
----------	---	-----------	--------

c	Additions: (1) Contributions deposited during the year	7c(1)	10430	
	(2) Dividends and credits.....	7c(2)		
	(3) Interest credited during the year.....	7c(3)	11929	
	(4) Transferred from separate account.....	7c(4)		
	(5) Other (specify below).....	7c(5)	10766	

▶ *

(6) Total additions	7c(6)	33125
---------------------------	--------------	-------

d	Total of balance and additions (add lines 7b and 7c(6))	7d	639294
----------	--	-----------	--------

e Deductions:

	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	397224	
	(2) Administration charge made by carrier.....	7e(2)	68	
	(3) Transferred to separate account.....	7e(3)	1189	
	(4) Other (specify below).....	7e(4)		

▶

(5) Total deductions	7e(5)	398481
----------------------------	--------------	--------

f	Balance at the end of the current year (subtract line 7e(5) from line 7d).....	7f	240813
----------	---	-----------	--------

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received	9a(1)		
(2) Increase (decrease) in amount due but unpaid	9a(2)		
(3) Increase (decrease) in unearned premium reserve	9a(3)		
(4) Earned ((1) + (2) - (3))		9a(4)	
b Benefit charges (1) Claims paid	9b(1)		
(2) Increase (decrease) in claim reserves	9b(2)		
(3) Incurred claims (add (1) and (2))		9b(3)	
(4) Claims charged		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions	9c(1)(A)		
(B) Administrative service or other fees	9c(1)(B)		
(C) Other specific acquisition costs	9c(1)(C)		
(D) Other expenses	9c(1)(D)		
(E) Taxes	9c(1)(E)		
(F) Charges for risks or other contingencies	9c(1)(F)		
(G) Other retention charges	9c(1)(G)		
(H) Total retention		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement		9d(1)	
(2) Claim reserves		9d(2)	
(3) Other reserves		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).)		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount. Specify nature of costs.	10b	

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ 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 TPS, LLC 401(K) PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 TPS, LLC	D Employer Identification Number (EIN) 46-3927815	

Part I	Service Provider Information (see instructions)
---------------	--

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
VOYA RETIREMENT INSURANCE & ANNUITY
71-0294708

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

VOYA RETIREMENT INSURANCE & ANNUITY

71-0294708

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27	RECORDKEEPER	4275	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

GLOBAL RETIREMENT PARTNERS LLC

47-1411118

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
99	SERVICE PROVIDER	0	Yes ☒ No ☐	Yes ☐ No ☒	54936	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
GLOBAL RETIREMENT PARTNERS LLC	99	54936

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
VOYA RETIREMENT INSURANCE AND ANNUITY 71-0294708	OTHER FEES

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

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 TPS, LLC 401(K) PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 TPS, LLC	D Employer Identification Number (EIN) 46-3927815	

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		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(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)	480841	362870
(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)	25019019	28501600
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	606133	240814
(15) Other.....	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:		
(1)	Employer securities.....	1d(1)	
(2)	Employer real property.....	1d(2)	
e	Buildings and other property used in plan operation	1e	
f	Total assets (add all amounts in lines 1a through 1e)	1f	26105993 29105284
Liabilities			
g	Benefit claims payable	1g	
h	Operating payables	1h	
i	Acquisition indebtedness.....	1i	
j	Other liabilities.....	1j	
k	Total liabilities (add all amounts in lines 1g through 1j)	1k	0 0
Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	26105993 29105284

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	2a(1)(A)	830398
	(B) Participants	2a(1)(B)	1837762
	(C) Others (including rollovers).....	2a(1)(C)	7030
(2)	Noncash contributions.....	2a(2)	
(3)	Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)	2675190
b	Earnings on investments:		
(1)	Interest:		
	(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)	
	(B) U.S. Government securities	2b(1)(B)	
	(C) Corporate debt instruments	2b(1)(C)	
	(D) Loans (other than to participants)	2b(1)(D)	
	(E) Participant loans.....	2b(1)(E)	19380
	(F) Other	2b(1)(F)	11966
	(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)	31346
(2)	Dividends: (A) Preferred stock.....	2b(2)(A)	
	(B) Common stock	2b(2)(B)	
	(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)	
	(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)	0
(3)	Rents	2b(3)	
(4)	Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	
	(B) Aggregate carrying amount (see instructions).....	2b(4)(B)	
	(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)	0
(5)	Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	
	(B) Other	2b(5)(B)	
	(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)	0

		(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)		3097720
(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		5804256
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	2800690	
(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)		2800690
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)	4275	
(4) Other.....	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		4275
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		2804965
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d.....	2k		2999291
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		

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: RSM US LLP

(2) EIN: 42-0714325

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?	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?		X	
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?		X	
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?		X	
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.)	X		
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.)		X	
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?		X	
4k		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
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)

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 _____.

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 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 TPS, LLC 401(K) PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 TPS, LLC	D Employer Identification Number (EIN) 46-3927815

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 71-0294708		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
----------------	---

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2021
v. 201209

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....

14a

b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14b

c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14c

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year.....

15a

b The corresponding number for the second preceding plan year.....

15b

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year.....

16a

b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....

16b

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

- 20 PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation _____

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Consolidated Financial Report
December 31, 2021

Contents

Independent auditor's report	1-2
Financial statements	
Consolidated balance sheets	3
Consolidated statements of comprehensive income	4
Consolidated statements of changes in stockholders' equity	5
Consolidated statements of cash flows	6-7
Notes to consolidated financial statements	8-21



RSM US LLP

Independent Auditor's Report

Board of Directors
Thermal Product Solutions Holdings, Inc. and Subsidiaries

Opinion

We have audited the consolidated financial statements of Thermal Product Solutions Holdings, Inc. and subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended 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 (GAAS). 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 Company 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 Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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 GAAS 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 GAAS, 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 Company'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 Company'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.

RSM US LLP

Blue Bell, Pennsylvania
July 8, 2022

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Consolidated Balance Sheets
December 31, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 4,010,426	\$ 3,234,862
Accounts receivable, net of allowances of \$156,000 and \$412,000 in 2021 and 2020, respectively	11,533,898	10,292,539
Inventories, net	13,395,072	10,134,475
Prepaid expenses and other current assets	1,674,345	1,704,748
Government subsidy receivable	6,258,430	-
Investments	2,262,550	500,000
Income taxes receivable	-	655,167
Total current assets	39,134,721	26,521,791
Property, plant and equipment, net	8,483,216	9,329,337
Intangible assets, net	14,445,167	14,822,167
Goodwill, net	7,420,950	10,402,047
Deferred income taxes	1,553,949	1,600,532
Other assets	257,181	229,059
Total assets	\$ 71,295,184	\$ 62,904,933
Liabilities and Stockholders' Equity		
Current liabilities:		
Line of credit	\$ 127,700	\$ 1,893,257
Current portion of long-term debt, net	580,000	2,664,745
Current portion of capital lease obligation	40,764	80,791
Accounts payable	4,207,294	4,240,206
Accrued expenses	4,375,834	6,382,555
Income taxes payable	571,732	-
Deferred revenue	16,920,388	8,968,174
Total current liabilities	26,823,712	24,229,728
Capital lease obligation, net of current portion	7,737	47,165
Long-term debt, net of current portion	26,516,717	29,431,985
	53,348,166	53,708,878
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Series A Preferred stock, \$0.01 par value, authorized 420,000 shares; issued and outstanding 216,270 shares (liquidation value of \$44,531,623)	22,931,839	19,010,841
Common stock, \$.001 par value, authorized 280,000 shares; issued and outstanding 54,000 shares	54	54
Additional paid-in capital	4,424,981	8,345,979
Accumulated other comprehensive loss	(54,434)	(46,285)
Accumulated deficit	(9,355,422)	(18,114,534)
Total stockholders' equity	17,947,018	9,196,055
Total liabilities and stockholders' equity	\$ 71,295,184	\$ 62,904,933

See notes to consolidated financial statements.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income
Years Ended December 31, 2021 and 2020

	2021	2020
Net sales	\$ 75,131,484	\$ 88,828,493
Cost of sales	47,782,494	53,706,566
Gross margin	27,348,990	35,121,927
Selling, general and administrative expenses	26,084,372	30,890,602
Income from operations	1,264,618	4,231,325
Interest expense	3,875,909	3,073,214
Government subsidy income	(11,032,630)	-
Unrealized gain on investments	(1,762,550)	-
Income before income tax expense	10,183,889	1,158,111
Income tax expense	1,424,777	683,195
Net income	8,759,112	474,916
Other comprehensive loss:		
Foreign currency translation	(8,149)	(350)
Comprehensive income	\$ 8,750,963	\$ 474,566

See notes to consolidated financial statements.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity
Years Ended December 31, 2021 and 2020

	Common Stock		Series A Preferred Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
Balance, January 1, 2020	54,000	\$ 54	216,270	\$ 15,446,298	\$ 11,910,522	\$ (45,935)	\$ (18,589,450)	\$ 8,721,489
Accretion of accrued dividends	-	-	-	3,564,543	(3,564,543)	-	-	-
Foreign currency translation	-	-	-	-	-	(350)	-	(350)
Net income	-	-	-	-	-	-	474,916	474,916
Balance, December 31, 2020	54,000	54	216,270	19,010,841	8,345,979	(46,285)	(18,114,534)	9,196,055
Accretion of accrued dividends	-	-	-	3,920,998	(3,920,998)	-	-	-
Foreign currency translation	-	-	-	-	-	(8,149)	-	(8,149)
Net income	-	-	-	-	-	-	8,759,112	8,759,112
Balance, December 31, 2021	54,000	\$ 54	216,270	\$ 22,931,839	\$ 4,424,981	\$ (54,434)	\$ (9,355,422)	\$ 17,947,018

See notes to consolidated financial statements.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Net income	\$ 8,759,112	\$ 474,916
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property, plant and equipment	872,339	1,209,506
Loss on disposal of property, plant and equipment	314,964	69,186
Impairment of intangible asset	310,000	-
PIK interest	440,543	37,458
Amortization of deferred financing costs	348,799	47,600
Amortization of goodwill and other intangible assets	3,048,097	3,042,645
Government subsidy income	(11,032,630)	-
Unrealized gain on investments	(1,762,550)	-
Provision for accounts receivable allowances	(256,270)	236,630
Deferred income taxes	46,583	879,744
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(985,089)	4,588,750
Inventories	(3,260,597)	2,950,889
Prepaid expenses and other assets	2,281	(711,034)
Income taxes receivable	655,167	(610,374)
Increase (decrease) in:		
Accounts payable	(32,912)	402,665
Accrued expenses	(2,006,721)	1,243,864
Deferred revenue	7,952,214	(6,106,544)
Income taxes payable	571,732	-
Net cash provided by operating activities	3,985,062	7,755,901
Cash flows from investing activities:		
Purchases of property, plant and equipment	(341,182)	(411,360)
Net cash used in investing activities	(341,182)	(411,360)
Cash flows from financing activities:		
Net repayments on revolving line of credit	(1,765,557)	(6,631,923)
Borrowings on long-term debt	-	33,774,200
Repayments on long-term debt	(1,015,155)	(29,385,238)
Deferred financing cost payments	-	(1,743,995)
Repayments on capital leases	(79,455)	(122,373)
Net cash used in financing activities	(2,860,167)	(4,109,329)
Effect of foreign currency exchange rate changes on cash	(8,149)	(350)
Net change in cash	775,564	3,234,862
Cash:		
Beginning	3,234,862	-
Ending	\$ 4,010,426	\$ 3,234,862

(Continued)

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2021 and 2020

	2021	2020
Supplemental disclosure of cash flow information:		
Cash paid during the year for taxes	<u>\$ 175,680</u>	<u>\$ 689,486</u>
Cash paid during the year for interest	<u>\$ 3,086,567</u>	<u>\$ 3,345,593</u>

See notes to consolidated financial statements.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of business: The consolidated financial statements consist of the accounts and transactions of Thermal Product Solutions Holdings, Inc., a Delaware corporation, and its wholly owned subsidiaries, Thermal Product Solutions, LLC, a Delaware limited liability company; TPS, LLC, a Delaware limited liability company; Tiros Sdn. Bhd., a wholly owned subsidiary of TPS, LLC, a company organized under the laws of Malaysia; Wisconsin Oven Corporation (Wisconsin Oven), a Wisconsin corporation; Baker Furnace, a California corporation; Tenney Environmental, a Delaware corporation; TPS International, LLC, a Delaware limited liability company; Data Sense Technologies LLC, a Delaware limited liability company and TPS IP, LLC, a Delaware limited liability company (collectively, the Company). Thermal Product Solutions designs and manufactures industrial and laboratory ovens and furnaces, and environmental temperature cycling and stability test chambers for sales to industrial locations. Product brands include Tenney, Blue M, Gruenberg, LindbergMPH, Wisconsin Oven, and Baker Furnace. Company headquarters are located in White Deer, Pennsylvania; LindbergMPH is located in Riverside, Michigan; Wisconsin Oven is located in East Troy, Wisconsin; and Baker Furnace was located in Brea, California and closed during 2021. Tiros Sdn. Bhd., provides sales and support services for Southeast Asia.

A summary of the Company's significant accounting policies is as follows:

Principles of consolidation: The consolidated financial statements include the accounts of Thermal Product Solutions Holdings, Inc. and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

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

Concentration of credit risk: Financial instruments that subject the Company to credit risk consist of cash and accounts receivable.

The Company maintains its cash on deposit with financial institutions. At times these balances exceed the federally insurable limit. No losses were incurred during 2021 or 2020 for amounts exceeding the insured limit.

The Company does not have any significant customer concentrations. The Company reviews a customer's credit history before extending credit and generally does not require collateral. Accounts receivable are carried at original invoice amount less an estimate for doubtful receivables based on a review of all outstanding amounts on a monthly basis. The allowance for doubtful accounts is determined by analyzing historical data and trends. Accounts receivable are charged off against the allowance for doubtful accounts when management determines the recovery is unlikely and ceases collection efforts. Recoveries of accounts receivable previously written off are recorded when received. Interest is not charged on past due receivables.

Market conditions: During the year ended December 31, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a pandemic. The impact of COVID-19 could negatively impact the Company's operations. The extent to which the coronavirus impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among other factors.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Investments: The Company has an investment in equity securities. Equity securities are stated at fair value and unrealized holding gains and losses are reported through net income.

Inventories: Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Historical inventory usage and current usage requirements are considered in estimating both excess and obsolete inventories.

Property, plant and equipment: Property, plant and equipment additions are recorded at cost. Property, plant and equipment are stated net of accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from two to 26 years. Leasehold improvements are amortized over the shorter of the terms of the related leases or the estimated useful lives of the improvements. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property, plant and equipment are sold or otherwise disposed of, the asset accounts and the related accumulated depreciation or amortization accounts are relieved, and any gain or loss is included in operations.

Deferred financing costs: Costs of obtaining debt financing are capitalized and amortized over the term of the related debt instrument using the effective interest method for term loans and the straight-line method for revolving credit facilities.

Fair value of financial instruments: The Company's financial instruments consist principally of cash, trade receivables, investments, accounts payable, line of credit, long-term debt, and capital lease obligations. The carrying amount of cash, accounts receivables, accounts payable and short-term borrowings approximate fair value because of the short-term maturity of these instruments. The fair value of investments is determined as described in Note 13. The fair value of long-term debt approximates the carrying value, because the interest rates fluctuate with market interest rates.

Intangible assets: Intangible assets are initially recorded at fair value and consist of trade names and trademarks and developed technology. Trade names and trademarks have an indefinite life and are not amortized. The Company is required to assess its indefinite-lived intangible assets for impairment annually, or more frequently if circumstances indicate impairment may have occurred. If the carrying value of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. Developed technology is being amortized on a basis consistent with their expected cash flows over their estimated useful lives of 10 years.

Goodwill: The Company records as goodwill the excess of the fair value of the purchase price over the fair value of the identifiable net assets acquired in a business combination. The Company adopted Accounting Standards Update (ASU) 2014-02, *Intangibles—Goodwill and Other (Topic 350): Accounting for Goodwill*, which provides an accounting alternative for the subsequent measurement of goodwill. Goodwill is amortized on a straight-line basis over 10 years. The Company evaluates goodwill for impairment at the entity level if a triggering event occurs, and has elected to be treated as one reporting unit for testing purposes. For the year ended December 31, 2021, the Company assessed the totality of events and circumstances and concluded that goodwill is not impaired.

Impairment of long-lived assets: The Company evaluates long-lived assets, including property, plant and equipment and definite-lived intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. Impairment, if any, is assessed using discounted cash flows. No impairments have occurred through 2020. During 2021, due to the closing of the Baker Furnace location and lack of future cash flows expected to be generated from the related trade name, an impairment of \$310,000 was recorded.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

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

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Revenue from product sales is recognized in the period in which persuasive evidence of an arrangement with a customer exists, at the later of shipment of goods or when control has transferred to the customer. When the Company's contracts with customers contain multiple performance obligations, the contract transaction price is allocated on a relative standalone selling price basis to each performance obligation. The Company typically determines standalone selling price based on observable selling prices of its products and services.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods and services to the customer. Revenue is recorded based on the transaction price, which consists entirely of fixed consideration.

Sales taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and, therefore, are excluded from net sales.

Shipping and handling costs charged to customers are included in net sales. The Company invoices common-carrier freight charges on a pass-through basis for outbound freight to certain customers in accordance with the Company's terms of sale. These charges are recorded as a component of net sales. Amounts billed to customers in 2021 and 2020 were approximately \$1,359,000 and \$1,502,000, respectively. Common-carrier expenses for outbound freight were approximately \$1,012,000 in 2021 and \$1,254,000 in 2020, and are included in cost of sales in the consolidated statements of comprehensive income.

Wisconsin Oven recognizes revenue from fixed-price contracts over-time using the percentage of completion method, measured by the percentage of costs incurred to date to total estimated costs for each contract (cost-to-cost method). This method is used because management considers costs incurred to be the best available measure of progress on these contracts and the nature of the product is highly customized to individual customer specifications, which could not easily be repurposed to another customer in the event of a terminated contract. Because of the inherent uncertainties in estimating costs, it is at least reasonably possible that the Company's estimates of costs and revenues will change in the near term.

Contract costs include all direct materials and labor costs related to the contract performance. General and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, estimated profitability, and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Costs and estimated earnings in excess of billings on uncompleted contracts of approximately \$699,000 and \$52,000 in 2021 and 2020, respectively, represents revenues recognized in excess of amounts billed (contract assets) and are included in accounts receivable. Billings in excess of costs and estimated earnings on uncompleted contracts of approximately \$5,190,000 and \$2,797,000 in 2021 and 2020, respectively, represents billings in excess of revenues (contract liabilities) recognized and are included in deferred revenue.

The Company's remaining deferred revenue is comprised of advanced payments from customers on projects that have not yet transferred control to the customer.

A summary of revenue recognition methods for the years ending December 31 are as follows:

	2021	2020
Point in time recognition:		
Product and service revenue	\$ 58,822,592	\$ 70,479,793
Over time recognition:		
Percentage of completion revenue	16,308,892	18,348,700
	<u>\$ 75,131,484</u>	<u>\$ 88,828,493</u>

The Company generally provides limited-assurance-type warranties for standard equipment and work performed under its contracts. The warranty periods typically extend for a limited duration following transfer of control of the equipment. Historically, warranty claims have not resulted in material costs incurred. The Company does not consider these warranties to be performance obligations.

Warranties: The Company sells a variety of products that carry corresponding warranties. The specific terms and conditions of these warranties vary depending on the products sold and future events not within the control of the Company such as the transfer of the product's ownership. The Company records a liability (included in accrued expenses) for an estimate of costs that it expects to incur under its warranty programs when product revenue is recognized. Factors affecting the Company's warranty liability include the number of units sold and historical and anticipated rates of claims and costs per claim. The Company periodically assesses the adequacy of its warranty liability based on changes in these factors.

	2021	2020
Balance, beginning of the year	\$ 483,306	\$ 576,306
Warranty costs	(685,255)	(678,172)
Warranty provision	590,146	585,172
Balance, end of the year	<u>\$ 388,197</u>	<u>\$ 483,306</u>

Advertising costs: The Company expenses advertising costs as incurred. During 2021 and 2020, total advertising costs were approximately \$805,000 and \$852,000, respectively.

Income taxes: Deferred taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. Realization of deferred tax assets is dependent on generating sufficient taxable income in the future.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

The Company follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. The Company is subject to income tax examinations by the U.S. federal, state or local income tax authorities for tax years beginning in 2018.

Reclassifications: Certain items in the 2020 financial statements have been reclassified to conform to the current year's presentation format. There was no effect on net income for 2020 as a result of these reclassifications.

Subsequent events: The Company has evaluated subsequent events through July 8, 2022, the date the consolidated financial statements were available to be issued. See Note 15 for subsequent events related to financing and an acquisition.

Note 2. Investments

Investments as of December 31 are comprised of the following:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Equity securities - Domestic				
2021	\$ 500,000	\$ 1,762,550	\$ -	\$ 2,262,550
2020	\$ 500,000	\$ -	\$ -	\$ 500,000

Note 3. Inventories

Inventories as of December 31 are comprised of the following:

	2021	2020
Raw materials	\$ 8,573,901	\$ 6,587,720
Work in process	4,571,911	3,859,589
Finished goods	1,493,902	1,211,416
Inventory reserves	(1,244,642)	(1,524,250)
	<u>\$ 13,395,072</u>	<u>\$ 10,134,475</u>

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 4. Property, Plant and Equipment

Property, plant and equipment are summarized as follows as of December 31:

	2021	2020
Land	\$ 435,400	\$ 435,400
Buildings, improvements, and leasehold improvements	9,901,328	10,171,499
Machinery and equipment	7,832,504	7,827,448
	18,169,232	18,434,347
Less accumulated depreciation and amortization	(9,686,016)	(9,105,010)
	<u>\$ 8,483,216</u>	<u>\$ 9,329,337</u>

Depreciation expense includes the amortization of leasehold improvements. Depreciation and amortization expense was \$872,339 and \$1,209,506 in 2021 and 2020, respectively.

Note 5. Goodwill and Other Intangible Assets

The following is a summary of intangible assets as of December 31:

	Trade Names and Trademarks	Developed Technology	Total
Weighted average useful life	Indefinite	10 years	
Balance at January 1, 2020	\$ 14,610,000	\$ 279,167	\$ 14,889,167
Amortization expense	-	(67,000)	(67,000)
Balance at December 31, 2020	14,610,000	212,167	14,822,167
Amortization expense	-	(67,000)	(67,000)
Impairment of Baker Furnace trade name	(310,000)	-	(310,000)
Balance at December 31, 2021	<u>\$ 14,300,000</u>	<u>\$ 145,167</u>	<u>\$ 14,445,167</u>

Estimated future aggregate amortization expense related to intangible assets consists of the following for each of the next three fiscal years:

Fiscal year:	
2022	\$ 67,000
2023	67,000
2024	11,167

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 5. Goodwill and Other Intangible Assets (Continued)

Goodwill: The following is a summary of goodwill as of December 31, 2021 and 2020:

Weighted-Average Useful Life	2021		
	Gross Carrying Value	Accumulated Amortization	Net Book Value
10 years	\$ 30,017,495	\$ (22,596,545)	\$ 7,420,950

Weighted-Average Useful Life	2020		
	Gross Carrying Value	Accumulated Amortization	Net Book Value
10 years	\$ 30,017,495	\$ (19,615,448)	\$ 10,402,047

Goodwill amortization expense was \$2,981,097 and \$2,975,645 in 2021 and 2020, respectively.

Estimated future amortization expense related to goodwill for each of the next three fiscal years, subject to currency translation fluctuations, will be as follows:

Fiscal year:	
2022	\$ 3,000,000
2023	3,000,000
2024	1,420,950

Note 6. Financing Arrangements

Long-term debt consists of the following as of December 31:

	2021	2020
Term loan	\$ 28,462,846	\$ 29,037,458
PPP loan	-	4,774,200
	28,462,846	33,811,658
Less current portion	(580,000)	(2,664,745)
	27,882,846	31,146,913
Less deferred financing fees, net of accumulated amortization of \$377,866 in 2021 and \$29,067 in 2020	(1,366,129)	(1,714,928)
	\$ 26,516,717	\$ 29,431,985

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Financing Arrangements (Continued)

Term loan: The Company obtained a term loan of \$29,000,000 used to refinance its previous debt facilities. Interest accrues at the greater of a fixed rate of 10%, and the London Interbank Offered Rate (LIBOR) rate, plus a margin of 9%. PIK interest also accrues at a rate of 1.5% per annum and is added to the balance of the term loan. Quarterly principal payments began in March 2021 in the amount of \$145,000, with the remaining principal paid at the maturity date of November 30, 2025. The cash interest rate approximated 10% at December 31, 2021 and 2020. PIK interest of \$440,543 and \$37,458 was accrued during 2021 and 2020, respectively. The Company is also required on an annual basis to prepay the term loan for an excess flow amount, as defined. There were no excess cash flow prepayments for 2020 and 2021. Substantially all of the Company's assets are pledged as collateral under the credit agreement. The Company is required to maintain financial covenants, as defined. See Note 15 for subsequent amendment to the agreement.

Revolving line of credit: Borrowings on the revolving line of credit (\$127,700 and \$1,893,257 outstanding at December 31, 2021 and 2020, respectively) may be used to finance working capital needs and general business purposes. The revolving line of credit has a maximum availability of the lesser of \$10,000,000 or the value of 85% of eligible accounts receivable and 85% of eligible inventory (the Borrowing Base), as defined in the credit agreement. The availability under the revolving line of credit is reduced by all outstanding letters of credit (none outstanding at December 31, 2021 and 2020). Interest at the Company's option is charged at a base rate, or a LIBOR rate, plus an applicable interest rate margin based upon an achieved leverage ratio, as defined. The interest rate on base rate borrowings approximated 4.75% at December 31, 2021 and 2020. The Company may pay management fees to a company related to the initial stockholders in an amount not to exceed \$525,000 only if the payment of such fees does not put the Company in default of any provisions of the loan agreement. The amount available to borrow at December 31, 2021, was approximately \$9,872,300. Subsequent to year end, the Company terminated its existing revolving line of credit agreement and entered into an agreement with a new lender. See Note 15.

PPP loan: On April 4, 2020, the Company received a \$4,774,200 term note with a bank pursuant to the Paycheck Protection Program (PPP) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, administered by the U.S. Small Business Administration (SBA). In accordance with the requirements of the CARES Act, the borrower used the proceeds from the note in accordance with the requirements of the PPP to cover certain qualified expenses, including payroll costs and other eligible costs. Interest accrued on the note at the rate of 1.00% per annum. On June 12, 2021, the Company was approved by the SBA for forgiveness in the full amount due under the note. Therefore, the loan was extinguished and included as other income on the consolidated statements of comprehensive income in the amount of \$4,774,200. Forgiveness is subject to audit by the SBA for up to six years from the date of the forgiveness.

The aggregate future principal payments required on the term loan are as follow at December 31, 2021:

Fiscal year:	
2022	\$ 580,000
2023	580,000
2024	580,000
2025	26,722,846
	<u>\$ 28,462,846</u>

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Financing Arrangements (Continued)

Obligations under capital lease: The Company leases equipment that requires monthly lease payments of \$5,158, including interest ranging from 5% to 6% through September 2024. The cost basis and accumulated amortization of assets under capital leases at December 31, 2021, was \$422,342 and \$392,234, respectively, and at December 31, 2020, was \$389,490 and \$238,700, respectively.

Future minimum rental obligations for the next two years are:

Years ending December 31:	
2022	\$ 40,764
2023	9,855
	50,619
Less interest	(2,118)
	48,501
Less current portion	(40,764)
	\$ 7,737

Note 7. Related-Party Transactions

The Company entered into a consulting agreement with a company related to the initial stockholders (consultant) for a term of 20 years. The consultant is entitled to a closing fee equal to the greater of 2.5% of the funding sources, as defined, or \$500,000, related to any add-on acquisition, as defined. In 2020, the Company paid a monthly fee of approximately \$118,000 through November 30, 2020 and \$43,750 starting in the month of December of 2020. These fees plus other expenses totaled approximately \$525,000 and \$1,342,000 in 2021 and 2020, respectively.

The annual consulting fee may also be increased, at the sole discretion of the consultant, in an amount equal to 1.875% of the funding sources, related to any add-on acquisition.

Note 8. Stockholders' Equity

Preferred stock: Series A Preferred Stock accrues cumulative dividends at a rate of 10% per annum on the liquidation preference value of \$100 per share. The liquidation preference of the Series A Preferred Stock is \$100 per share plus accrued and unpaid dividends.

Note 9. Stock Option Plan

The Company has adopted the 2014 Equity and Performance Incentive Plan (the Plan) under which employees are eligible to receive stock options. The Plan is authorized to issue a maximum of 9,530 shares. Any options issued expire ten years from the date of issuance. Compensation expense is equal to the fair value of all equity-based compensation over the vesting period of each award. Options in the amount of 2,654 are time vested and require one year of continuous service. The remaining granted options do not vest until the Company is sold and the minimum return on investment by the equity holders ranges from 2x to 4x on their cash invested; therefore due to the uncertainty of the timing of such events, no compensation is recorded.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 9. Stock Option Plan (Continued)

The Company uses the Black-Scholes option pricing model to estimate the fair value of stock-based awards in determining actual compensation cost. The fair value of options granted in 2016 were estimated at the date of the grant based on the following assumptions: risk free interest rates of 1.85%, volatility of 35%, expected life of options of 10.00 years and expected payment of dividends of \$0 per share. Volatility was determined using the volatility of similar companies. Options issued that vest over time do so over a three to five year range. No compensation expense related to the options was recorded in 2021 or 2020. No future unrecognized stock compensation expense is to be incurred on time vesting options as of December 31, 2021 or 2020.

	Number of Shares	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding, December 31, 2020	<u>4,729</u>	\$ 119.64	<u>3.86</u>	\$ <u>279,409</u>
Outstanding, December 31, 2021	<u>2,502</u>	\$ 137.13	<u>3.15</u>	\$ <u>264,727</u>
Exercisable at December 31, 2021	<u>1,108</u>	\$ 183.84	<u>3.30</u>	\$ <u>264,727</u>

In 2021, 2,227 outstanding options were terminated, which represents the change of outstanding options between December 31, 2021 and 2020.

Note 10. Income Taxes

Income tax expense consists of the following:

	2021	2020
Current income tax (benefit) expense	\$ 1,378,194	\$ (196,549)
Deferred income tax expense	46,583	879,744
	<u>\$ 1,424,777</u>	<u>\$ 683,195</u>

The components of the net deferred tax asset are as follows:

	2021	2020
Deferred tax assets (liabilities):		
Net operating loss and capital loss carryforward	\$ 59,645	\$ 2,353,186
Inventories	430,653	487,127
Depreciation and amortization	1,354,587	1,235,708
Indefinite lived intangible	(2,202,561)	(2,072,893)
Deferred revenue	1,803,923	248,258
Interest expense limitation	-	7,406
Unrealized gain/loss on investment	(427,797)	-
Other, net	581,061	820,860
Less valuation allowance	<u>(45,562)</u>	<u>(1,479,120)</u>
	<u>\$ 1,553,949</u>	<u>\$ 1,600,532</u>

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 10. Income Taxes (Continued)

Deferred taxes result from timing differences in the recognition of revenue and expense for tax and financial reporting purposes. In assessing the realizability of the net deferred tax asset, the Company considers all relevant positive and negative evidence in determining whether it is more-likely-than-not some portion or all of the deferred income tax asset will not be realized. The realization of the gross deferred tax assets is dependent on several factors, including the generation of sufficient taxable income prior to the expiration of the NOL carryforwards. The Company considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. The Company has determined there is sufficient positive evidence to conclude it is more-likely-than-not that its deferred tax assets are realizable, except for certain state net operating loss carryovers.

The Company has recognized a valuation against these deferred tax assets that will not be realizable as of December 31, 2021. The Company's provision for income taxes differs from the amounts obtained by applying the statutory U.S. Federal tax rate primarily as a result of non-deductible expenses. The Company has state net operating losses of approximately \$1,216,587 at December 31, 2021 that begin to expire in 2025.

On March 27, 2020, the CARES Act was signed into law making several changes to the Internal Revenue Code. The changes include, but are not limited to: increasing the limitation on the amount of deductible interest expense, allowing companies to carryback certain net operating losses, and increasing the amount of net operating loss carryforwards that corporations can use to offset taxable income. The tax law changes in the CARES Act did not have a material impact on the Company's income tax provision.

The Consolidated Appropriations Act, 2021, which included changes to the Paycheck Protection Program loans, was signed into law on December 27, 2020. As a result of the changes, the Company anticipates that expenditures paid with the proceeds of the Paycheck Protection Program loan, which previously resulted in non-deductible expenses for tax purposes, will now be treated as tax deductible. The benefit of this change was reflected in the period in which the Paycheck Protection Program loan was forgiven.

Note 11. Employee Benefit Plan

401(k) plan: The Company sponsors a defined contribution 401(k) plan that covers all eligible employees. Qualified employees may elect to defer a portion of their wages up to the statutory limitations pursuant to the Internal Revenue Code. The Company may match the participants' total eligible compensation. This match is discretionary and generally determined quarterly by the Company. The Company recorded \$815,571 and \$960,568 of a discretionary match expense during 2021 and 2020, respectively.

Note 12. Commitments and Contingencies

Operating leases: The Company leases a manufacturing facility and equipment with various expiration dates, excluding renewals, through 2025. Rent expense was \$793,382 and \$1,044,963 in 2021 and 2020, respectively.

At December 31, 2021, minimum noncancelable operating lease payments are as follows:

Fiscal year:	
2022	\$ 685,502
2023	697,864
2024	710,474
2025	370,866
	<u>\$ 2,464,706</u>

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 12. Commitments and Contingencies (Continued)

Employee retention credit: The Company accounts for the Employee Retention Credit (ERC) Program using a method analogous to the International Accounting Standards (IAS) 20 Accounting for Government Grants and Disclosure of Government Assistance. Similar to IAS 20, the Company recognizes government grants on a systematic basis over the periods that the costs relate.

During 2021, the Company submitted to the Internal Revenue Service (IRS) an ERC refund request totaling \$6,258,430. Under the terms of the ERC Program, a refundable credit is available to businesses which paid qualified wages to employees. During 2021, the Company recorded income for the full amount requested, included within other income on the Company's consolidated statement of comprehensive income, which is currently awaiting IRS approval. The Company believes all qualifications have been met.

Note 13. Fair Value Measurements

Under the Financial Accounting Standards Board (FASB)'s authoritative guidance on fair value measurements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods including market, income and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Company is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1:** Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2:** Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.
- Level 3:** Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

While the Company 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 certain financial instruments could result in a different estimate of fair value at the reporting date.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 13. Fair Value Measurements (Continued)

The following is a description of the valuation methodology used for instruments measured at fair value:

Equity securities: Valuations are based upon quoted market prices for identical assets traded in active market exchanges.

Assets measured at fair value as of December 31, are summarized as follows:

	Level 1	Level 2	Level 3	Total
Equity securities - Domestic				
2021	\$ 2,262,550	\$ -	\$ -	\$ 2,262,550
2020	\$ 500,000	\$ -	\$ -	\$ 500,000

Note 14. Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal year beginning after December 15, 2021, including interim periods within those years. The Company is currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost. The ASU requires financial assets measured at amortized cost (including loans and trade receivables) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. The Company is currently evaluating the impact of this new guidance on the consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in ASC 740 and also clarifies and amends existing guidance to improve consistent application. This ASU is effective for the Company beginning on January 1, 2022. The Company is currently evaluating the impact of this new guidance on the consolidated financial statements.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 15. Subsequent Events

Financing: On June 30, 2022, the Company terminated its existing revolving line of credit and entered into an agreement with a new lender. The revolving line of credit has a maximum availability of the lesser of \$10,000,000 or the value of eligible accounts receivable and inventory, as defined in the credit agreement. Interest will be charged at the Secured Overnight Financing Rate (SOFR) plus 3.1% with a SOFR Index floor of 0%.

Additionally, the term loan was amended to revise certain financial covenants.

Acquisition: On June 30, 2022, the Company acquired all of the outstanding equity interests in a professional vacuum technical manufacturer and vacuum services supplier with principal operations in the United States. The initial purchase price, subject to certain post-closing adjustments, is a cash payment of \$1,500,000. In addition, there are estimated contingent consideration of \$1,000,000 based upon 2022 EBITDA results, as defined by the agreement, and potential earn-out payments related to 2023 and 2024 EBITDA margin and revenue results, as defined by the agreement.

Certain disclosures required by the applicable FASB accounting guidance pertaining to business combinations subsequent to a reporting period end but prior to the issuance of the consolidated financial statements, primarily related to allocation at fair value of the consideration to assets acquired and liabilities assumed and the impact of the new working capital provisions have been omitted from the disclosures above because the valuation and related accounting procedures have not yet been completed as of the date that the consolidated financial statements were available to be issued due to the timing of the business combination.

Attachment to 2021 Form 5500
Schedule H, line 4i - Schedule of Assets
(Held at End of Year)
TPS, LLC 401(K) PLAN
EIN#: 46-3927815
Plan#: 001
As Of 12/31/2021

(a) (b) Identity of issue, borrower, lessor or similar party	(c) Description of investments including maturity date, rate of interest, collateral, par, or maturity date	(d) Cost	(e) Current Value
Allspg Spec SmCp VI Fd R6	Registered Investment Company		\$124,028
AmCen Mid Cap Value Fund R6	Registered Investment Company		\$108,365
ClrBrg Intl Growth Fd IS	Registered Investment Company		\$112,142
Columbia Dividend Income Fd I3	Registered Investment Company		\$270,968
DWS RREEF RI Est Sec Fd R6	Registered Investment Company		\$85,388
Fidelity 500 Index Fund	Registered Investment Company		\$721,422
Fidelity Freedom In 2005 InstP	Registered Investment Company		\$2,565
Fidelity Freedom In 2010 InstP	Registered Investment Company		\$117,053
Fidelity Freedom In 2015 InstP	Registered Investment Company		\$118,858
Fidelity Freedom In 2020 InstP	Registered Investment Company		\$2,051,311
Fidelity Freedom In 2025 InstP	Registered Investment Company		\$5,614,699
Fidelity Freedom In 2030 InstP	Registered Investment Company		\$4,872,429
Fidelity Freedom In 2035 InstP	Registered Investment Company		\$4,272,956
Fidelity Freedom In 2040 InstP	Registered Investment Company		\$2,437,618
Fidelity Freedom In 2045 InstP	Registered Investment Company		\$995,540
Fidelity Freedom In 2050 InstP	Registered Investment Company		\$1,956,519
Fidelity Freedom In 2055 InstP	Registered Investment Company		\$1,462,643
Fidelity Freedom In 2060 InstP	Registered Investment Company		\$502,116
Fidelity Freedom In 2065 InstP	Registered Investment Company		\$136,024
Fidelity Freedom In Inc InstP	Registered Investment Company		\$2,636
Fidelity Intl Index Fnd	Registered Investment Company		\$201,137
Fidelity Mid Cap Idx Fd	Registered Investment Company		\$236,794
Fidelity Sm Cp Ind Fd	Registered Investment Company		\$254,423
Gldmn Sachs Cr Fxd Inc Fd R6	Registered Investment Company		\$16,853
Janus Hndr Enterprise Fund N	Registered Investment Company		\$71,918
JPMorgan Emrg Mkts Eqty Fd R6	Registered Investment Company		\$134,410
LOAN FUND	Participant Loans		\$362,870
Lord Abbett Develop Grw Fd R6	Registered Investment Company		\$336,103
MFS Growth Fund R6	Registered Investment Company		\$1,018,913
PIMCO Income Fund Ins	Registered Investment Company		\$265,769
* Voya Fixed Account (4450)	Insurance Company General Account		\$240,814
* Voya Gv Mny Mkt F A (Hld Acct)	Registered Investment Company		\$1
TOTAL			<u>\$29,105,284</u>

* denotes party-in-interest

Column (d) is not required as the Plan's investments are totally participant directed.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Consolidated Financial Report
December 31, 2021

Contents

Independent auditor's report	1-2
Financial statements	
Consolidated balance sheets	3
Consolidated statements of comprehensive income	4
Consolidated statements of changes in stockholders' equity	5
Consolidated statements of cash flows	6-7
Notes to consolidated financial statements	8-21

Independent Auditor's Report

Board of Directors
Thermal Product Solutions Holdings, Inc. and Subsidiaries

Opinion

We have audited the consolidated financial statements of Thermal Product Solutions Holdings, Inc. and subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended 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 (GAAS). 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 Company 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 Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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 GAAS 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 GAAS, 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 Company'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 Company'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.

RSM US LLP

Blue Bell, Pennsylvania
July 8, 2022

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Consolidated Balance Sheets December 31, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 4,010,426	\$ 3,234,862
Accounts receivable, net of allowances of \$156,000 and \$412,000 in 2021 and 2020, respectively	11,533,898	10,292,539
Inventories, net	13,395,072	10,134,475
Prepaid expenses and other current assets	1,674,345	1,704,748
Government subsidy receivable	6,258,430	-
Investments	2,262,550	500,000
Income taxes receivable	-	655,167
Total current assets	39,134,721	26,521,791
Property, plant and equipment, net	8,483,216	9,329,337
Intangible assets, net	14,445,167	14,822,167
Goodwill, net	7,420,950	10,402,047
Deferred income taxes	1,553,949	1,600,532
Other assets	257,181	229,059
Total assets	\$ 71,295,184	\$ 62,904,933
Liabilities and Stockholders' Equity		
Current liabilities:		
Line of credit	\$ 127,700	\$ 1,893,257
Current portion of long-term debt, net	580,000	2,664,745
Current portion of capital lease obligation	40,764	80,791
Accounts payable	4,207,294	4,240,206
Accrued expenses	4,375,834	6,382,555
Income taxes payable	571,732	-
Deferred revenue	16,920,388	8,968,174
Total current liabilities	26,823,712	24,229,728
Capital lease obligation, net of current portion	7,737	47,165
Long-term debt, net of current portion	26,516,717	29,431,985
	53,348,166	53,708,878
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Series A Preferred stock, \$0.01 par value, authorized 420,000 shares; issued and outstanding 216,270 shares (liquidation value of \$44,531,623)	22,931,839	19,010,841
Common stock, \$.001 par value, authorized 280,000 shares; issued and outstanding 54,000 shares	54	54
Additional paid-in capital	4,424,981	8,345,979
Accumulated other comprehensive loss	(54,434)	(46,285)
Accumulated deficit	(9,355,422)	(18,114,534)
Total stockholders' equity	17,947,018	9,196,055
Total liabilities and stockholders' equity	\$ 71,295,184	\$ 62,904,933

See notes to consolidated financial statements.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income
Years Ended December 31, 2021 and 2020

	2021	2020
Net sales	\$ 75,131,484	\$ 88,828,493
Cost of sales	47,782,494	53,706,566
Gross margin	27,348,990	35,121,927
Selling, general and administrative expenses	26,084,372	30,890,602
Income from operations	1,264,618	4,231,325
Interest expense	3,875,909	3,073,214
Government subsidy income	(11,032,630)	-
Unrealized gain on investments	(1,762,550)	-
Income before income tax expense	10,183,889	1,158,111
Income tax expense	1,424,777	683,195
Net income	8,759,112	474,916
Other comprehensive loss:		
Foreign currency translation	(8,149)	(350)
Comprehensive income	\$ 8,750,963	\$ 474,566

See notes to consolidated financial statements.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

**Consolidated Statements of Changes in Stockholders' Equity
Years Ended December 31, 2021 and 2020**

	Common Stock		Series A Preferred Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss		Accumulated Deficit	Total
	Shares	Amount	Shares	Amount		Loss	Deficit		
Balance, January 1, 2020	54,000	\$ 54	216,270	\$ 15,446,298	\$ 11,910,522	\$ (45,935)	\$ (18,589,450)	\$ 8,721,489	
Accretion of accrued dividends	-	-	-	3,564,543	(3,564,543)	-	-	-	
Foreign currency translation	-	-	-	-	-	(350)	-	(350)	
Net income	-	-	-	-	-	-	474,916	474,916	
Balance, December 31, 2020	54,000	54	216,270	19,010,841	8,345,979	(46,285)	(18,114,534)	9,196,055	
Accretion of accrued dividends	-	-	-	3,920,998	(3,920,998)	-	-	-	
Foreign currency translation	-	-	-	-	-	(8,149)	-	(8,149)	
Net income	-	-	-	-	-	-	8,759,112	8,759,112	
Balance, December 31, 2021	54,000	\$ 54	216,270	\$ 22,931,839	\$ 4,424,981	\$ (54,434)	\$ (9,355,422)	\$ 17,947,018	

See notes to consolidated financial statements.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Net income	\$ 8,759,112	\$ 474,916
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property, plant and equipment	872,339	1,209,506
Loss on disposal of property, plant and equipment	314,964	69,186
Impairment of intangible asset	310,000	-
PIK interest	440,543	37,458
Amortization of deferred financing costs	348,799	47,600
Amortization of goodwill and other intangible assets	3,048,097	3,042,645
Government subsidy income	(11,032,630)	-
Unrealized gain on investments	(1,762,550)	-
Provision for accounts receivable allowances	(256,270)	236,630
Deferred income taxes	46,583	879,744
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(985,089)	4,588,750
Inventories	(3,260,597)	2,950,889
Prepaid expenses and other assets	2,281	(711,034)
Income taxes receivable	655,167	(610,374)
Increase (decrease) in:		
Accounts payable	(32,912)	402,665
Accrued expenses	(2,006,721)	1,243,864
Deferred revenue	7,952,214	(6,106,544)
Income taxes payable	571,732	-
Net cash provided by operating activities	3,985,062	7,755,901
Cash flows from investing activities:		
Purchases of property, plant and equipment	(341,182)	(411,360)
Net cash used in investing activities	(341,182)	(411,360)
Cash flows from financing activities:		
Net repayments on revolving line of credit	(1,765,557)	(6,631,923)
Borrowings on long-term debt	-	33,774,200
Repayments on long-term debt	(1,015,155)	(29,385,238)
Deferred financing cost payments	-	(1,743,995)
Repayments on capital leases	(79,455)	(122,373)
Net cash used in financing activities	(2,860,167)	(4,109,329)
Effect of foreign currency exchange rate changes on cash	(8,149)	(350)
Net change in cash	775,564	3,234,862
Cash:		
Beginning	3,234,862	-
Ending	\$ 4,010,426	\$ 3,234,862

(Continued)

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2021 and 2020

	2021	2020
Supplemental disclosure of cash flow information:		
Cash paid during the year for taxes	<u>\$ 175,680</u>	<u>\$ 689,486</u>
Cash paid during the year for interest	<u>\$ 3,086,567</u>	<u>\$ 3,345,593</u>

See notes to consolidated financial statements.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of business: The consolidated financial statements consist of the accounts and transactions of Thermal Product Solutions Holdings, Inc., a Delaware corporation, and its wholly owned subsidiaries, Thermal Product Solutions, LLC, a Delaware limited liability company; TPS, LLC, a Delaware limited liability company; Tiros Sdn. Bhd., a wholly owned subsidiary of TPS, LLC, a company organized under the laws of Malaysia; Wisconsin Oven Corporation (Wisconsin Oven), a Wisconsin corporation; Baker Furnace, a California corporation; Tenney Environmental, a Delaware corporation; TPS International, LLC, a Delaware limited liability company; Data Sense Technologies LLC, a Delaware limited liability company and TPS IP, LLC, a Delaware limited liability company (collectively, the Company). Thermal Product Solutions designs and manufactures industrial and laboratory ovens and furnaces, and environmental temperature cycling and stability test chambers for sales to industrial locations. Product brands include Tenney, Blue M, Gruenberg, LindbergMPH, Wisconsin Oven, and Baker Furnace. Company headquarters are located in White Deer, Pennsylvania; LindbergMPH is located in Riverside, Michigan; Wisconsin Oven is located in East Troy, Wisconsin; and Baker Furnace was located in Brea, California and closed during 2021. Tiros Sdn. Bhd., provides sales and support services for Southeast Asia.

A summary of the Company's significant accounting policies is as follows:

Principles of consolidation: The consolidated financial statements include the accounts of Thermal Product Solutions Holdings, Inc. and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

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

Concentration of credit risk: Financial instruments that subject the Company to credit risk consist of cash and accounts receivable.

The Company maintains its cash on deposit with financial institutions. At times these balances exceed the federally insurable limit. No losses were incurred during 2021 or 2020 for amounts exceeding the insured limit.

The Company does not have any significant customer concentrations. The Company reviews a customer's credit history before extending credit and generally does not require collateral. Accounts receivable are carried at original invoice amount less an estimate for doubtful receivables based on a review of all outstanding amounts on a monthly basis. The allowance for doubtful accounts is determined by analyzing historical data and trends. Accounts receivable are charged off against the allowance for doubtful accounts when management determines the recovery is unlikely and ceases collection efforts. Recoveries of accounts receivable previously written off are recorded when received. Interest is not charged on past due receivables.

Market conditions: During the year ended December 31, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a pandemic. The impact of COVID-19 could negatively impact the Company's operations. The extent to which the coronavirus impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among other factors.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Investments: The Company has an investment in equity securities. Equity securities are stated at fair value and unrealized holding gains and losses are reported through net income.

Inventories: Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Historical inventory usage and current usage requirements are considered in estimating both excess and obsolete inventories.

Property, plant and equipment: Property, plant and equipment additions are recorded at cost. Property, plant and equipment are stated net of accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from two to 26 years. Leasehold improvements are amortized over the shorter of the terms of the related leases or the estimated useful lives of the improvements. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property, plant and equipment are sold or otherwise disposed of, the asset accounts and the related accumulated depreciation or amortization accounts are relieved, and any gain or loss is included in operations.

Deferred financing costs: Costs of obtaining debt financing are capitalized and amortized over the term of the related debt instrument using the effective interest method for term loans and the straight-line method for revolving credit facilities.

Fair value of financial instruments: The Company's financial instruments consist principally of cash, trade receivables, investments, accounts payable, line of credit, long-term debt, and capital lease obligations. The carrying amount of cash, accounts receivables, accounts payable and short-term borrowings approximate fair value because of the short-term maturity of these instruments. The fair value of investments is determined as described in Note 13. The fair value of long-term debt approximates the carrying value, because the interest rates fluctuate with market interest rates.

Intangible assets: Intangible assets are initially recorded at fair value and consist of trade names and trademarks and developed technology. Trade names and trademarks have an indefinite life and are not amortized. The Company is required to assess its indefinite-lived intangible assets for impairment annually, or more frequently if circumstances indicate impairment may have occurred. If the carrying value of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. Developed technology is being amortized on a basis consistent with their expected cash flows over their estimated useful lives of 10 years.

Goodwill: The Company records as goodwill the excess of the fair value of the purchase price over the fair value of the identifiable net assets acquired in a business combination. The Company adopted Accounting Standards Update (ASU) 2014-02, *Intangibles—Goodwill and Other (Topic 350): Accounting for Goodwill*, which provides an accounting alternative for the subsequent measurement of goodwill. Goodwill is amortized on a straight-line basis over 10 years. The Company evaluates goodwill for impairment at the entity level if a triggering event occurs, and has elected to be treated as one reporting unit for testing purposes. For the year ended December 31, 2021, the Company assessed the totality of events and circumstances and concluded that goodwill is not impaired.

Impairment of long-lived assets: The Company evaluates long-lived assets, including property, plant and equipment and definite-lived intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. Impairment, if any, is assessed using discounted cash flows. No impairments have occurred through 2020. During 2021, due to the closing of the Baker Furnace location and lack of future cash flows expected to be generated from the related trade name, an impairment of \$310,000 was recorded.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

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

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Revenue from product sales is recognized in the period in which persuasive evidence of an arrangement with a customer exists, at the later of shipment of goods or when control has transferred to the customer. When the Company's contracts with customers contain multiple performance obligations, the contract transaction price is allocated on a relative standalone selling price basis to each performance obligation. The Company typically determines standalone selling price based on observable selling prices of its products and services.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods and services to the customer. Revenue is recorded based on the transaction price, which consists entirely of fixed consideration.

Sales taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and, therefore, are excluded from net sales.

Shipping and handling costs charged to customers are included in net sales. The Company invoices common-carrier freight charges on a pass-through basis for outbound freight to certain customers in accordance with the Company's terms of sale. These charges are recorded as a component of net sales. Amounts billed to customers in 2021 and 2020 were approximately \$1,359,000 and \$1,502,000, respectively. Common-carrier expenses for outbound freight were approximately \$1,012,000 in 2021 and \$1,254,000 in 2020, and are included in cost of sales in the consolidated statements of comprehensive income.

Wisconsin Oven recognizes revenue from fixed-price contracts over-time using the percentage of completion method, measured by the percentage of costs incurred to date to total estimated costs for each contract (cost-to-cost method). This method is used because management considers costs incurred to be the best available measure of progress on these contracts and the nature of the product is highly customized to individual customer specifications, which could not easily be repurposed to another customer in the event of a terminated contract. Because of the inherent uncertainties in estimating costs, it is at least reasonably possible that the Company's estimates of costs and revenues will change in the near term.

Contract costs include all direct materials and labor costs related to the contract performance. General and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, estimated profitability, and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

Costs and estimated earnings in excess of billings on uncompleted contracts of approximately \$699,000 and \$52,000 in 2021 and 2020, respectively, represents revenues recognized in excess of amounts billed (contract assets) and are included in accounts receivable. Billings in excess of costs and estimated earnings on uncompleted contracts of approximately \$5,190,000 and \$2,797,000 in 2021 and 2020, respectively, represents billings in excess of revenues (contract liabilities) recognized and are included in deferred revenue.

The Company's remaining deferred revenue is comprised of advanced payments from customers on projects that have not yet transferred control to the customer.

A summary of revenue recognition methods for the years ending December 31 are as follows:

	2021	2020
Point in time recognition:		
Product and service revenue	\$ 58,822,592	\$ 70,479,793
Over time recognition:		
Percentage of completion revenue	16,308,892	18,348,700
	<u>\$ 75,131,484</u>	<u>\$ 88,828,493</u>

The Company generally provides limited-assurance-type warranties for standard equipment and work performed under its contracts. The warranty periods typically extend for a limited duration following transfer of control of the equipment. Historically, warranty claims have not resulted in material costs incurred. The Company does not consider these warranties to be performance obligations.

Warranties: The Company sells a variety of products that carry corresponding warranties. The specific terms and conditions of these warranties vary depending on the products sold and future events not within the control of the Company such as the transfer of the product's ownership. The Company records a liability (included in accrued expenses) for an estimate of costs that it expects to incur under its warranty programs when product revenue is recognized. Factors affecting the Company's warranty liability include the number of units sold and historical and anticipated rates of claims and costs per claim. The Company periodically assesses the adequacy of its warranty liability based on changes in these factors.

	2021	2020
Balance, beginning of the year	\$ 483,306	\$ 576,306
Warranty costs	(685,255)	(678,172)
Warranty provision	590,146	585,172
Balance, end of the year	<u>\$ 388,197</u>	<u>\$ 483,306</u>

Advertising costs: The Company expenses advertising costs as incurred. During 2021 and 2020, total advertising costs were approximately \$805,000 and \$852,000, respectively.

Income taxes: Deferred taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. Realization of deferred tax assets is dependent on generating sufficient taxable income in the future.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

The Company follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. The Company is subject to income tax examinations by the U.S. federal, state or local income tax authorities for tax years beginning in 2018.

Reclassifications: Certain items in the 2020 financial statements have been reclassified to conform to the current year's presentation format. There was no effect on net income for 2020 as a result of these reclassifications.

Subsequent events: The Company has evaluated subsequent events through July 8, 2022, the date the consolidated financial statements were available to be issued. See Note 15 for subsequent events related to financing and an acquisition.

Note 2. Investments

Investments as of December 31 are comprised of the following:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Equity securities - Domestic				
2021	\$ 500,000	\$ 1,762,550	\$ -	\$ 2,262,550
2020	\$ 500,000	\$ -	\$ -	\$ 500,000

Note 3. Inventories

Inventories as of December 31 are comprised of the following:

	2021	2020
Raw materials	\$ 8,573,901	\$ 6,587,720
Work in process	4,571,911	3,859,589
Finished goods	1,493,902	1,211,416
Inventory reserves	(1,244,642)	(1,524,250)
	<u>\$ 13,395,072</u>	<u>\$ 10,134,475</u>

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 4. Property, Plant and Equipment

Property, plant and equipment are summarized as follows as of December 31:

	2021	2020
Land	\$ 435,400	\$ 435,400
Buildings, improvements, and leasehold improvements	9,901,328	10,171,499
Machinery and equipment	7,832,504	7,827,448
	18,169,232	18,434,347
Less accumulated depreciation and amortization	(9,686,016)	(9,105,010)
	<u>\$ 8,483,216</u>	<u>\$ 9,329,337</u>

Depreciation expense includes the amortization of leasehold improvements. Depreciation and amortization expense was \$872,339 and \$1,209,506 in 2021 and 2020, respectively.

Note 5. Goodwill and Other Intangible Assets

The following is a summary of intangible assets as of December 31:

	Trade Names and Trademarks	Developed Technology	Total
Weighted average useful life	Indefinite	10 years	
Balance at January 1, 2020	\$ 14,610,000	\$ 279,167	\$ 14,889,167
Amortization expense	-	(67,000)	(67,000)
Balance at December 31, 2020	14,610,000	212,167	14,822,167
Amortization expense	-	(67,000)	(67,000)
Impairment of Baker Furnace trade name	(310,000)	-	(310,000)
Balance at December 31, 2021	<u>\$ 14,300,000</u>	<u>\$ 145,167</u>	<u>\$ 14,445,167</u>

Estimated future aggregate amortization expense related to intangible assets consists of the following for each of the next three fiscal years:

Fiscal year:	
2022	\$ 67,000
2023	67,000
2024	11,167

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 5. Goodwill and Other Intangible Assets (Continued)

Goodwill: The following is a summary of goodwill as of December 31, 2021 and 2020:

Weighted-Average Useful Life	2021		
	Gross Carrying Value	Accumulated Amortization	Net Book Value
10 years	\$ 30,017,495	\$ (22,596,545)	\$ 7,420,950

Weighted-Average Useful Life	2020		
	Gross Carrying Value	Accumulated Amortization	Net Book Value
10 years	\$ 30,017,495	\$ (19,615,448)	\$ 10,402,047

Goodwill amortization expense was \$2,981,097 and \$2,975,645 in 2021 and 2020, respectively.

Estimated future amortization expense related to goodwill for each of the next three fiscal years, subject to currency translation fluctuations, will be as follows:

Fiscal year:

2022	\$ 3,000,000
2023	3,000,000
2024	1,420,950

Note 6. Financing Arrangements

Long-term debt consists of the following as of December 31:

	2021	2020
Term loan	\$ 28,462,846	\$ 29,037,458
PPP loan	-	4,774,200
	28,462,846	33,811,658
Less current portion	(580,000)	(2,664,745)
	27,882,846	31,146,913
Less deferred financing fees, net of accumulated amortization of \$377,866 in 2021 and \$29,067 in 2020	(1,366,129)	(1,714,928)
	\$ 26,516,717	\$ 29,431,985

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Financing Arrangements (Continued)

Term loan: The Company obtained a term loan of \$29,000,000 used to refinance its previous debt facilities. Interest accrues at the greater of a fixed rate of 10%, and the London Interbank Offered Rate (LIBOR) rate, plus a margin of 9%. PIK interest also accrues at a rate of 1.5% per annum and is added to the balance of the term loan. Quarterly principal payments began in March 2021 in the amount of \$145,000, with the remaining principal paid at the maturity date of November 30, 2025. The cash interest rate approximated 10% at December 31, 2021 and 2020. PIK interest of \$440,543 and \$37,458 was accrued during 2021 and 2020, respectively. The Company is also required on an annual basis to prepay the term loan for an excess flow amount, as defined. There were no excess cash flow prepayments for 2020 and 2021. Substantially all of the Company's assets are pledged as collateral under the credit agreement. The Company is required to maintain financial covenants, as defined. See Note 15 for subsequent amendment to the agreement.

Revolving line of credit: Borrowings on the revolving line of credit (\$127,700 and \$1,893,257 outstanding at December 31, 2021 and 2020, respectively) may be used to finance working capital needs and general business purposes. The revolving line of credit has a maximum availability of the lesser of \$10,000,000 or the value of 85% of eligible accounts receivable and 85% of eligible inventory (the Borrowing Base), as defined in the credit agreement. The availability under the revolving line of credit is reduced by all outstanding letters of credit (none outstanding at December 31, 2021 and 2020). Interest at the Company's option is charged at a base rate, or a LIBOR rate, plus an applicable interest rate margin based upon an achieved leverage ratio, as defined. The interest rate on base rate borrowings approximated 4.75% at December 31, 2021 and 2020. The Company may pay management fees to a company related to the initial stockholders in an amount not to exceed \$525,000 only if the payment of such fees does not put the Company in default of any provisions of the loan agreement. The amount available to borrow at December 31, 2021, was approximately \$9,872,300. Subsequent to year end, the Company terminated its existing revolving line of credit agreement and entered into an agreement with a new lender. See Note 15.

PPP loan: On April 4, 2020, the Company received a \$4,774,200 term note with a bank pursuant to the Paycheck Protection Program (PPP) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, administered by the U.S. Small Business Administration (SBA). In accordance with the requirements of the CARES Act, the borrower used the proceeds from the note in accordance with the requirements of the PPP to cover certain qualified expenses, including payroll costs and other eligible costs. Interest accrued on the note at the rate of 1.00% per annum. On June 12, 2021, the Company was approved by the SBA for forgiveness in the full amount due under the note. Therefore, the loan was extinguished and included as other income on the consolidated statements of comprehensive income in the amount of \$4,774,200. Forgiveness is subject to audit by the SBA for up to six years from the date of the forgiveness.

The aggregate future principal payments required on the term loan are as follow at December 31, 2021:

Fiscal year:

2022	\$ 580,000
2023	580,000
2024	580,000
2025	26,722,846
	<u>\$ 28,462,846</u>

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 6. Financing Arrangements (Continued)

Obligations under capital lease: The Company leases equipment that requires monthly lease payments of \$5,158, including interest ranging from 5% to 6% through September 2024. The cost basis and accumulated amortization of assets under capital leases at December 31, 2021, was \$422,342 and \$392,234, respectively, and at December 31, 2020, was \$389,490 and \$238,700, respectively.

Future minimum rental obligations for the next two years are:

Years ending December 31:	
2022	\$ 40,764
2023	9,855
	50,619
Less interest	(2,118)
	48,501
Less current portion	(40,764)
	\$ 7,737

Note 7. Related-Party Transactions

The Company entered into a consulting agreement with a company related to the initial stockholders (consultant) for a term of 20 years. The consultant is entitled to a closing fee equal to the greater of 2.5% of the funding sources, as defined, or \$500,000, related to any add-on acquisition, as defined. In 2020, the Company paid a monthly fee of approximately \$118,000 through November 30, 2020 and \$43,750 starting in the month of December of 2020. These fees plus other expenses totaled approximately \$525,000 and \$1,342,000 in 2021 and 2020, respectively.

The annual consulting fee may also be increased, at the sole discretion of the consultant, in an amount equal to 1.875% of the funding sources, related to any add-on acquisition.

Note 8. Stockholders' Equity

Preferred stock: Series A Preferred Stock accrues cumulative dividends at a rate of 10% per annum on the liquidation preference value of \$100 per share. The liquidation preference of the Series A Preferred Stock is \$100 per share plus accrued and unpaid dividends.

Note 9. Stock Option Plan

The Company has adopted the 2014 Equity and Performance Incentive Plan (the Plan) under which employees are eligible to receive stock options. The Plan is authorized to issue a maximum of 9,530 shares. Any options issued expire ten years from the date of issuance. Compensation expense is equal to the fair value of all equity-based compensation over the vesting period of each award. Options in the amount of 2,654 are time vested and require one year of continuous service. The remaining granted options do not vest until the Company is sold and the minimum return on investment by the equity holders ranges from 2x to 4x on their cash invested; therefore due to the uncertainty of the timing of such events, no compensation is recorded.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 9. Stock Option Plan (Continued)

The Company uses the Black-Scholes option pricing model to estimate the fair value of stock-based awards in determining actual compensation cost. The fair value of options granted in 2016 were estimated at the date of the grant based on the following assumptions: risk free interest rates of 1.85%, volatility of 35%, expected life of options of 10.00 years and expected payment of dividends of \$0 per share. Volatility was determined using the volatility of similar companies. Options issued that vest over time do so over a three to five year range. No compensation expense related to the options was recorded in 2021 or 2020. No future unrecognized stock compensation expense is to be incurred on time vesting options as of December 31, 2021 or 2020.

	Number of Shares	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding, December 31, 2020	<u>4,729</u>	\$ 119.64	<u>3.86</u>	\$ 279,409
Outstanding, December 31, 2021	<u>2,502</u>	\$ 137.13	<u>3.15</u>	\$ 264,727
Exercisable at December 31, 2021	<u>1,108</u>	\$ 183.84	<u>3.30</u>	\$ 264,727

In 2021, 2,227 outstanding options were terminated, which represents the change of outstanding options between December 31, 2021 and 2020.

Note 10. Income Taxes

Income tax expense consists of the following:

	2021	2020
Current income tax (benefit) expense	\$ 1,378,194	\$ (196,549)
Deferred income tax expense	46,583	879,744
	<u>\$ 1,424,777</u>	<u>\$ 683,195</u>

The components of the net deferred tax asset are as follows:

	2021	2020
Deferred tax assets (liabilities):		
Net operating loss and capital loss carryforward	\$ 59,645	\$ 2,353,186
Inventories	430,653	487,127
Depreciation and amortization	1,354,587	1,235,708
Indefinite lived intangible	(2,202,561)	(2,072,893)
Deferred revenue	1,803,923	248,258
Interest expense limitation	-	7,406
Unrealized gain/loss on investment	(427,797)	-
Other, net	581,061	820,860
Less valuation allowance	(45,562)	(1,479,120)
	<u>\$ 1,553,949</u>	<u>\$ 1,600,532</u>

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 10. Income Taxes (Continued)

Deferred taxes result from timing differences in the recognition of revenue and expense for tax and financial reporting purposes. In assessing the realizability of the net deferred tax asset, the Company considers all relevant positive and negative evidence in determining whether it is more-likely-than-not some portion or all of the deferred income tax asset will not be realized. The realization of the gross deferred tax assets is dependent on several factors, including the generation of sufficient taxable income prior to the expiration of the NOL carryforwards. The Company considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. The Company has determined there is sufficient positive evidence to conclude it is more-likely-than-not that its deferred tax assets are realizable, except for certain state net operating loss carryovers.

The Company has recognized a valuation against these deferred tax assets that will not be realizable as of December 31, 2021. The Company's provision for income taxes differs from the amounts obtained by applying the statutory U.S. Federal tax rate primarily as a result of non-deductible expenses. The Company has state net operating losses of approximately \$1,216,587 at December 31, 2021 that begin to expire in 2025.

On March 27, 2020, the CARES Act was signed into law making several changes to the Internal Revenue Code. The changes include, but are not limited to: increasing the limitation on the amount of deductible interest expense, allowing companies to carryback certain net operating losses, and increasing the amount of net operating loss carryforwards that corporations can use to offset taxable income. The tax law changes in the CARES Act did not have a material impact on the Company's income tax provision.

The Consolidated Appropriations Act, 2021, which included changes to the Paycheck Protection Program loans, was signed into law on December 27, 2020. As a result of the changes, the Company anticipates that expenditures paid with the proceeds of the Paycheck Protection Program loan, which previously resulted in non-deductible expenses for tax purposes, will now be treated as tax deductible. The benefit of this change was reflected in the period in which the Paycheck Protection Program loan was forgiven.

Note 11. Employee Benefit Plan

401(k) plan: The Company sponsors a defined contribution 401(k) plan that covers all eligible employees. Qualified employees may elect to defer a portion of their wages up to the statutory limitations pursuant to the Internal Revenue Code. The Company may match the participants' total eligible compensation. This match is discretionary and generally determined quarterly by the Company. The Company recorded \$815,571 and \$960,568 of a discretionary match expense during 2021 and 2020, respectively.

Note 12. Commitments and Contingencies

Operating leases: The Company leases a manufacturing facility and equipment with various expiration dates, excluding renewals, through 2025. Rent expense was \$793,382 and \$1,044,963 in 2021 and 2020, respectively.

At December 31, 2021, minimum noncancelable operating lease payments are as follows:

Fiscal year:	
2022	\$ 685,502
2023	697,864
2024	710,474
2025	370,866
	<u>\$ 2,464,706</u>

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 12. Commitments and Contingencies (Continued)

Employee retention credit: The Company accounts for the Employee Retention Credit (ERC) Program using a method analogous to the International Accounting Standards (IAS) 20 Accounting for Government Grants and Disclosure of Government Assistance. Similar to IAS 20, the Company recognizes government grants on a systematic basis over the periods that the costs relate.

During 2021, the Company submitted to the Internal Revenue Service (IRS) an ERC refund request totaling \$6,258,430. Under the terms of the ERC Program, a refundable credit is available to businesses which paid qualified wages to employees. During 2021, the Company recorded income for the full amount requested, included within other income on the Company's consolidated statement of comprehensive income, which is currently awaiting IRS approval. The Company believes all qualifications have been met.

Note 13. Fair Value Measurements

Under the Financial Accounting Standards Board (FASB)'s authoritative guidance on fair value measurements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods including market, income and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Company is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1:** Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2:** Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.
- Level 3:** Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

While the Company 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 certain financial instruments could result in a different estimate of fair value at the reporting date.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 13. Fair Value Measurements (Continued)

The following is a description of the valuation methodology used for instruments measured at fair value:

Equity securities: Valuations are based upon quoted market prices for identical assets traded in active market exchanges.

Assets measured at fair value as of December 31, are summarized as follows:

	Level 1	Level 2	Level 3	Total
Equity securities - Domestic				
2021	\$ 2,262,550	\$ -	\$ -	\$ 2,262,550
2020	\$ 500,000	\$ -	\$ -	\$ 500,000

Note 14. Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal year beginning after December 15, 2021, including interim periods within those years. The Company is currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost. The ASU requires financial assets measured at amortized cost (including loans and trade receivables) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. The Company is currently evaluating the impact of this new guidance on the consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in ASC 740 and also clarifies and amends existing guidance to improve consistent application. This ASU is effective for the Company beginning on January 1, 2022. The Company is currently evaluating the impact of this new guidance on the consolidated financial statements.

Thermal Product Solutions Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 15. Subsequent Events

Financing: On June 30, 2022, the Company terminated its existing revolving line of credit and entered into an agreement with a new lender. The revolving line of credit has a maximum availability of the lesser of \$10,000,000 or the value of eligible accounts receivable and inventory, as defined in the credit agreement. Interest will be charged at the Secured Overnight Financing Rate (SOFR) plus 3.1% with a SOFR Index floor of 0%.

Additionally, the term loan was amended to revise certain financial covenants.

Acquisition: On June 30, 2022, the Company acquired all of the outstanding equity interests in a professional vacuum technical manufacturer and vacuum services supplier with principal operations in the United States. The initial purchase price, subject to certain post-closing adjustments, is a cash payment of \$1,500,000. In addition, there are estimated contingent consideration of \$1,000,000 based upon 2022 EBITDA results, as defined by the agreement, and potential earn-out payments related to 2023 and 2024 EBITDA margin and revenue results, as defined by the agreement.

Certain disclosures required by the applicable FASB accounting guidance pertaining to business combinations subsequent to a reporting period end but prior to the issuance of the consolidated financial statements, primarily related to allocation at fair value of the consideration to assets acquired and liabilities assumed and the impact of the new working capital provisions have been omitted from the disclosures above because the valuation and related accounting procedures have not yet been completed as of the date that the consolidated financial statements were available to be issued due to the timing of the business combination.