

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 2022 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022	
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 THE NORTH HIGHLAND COMPANY EMPLOYEE STOCK OWNERSHIP PLAN
1b	Three-digit plan number (PN) ▶ 002
1c	Effective date of plan 01/01/1997
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) NORTH HIGHLAND ESOP HOLDINGS INC. 3333 PIEDMONT RD, NE SUITE 1000 ATLANTA, GA 30305
2b	Employer Identification Number (EIN) 81-2937411
2c	Plan Sponsor's telephone number 404-233-1015
2d	Business code (see instructions) 711510

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.	10/10/2023	KATHLEEN ARGUS
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/10/2023	KATHLEEN ARGUS
	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

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 THE NORTH HIGHLAND COMPANY EMPLOYEE STOCK OWNERSHIP AND 401(K) PLAN		4b EIN 58-1823492 4d PN 002
5 Total number of participants at the beginning of the plan year		5 2364
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) 0
a(2) Total number of active participants at the end of the plan year		6a(2) 746
b Retired or separated participants receiving benefits		6b 1192
c Other retired or separated participants entitled to future benefits.....		6c 425
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d 2363
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e 1
f Total. Add lines 6d and 6e		6f 2364
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....		6g 2133
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: 2I 2K 2O 2Q 3H 3I		
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) ☐ 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 2022 Form M-1 annual report. If the plan was not required to file the 2022 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 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
		2022
		This Form is Open to Public Inspection.

For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022		
A Name of plan THE NORTH HIGHLAND COMPANY EMPLOYEE STOCK OWNERSHIP PLAN	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 NORTH HIGHLAND ESOP HOLDINGS INC.	D Employer Identification Number (EIN) 81-2937411	

Part I	Service Provider Information (see instructions)
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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
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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)

ARGENT TRUST

62-1437218

(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?
21 64	TRUSTEE	17741	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
(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.	
(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
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(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:

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan 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 2022 This Form is Open to Public Inspection.
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For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022		
A Name of plan THE NORTH HIGHLAND COMPANY EMPLOYEE STOCK OWNERSHIP PLAN	B Three-digit plan number (PN) ►	002
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 NORTH HIGHLAND ESOP HOLDINGS INC.		
		D Employer Identification Number (EIN) 81-2937411

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRINCIPAL STABLE VALUE Z FUND		
b Name of sponsor of entity listed in (a): PRINCIPAL GLOBAL INVESTORS TRUST CO		
c EIN-PN 93-6274328-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0
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
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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
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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 2022 This Form is Open to Public Inspection
For calendar plan year 2022 or fiscal plan year beginning <u>01/01/2022</u> and ending <u>12/31/2022</u>		
A Name of plan <u>THE NORTH HIGHLAND COMPANY EMPLOYEE STOCK OWNERSHIP PLAN</u>	B Three-digit plan number (PN) ►	<u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>NORTH HIGHLAND ESOP HOLDINGS INC.</u>	D Employer Identification Number (EIN) <u>81-2937411</u>	

Part I	Asset and Liability Statement		
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....		1a	
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....		1b(1)	3162979
(2) Participant contributions.....		1b(2)	
(3) Other.....		1b(3)	52912
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....		1c(1)	2683 5973998
(2) U.S. Government securities		1c(2)	1492935
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred		1c(3)(A)	
(B) All other		1c(3)(B)	3289611
(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)	496662
(9) Value of interest in common/collective trusts.....		1c(9)	5034422
(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)	120622831
(14) Value of funds held in insurance company general account (unallocated contracts).....		1c(14)	
(15) Other		1c(15)	4683333

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	20407352	
(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	154410262	10809456

Liabilities

g Benefit claims payable	1g	3076	
h Operating payables	1h	34	
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	3110	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	154407152	10809456
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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.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)		
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		0
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	239303	
(B) U.S. Government securities	2b(1)(B)	3968	
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		243271
(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)	30031	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		30031

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		-89783
c Other income	2c		
d Total income. Add all income amounts in column (b) and enter total	2d		183519
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	10612986	
(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)		10612986
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)	17741	
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		17741
j Total expenses. Add all expense amounts in column (b) and enter total	2j		10630727
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		-10447208
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		133150488

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: GRANT THORNTON LLP

(2) EIN: 36-6055558

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		10000000
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?			
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	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 0.

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)
THE NORTH HIGHLAND COMPANY 401(K) PLAN	81-2937411	003

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 2022 This Form is Open to Public Inspection.
For calendar plan year 2022 or fiscal plan year beginning 01/01/2022 and ending 12/31/2022		
A Name of plan THE NORTH HIGHLAND COMPANY EMPLOYEE STOCK OWNERSHIP PLAN		B Three-digit plan number (PN) 002
C Plan sponsor's name as shown on line 2a of Form 5500 NORTH HIGHLAND ESOP HOLDINGS INC.		D Employer Identification Number (EIN) 81-2937411
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): 42-0127290		
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) 2022 v. 220413		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that (1) contributed more than 5% of total contributions to the plan during the plan year or (2) was one of the top-ten highest contributors (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
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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 _____

Financial Statements and Report of
Independent Certified Public
Accountants

**The North Highland Company
Employee Stock Ownership Plan**

July 31, 2023, and December 31, 2022 and 2021

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Plan Administrator
The North Highland Company Employee Stock Ownership Plan

Scope and nature of the ERISA Section 103(a)(3)(C) audit

We have performed audits of the financial statements of The North Highland Company Employee Stock Ownership Plan (the "Plan"), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statements of net assets available for benefits (liquidation basis) as of July 31, 2023, and December 31, 2022 and 2021, and the related statements of changes in net assets available for benefits (liquidation basis) for the period from January 1, 2023 through July 31, 2023 and for the year ended December 31, 2022, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audits of the Plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audits need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained certifications from qualified institutions as of July 31, 2023, and December 31, 2022 and 2021, and for the period from January 1, 2023 through July 31, 2023 and for the year ended December 31, 2022, stating that the certified investment information, as described in Note 5 to the financial statements, is complete and accurate.

Opinion

In our opinion, based on our audits and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the Financial Statements section:

- The amounts and disclosures in the accompanying financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

- The information in the accompanying financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (US 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 Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) 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. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

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

Auditor's responsibilities for the audit of the financial statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit section of our report, 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 US 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 US 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 Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Our audits did not extend to the certified investment information, except for obtaining and reading the certifications, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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.

Other matter - supplemental schedules required by ERISA

The supplemental schedules of assets (held at end of year) as of December 31, 2022, and reportable transactions for the period from January 1, 2023 to July 31, 2023 and for the year ended December 31, 2022, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedules, other than that agreed to or derived from the certified investment information, has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with US GAAS. For information included in the supplemental schedules that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, other than the information agreed to or derived from the certified investment information, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion:

- The form and content of the supplemental schedules, other than the information in the supplemental schedules that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- The information in the supplemental schedules related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Grant Thornton LLP

Chicago, Illinois
October 9, 2023

The North Highland Company Employee Stock Ownership Plan

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
(Liquidation Basis)**

As of July 31, 2023, and December 31, 2022 and 2021

	July 31, 2023	December 31,	
		2022	2021
ASSETS			
Investments, at fair value			
Investments	\$ -	\$ 4,782,546	\$ 130,340,585
Interest-bearing cash	-	5,973,998	2,683
Investment in common stock of Plan Sponsor	-	-	20,407,352
Total investments	-	10,756,544	150,750,620
Receivables			
Company contributions - 401(k)	-	-	2,313,122
Company contributions - ESOP	-	-	849,857
Notes receivable from participants	-	-	496,662
Accrued interest	-	52,912	-
Total receivables	-	52,912	3,659,641
Total assets	-	10,809,456	154,410,261
LIABILITIES			
Other payables	-	-	2,682
Distribution payable	-	-	428
Total liabilities	-	-	3,110
NET ASSETS AVAILABLE FOR BENEFITS	\$ -	\$ 10,809,456	\$ 154,407,151

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

The North Highland Company Employee Stock Ownership Plan

**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
(Liquidation Basis)**

Period from January 1, 2023 through July 31, 2023 and year ended December 31, 2022

	Period From January 1, 2023 to July 31, 2023	Year Ended December 31, 2022
Investment (loss) income		
Net depreciation in fair value of investments	\$ (9,347)	\$ (59,751)
Interest income	268,700	243,271
Net investment income	259,353	183,520
Benefits paid to participants	11,057,983	10,612,986
Administrative expenses	10,826	17,741
Net change before transfer	(10,809,456)	(10,447,207)
Transfer to The North Highland Company 401(k) Plan	-	133,150,488
NET DECREASE	(10,809,456)	(143,597,695)
Net assets available for benefits at beginning of period/year	10,809,456	154,407,151
Net assets available for benefits at end of period/year	\$ -	\$ 10,809,456

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

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS

July 31, 2023, and December 31, 2022 and 2021

NOTE 1 - DESCRIPTION OF THE PLAN

The following description of The North Highland Company Employee Stock Ownership Plan (the “Plan”), formerly known as The North Highland Company Employee Stock Ownership and 401(k) Plan through December 31, 2021, provides only general information. More complete information regarding the Plan provisions may be found in the Plan document.

General

The Plan was a defined contribution plan covering employees of North Highland Company ESOP Holdings, Inc. (the “Company” or the “Plan Sponsor”). The Plan was subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

As of December 31, 2021, the Plan included a 401(k) component and ESOP component. On December 31, 2021, the Board of Directors of the Company approved the termination of the Plan. The Plan was frozen as of December 31, 2021, and the 401(k) component of the Plan was spun off on January 1, 2022. Assets totaling \$133,150,488 were transferred to The North Highland Company 401(k) Plan (“TNHC 401(k) Plan”), a new plan established by the Company effective January 1, 2022.

The Company maintained the ESOP component of the Plan until receipt of the IRS approval of the termination of the Plan in February 2023, after which the Plan’s remaining assets were distributed in July 2023.

On December 21, 2021, the Company applied for a “determination letter” from the Internal Revenue Service (“IRS”) to confirm that the termination of the Plan will not adversely impact the Plan’s tax qualified status. During 2023, the Plan received the favorable IRS determination letter.

ESOP Component

When established, the Plan operated, in relevant part, as a leveraged employee stock ownership plan (“ESOP”). As the Plan made debt payments, an appropriate percentage of stock was allocated to eligible participants’ accounts in accordance with applicable regulations under the Internal Revenue Code (“IRC”).

During 2021, the remaining outstanding balance of the ESOP loan was cancelled in exchange for a transfer of unallocated shares of the Company’s stock. The transferred shares to cancel the ESOP loan were not allocated to ESOP participant accounts; however, the remaining unallocated ESOP shares that were not required to discharge the ESOP loan were allocated to ESOP participant accounts as of December 31, 2021.

As of December 31, 2021, the ESOP held 1,165,468 issued and outstanding shares of the Company’s common stock, which constituted 100% of the Company’s outstanding common stock. The fair value of the outstanding shares as of December 31, 2021 was \$17.51, as determined by Argent Trust Company (the “ESOP Trustee” or “Argent”) in its discretion after reference to a valuation prepared by its independent valuation specialist. On March 2, 2022, the Company redeemed these shares pursuant to a redemption agreement negotiated with the ESOP Trustee for approximately \$20,407,000.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

The following is a description of the Plan's provisions that were relevant to the ESOP component of the Plan prior to the termination of the Plan on December 31, 2021, as well as certain provisions that remained relevant subsequent to December 31, 2021.

Eligibility

Participation in the ESOP component of the Plan was limited to employees of the Company, or an affiliate that adopted the Plan for the benefit of its employees with the Company's consent, with a minimum age of 21. Once the required age was obtained, an employee was considered a participant in the ESOP component of the Plan. Eligibility for participation in the Company's discretionary ESOP contribution required that at least 1,000 hours of service be performed during the Plan year and the participant had to be employed on the last day of the Plan year with an exception for death, disability, or retirement.

Effective December 31, 2021, the Plan was frozen to new entrants.

Contributions

The Plan Sponsor was obligated to make contributions to the Plan to enable the Plan to make regularly scheduled payments of principal and interest due on the outstanding loan, as applicable. The Plan Sponsor could also make a discretionary ESOP contribution to the Plan. All Plan contributions were subject to certain IRC limitations.

Subsequent to the contributions made for the Plan year ended December 31, 2021, no contributions were made or were required to be made to the Plan.

Participant Accounts

Prior to December 31, 2021, contribution allocations were based on a participant's eligible compensation for the Plan year in proportion to total eligible compensation of all participants in the Plan. Gain or loss on the Company's common stock was allocated to each participant's account based on actual company shares held or sold during the year. Each participant's ESOP account was credited with (a) the Company's allocated contributions, (b) an allocation of plan forfeitures (if any) and (c) investment earnings (losses) and was charged with (d) withdrawals and/or share liquidations.

Beginning January 1, 2022, each participant's ESOP account was credited with investment earnings (losses) and is charged with withdrawals and/or share liquidations.

The benefit to which a participant was entitled is the benefit that could be provided from the participant's vested account balance.

Vesting

Effective December 31, 2021, in conjunction with the termination of the Plan, all participants in the ESOP component of the Plan became fully vested as of that date.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

Benefit Payments

Upon termination of service, a participant would receive a distribution in the form of a single-sum amount in the Plan year following the year of termination or in equal annual installments not to exceed five years. Shares of Company common stock allocated to the account of a participant who terminated employment with the Plan Sponsor but did not elect a distribution could be liquidated by the ESOP Trustee. Participants with vested account balances less than \$100,000 could elect to take a single-sum distribution. Participants with vested account balances between \$100,000 and \$1,105,000 were required to take equal annual installments ranging from two to five years depending on the account balance. If the participant's vested account balance exceeded \$1,105,000, the five-year installment period could be extended by one year for each \$220,000 (or fraction thereof) by which the participant's vested account balance exceeded \$1,105,000, but not to exceed five additional years. The benefit to which a participant was entitled was the benefit that can be provided from the participant's vested account.

During 2022, participants began receiving cash for the shares in their account. As part of the Plan termination, the Company paid the ESOP Trustee approximately \$20,407,000 for the remaining 1,165,468 shares it held in the ESOP component of the Plan in March 2022. In April 2022, participants who were eligible and elected to receive a distribution of up to 70% of their participant account balance in the ESOP component of the Plan were given the option to receive a cash distribution or to transfer their distribution to TNHC 401(k) Plan. The total distributed in April 2022 was approximately \$10.6 million. Final liquidation of the Plan's remaining assets occurred upon IRS approval of the termination of the Plan during 2023.

Administrative Expenses

The Company paid substantially all expenses for the administration of the ESOP component of the Plan. During 2023 and 2022, the Plan paid fees to the ESOP Trustee for custodial and investment management services.

Diversification

Diversification was offered to ESOP participants close to retirement so that they had the opportunity to move part of the value of their investment in Company stock into investments which were more diversified. Participants or inactive participants who were age 50 with at least 10 years of participation in the Plan could elect to direct the ESOP Trustee to diversify up to 80% of their accounts.

Eligible participants were able to direct the ESOP Trustee to distribute the portion of their Company stock account, to which their diversification election related, directly to the participant or as a direct rollover to another eligible retirement plan.

Voting Rights

Each participant was entitled to exercise voting rights attributable to the Company shares allocated to his or her account and was notified by the ESOP Trustee prior to the time that such rights were exercised. The ESOP Trustee was not permitted to vote any allocated share for which instructions had not been given by a participant. The ESOP Trustee was required, however, to vote any unallocated shares on behalf of the collective best interest of Plan participants and beneficiaries.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

Put Option

Under federal income tax regulations, the Company stock that was held by the Plan that was not readily tradable on an established market included a put option. The put option was a right to demand that the Company buy any shares of its stock distributed to participants for which there was no market. The put price was the current fair market value of the stock. The purpose of the put option was to ensure that the participant had the ability to ultimately obtain cash for the value of their account balance in the ESOP component of the Plan.

401(k) Component

Since the assets held in the 401(k) component of the Plan were spun-off effective January 1, 2022, effective as of that date, the Plan no longer has a 401(k) component.

The following is a description of the Plan's provisions including provisions that were relevant to the 401(k) component of the Plan prior to the spin-off on January 1, 2022.

Eligibility

All employees of the Company, or an affiliate that adopted the Plan for the benefit of its employees with the Company's consent, who had at least one hour of service were eligible to participate in the 401(k) component of the Plan, with no minimum age requirement. To be eligible for the Company's discretionary matching contributions, participants had to be employed by the Company or an affiliate on the last day of the Plan year with an exception for death, disability, or retirement.

Contributions

Participants in the 401(k) component of the Plan could contribute up to 100% of pre-tax annual compensation, as defined. In addition to pre-tax deferrals, participants were allowed to make Roth 401(k) deferrals to the Plan. Participants who obtained age 50 before the end of the Plan year were eligible to make catch-up contributions. Participants could also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans.

The Plan included an auto-enrollment provision. Automatically enrolled participants had their deferral rate set at 3% of eligible compensation and their contribution invested in a designated balanced fund until changed by the participant. The Company could make a discretionary matching contribution to each eligible participant based on the participant's total 401(k) contributions to the Plan.

Participants in the 401(k) component of the Plan could direct their contributions and any related earnings into a number of available investment options including a self-directed brokerage account option.

Participant Accounts

Participants had separate account balances for their investments in the 401(k) and ESOP components of the Plan. Each participant's 401(k) account was credited with (a) participant and Company contributions, (b) an allocation of investment earnings (losses) and was charged with (c) withdrawals and (d) certain participant-requested service expenses and expenses related to having a self-directed brokerage account, if applicable. Allocations were based on a participant's compensation or account balances, as defined.

The benefit to which a participant was entitled was the benefit that could be provided from the participant's vested account balance.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

Vesting

Participants in the 401(k) component of the Plan were immediately and fully vested in their own contributions, including rollover contributions, as well as the Company's discretionary matching contribution plus actual earnings thereon.

Benefit Payments

Upon termination of service, a participant's vested account balance was to be paid in a single sum. If a participant's vested plan account balance (excluding amounts credited for rollover contributions) was between \$1,000 and \$5,000 on the date of distribution, the Plan administrator could force out the distribution in a direct rollover to an individual retirement account, unless the benefit was payable to the participant's designated beneficiary in which case the participant's vested account balance was to be paid in cash directly to the beneficiary. If a participant's account balance was less than \$1,000 on the date of distribution, the Plan administrator could force out a lump-sum cash pay out to the participant or their designated beneficiary. In addition, participants could elect in-service withdrawals of their account balances after reaching age 59½. Hardship withdrawals were permitted and were made from the vested portion of the participant's 401(k) account.

Minimum required distributions for participants who reached age 72 also applied per IRC regulations.

Notes Receivable from Participants

Participants could borrow up to a maximum equal to the lesser of \$50,000 or 50% of their vested 401(k) account balance. The minimum loan amount was \$1,000. The loans were secured by the vested balance in the participant's 401(k) account, and the interest rates were based on current market conditions. The loans were repaid ratably through payroll deductions or payments directly to the trustee over a period of five years or less, except for loans for the purchase of a primary residence where a longer repayment period may have been allowed.

Administrative Expenses

The Company paid substantially all expenses for the administration of the 401(k) component of the Plan, except for certain 401(k) participant-requested service expenses and expenses related to maintaining a self-directed brokerage account.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting. As discussed in Note 1 to the financial statements, the Plan terminated as of December 31, 2021, and management determined liquidation of the Plan was imminent. The liquidation basis of accounting is used in presenting the financial statements. Income earned through the full liquidation of the Plan was not material to the Plan. Costs incurred associated with the liquidation of the Plan were paid by the Plan Sponsor.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires the Plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the reporting period. Accordingly, actual results may differ from those estimates.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

Risks and Uncertainties

The Plan invested in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks as well as valuation assumptions based on earnings, cash flows and/or other such techniques.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. 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. The Plan's investments in the collective trust fund is valued at net asset value ("NAV") as a practical expedient for estimating fair value. See Note 3 for a description of the fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Net depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the period.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest.

Payment of Benefits

Benefits are recorded when paid.

NOTE 3 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2022 and 2021.

Interest-bearing cash: valued at cost, which approximates fair value.

Money market funds included in self-directed accounts: valued at quoted market prices on publicly traded markets.

Collective trust fund: reported at fair value using NAV as a practical expedient. Measurement principles indicate that, in the determination of a stable value fund's NAV, the relevant measurement is net assets which include fully benefit-responsive investment contracts held by the fund at contract value. Contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan and is equal to the original cost-plus accrued income and deposits less withdrawals. This NAV represents the Plan's fair value as this is the NAV at which the Plan transacts with the fund.

Mutual funds and ETFs: valued at the quoted market prices that represent the NAV of shares held by the Plan at year end.

Corporate bonds included in self-directed accounts: valued at the closing price reported on the active market on which the individual securities are traded.

Common stock included in self-directed accounts: valued at the closing price reported on the active market on which the individual securities are traded.

Common stock - Plan Sponsor: North Highland ESOP Holdings, Inc. common stock held by the Plan is reported at fair value based upon an independent third-party appraisal.

The fair value of the North Highland ESOP Holdings, Inc. common stock totaled \$20,407,352 as of December 31, 2021, which was determined using the adjusted book value method which considered the assets and liabilities recorded on the Company's balance sheet, as well as the value of the intangible or unrecorded assets and liabilities not captured in the accounting records. The fair value of the Company was derived by subtracting the value of the liabilities from the value of the assets. The value indicated by the adjusted book value approach is on a marketable, controlling interest basis. The market value of the Company's assets and liabilities approximate book value.

U.S government securities: valued using pricing models maximizing the use of observable inputs for similar securities.

Corporate bonds: valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable section of issuers with similar credit ratings.

The preceding methodologies described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methodologies 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 fair value measurement at the reporting date.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2022 and 2021:

December 31, 2022				
	Level 1	Level 2	Level 3	Total
Interest-bearing cash	\$ 5,973,998	\$ -	\$ -	\$ 5,973,998
U.S. government securities	-	1,492,935	-	1,492,935
Corporate bonds	-	3,289,611	-	3,289,611
Total investments, at fair value	<u>\$ 5,973,998</u>	<u>\$ 4,782,546</u>	<u>\$ -</u>	<u>\$ 10,756,544</u>
December 31, 2021				
	Level 1	Level 2	Level 3	Total
Interest-bearing cash	\$ 2,683	\$ -	\$ -	\$ 2,683
Mutual funds	120,622,831	-	-	120,622,831
Common stock - Plan Sponsor	-	-	20,407,352	20,407,352
Self-directed brokerage accounts	4,683,333	-	-	4,683,333
Total investments in the fair value hierarchy	<u>\$ 125,308,847</u>	<u>\$ -</u>	<u>\$ 20,407,352</u>	145,716,199
Investment measured at NAV ^(a)				<u>5,034,421</u>
Total investments, at fair value				<u>\$ 150,750,620</u>

^(a) The collective trust is calculated using the NAV per share. The Plan has no unfunded commitments. The redemption notice period of 12 months is when the entire investment is redeemed. The collective trust has a daily redemption frequency.

The following table sets forth a summary of changes in the fair value of the Plan Sponsor's common stock held in the ESOP component of the Plan for the year ended December 31, 2022:

Beginning balance	\$ 20,407,352
Redemption of Plan Sponsor's common stock (Note 1)	<u>(20,407,352)</u>
	<u>\$ -</u>

The Plan's investment in Plan Sponsor common stock as of December 31, is presented in the following table:

		December 31, 2021	
		Allocated	Unallocated
North Highland Company ESOP Holdings, Inc.:			
Number of shares		1,165,468	-
Market value per share	\$	17.51	\$ 17.51
Fair value	\$	20,407,352	\$ -

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

NOTE 4 - PARTIES-IN-INTEREST TRANSACTIONS

As of December 31, 2021, certain plan investments were managed by an affiliate of Principal Trust Company ("Principal"), the trustee for the 401(k) component of the Plan. Argent is the trustee for the ESOP component of the Plan. Payments for services provided by Principal and Argent qualify as party-in-interest transactions. Notes receivable from participants are also considered party-in-interest transactions.

Additionally, certain Plan assets were invested in the common stock of the Plan Sponsor. Transactions related to the Plan Sponsor common stock qualify as party-in-interest transactions.

NOTE 5 - INFORMATION PREPARED AND CERTIFIED BY THE PLAN TRUSTEES

The Plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting Disclosures under ERISA. Accordingly, the trustee of the 401(k) component of the Plan, Principal Trust Company, has certified that the following data included in the accompanying financial statements is complete and accurate.

	December 31, 2021
Participant-directed investments:	
Collective trust	\$ 5,034,421
Mutual funds	120,622,831
Self-directed brokerage accounts	<u>4,683,333</u>
Total participant-directed investments	130,340,585
Notes receivable from participants	<u>496,662</u>
Total	<u>\$ 130,837,247</u>

Additionally, Argent Trust Company, the trustee for the ESOP component of the Plan, has certified that the following information included in the accompanying financial statements and supplemental schedules is complete and accurate.

	December 31, 2022	2021
Nonparticipant-directed investments:		
Interest-bearing cash	\$ 5,973,998	\$ 2,683
Common stock - Plan Sponsor	-	20,407,352
United States Treasury bills and corporate bonds	4,782,546	-
Receivables:		
Accrued interest	<u>52,912</u>	<u>-</u>
Total	<u>\$ 10,809,456</u>	<u>\$ 20,410,035</u>

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

For the period from January 1, 2023 through July 31, 2023 and for the year ended December 31, 2022:

	January 1, 2023 to July 31, 2023	Year Ended December 31, 2022
Investment (loss) income on nonparticipant-directed investments:		
Net depreciation in fair value of investments	\$ (9,347)	\$ (59,751)
Interest income	268,700	243,271
Total	\$ 259,353	\$ 183,520

NOTE 6 - TAX STATUS

The trust, established under the Plan to hold the Plan's assets, is qualified pursuant to the appropriate section of the IRC and, accordingly, the trust's net investment income is exempt from income taxes. The Plan obtained a favorable tax determination letter from the IRS dated February 10, 2023 that the Plan is in compliance with the requirements of section 401(a) of the IRC. The Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. No provision for income tax has been included in the Plan's financial statements.

US GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. The Plan is subject to routine audits by taxing jurisdictions; however, the Plan is not currently under audit with respect to any tax periods in progress.

NOTE 7 - LITIGATION

On or about September 30, 2022, Howell, et al. v. Argent Trust Company, et al., Civil Action No. 1:22-cv-03959-SDG (U.S. District Court for the Northern District of Georgia (Atlanta)) was filed by three named plaintiffs, former participants in the Plan, on behalf of the Plan and a putative class of all other persons similarly situated (the "Plaintiffs"), against Defendants North Highland ESOP Holdings, Inc., The North Highland Company, Inc., The North Highland Company LLC, The North Highland Holding Company, LLC (collectively, "North Highland"), as well as the ESOP Trustee and several individual defendants. The Plan is not a named defendant in the litigation. The complaint alleges violations of ERISA, relating to a 2016 reorganization and a 2021 redemption, for loss of value, and for failure to monitor and terminate the ESOP Trustee; and seeks unspecified losses to the Plan, unspecified profits, and equitable relief. On October 4, 2022, counsel for the named Plaintiffs sent a letter to the Plan administrator asserting a claim relating to the same alleged ERISA violations. On November 28, 2022, Plaintiffs filed a motion to stay the lawsuit until 30 days after the exhaustion of administrative review of their claims. On December 12, 2022, Defendants filed a joint response opposing Plaintiffs' motion to stay. On December 23, 2022, Plaintiffs filed their reply to Defendants' joint response opposing Plaintiffs' motion to stay. On May 8, 2023, the Plan administrator issued a determination denying the Administrative Claim. On July 7, 2023, the Claimants submitted an appeal from the denial of their Claim, and the Plan administrator issued a decision denying such appeal on September 5, 2023. The Company intends a vigorous defense of the lawsuit, but given the administrative posture of the case, has not yet formed a conclusion as to whether an unfavorable outcome is either probable or remote, nor has it determined any range of potential loss, if any, if the outcome should be unfavorable.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

NOTE 8 - SUBSEQUENT EVENTS

Plan management has evaluated subsequent events through October 9, 2023, the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

The North Highland Company Employee Stock Ownership Plan
SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2022

(a)	(b) Identity of Issue	(c) Description of Investment	(d) Cost	(e) Current Value
	Interest-bearing cash			
	United States Treasury	Federated Treasury Obligations Fund	\$ 5,973,998	<u>\$ 5,973,998</u>
	U.S. government securities			
	United States Treasury	Bill DTD 7/14/22 0% 1/12/23	494,658	499,565
	United States Treasury	Bill DTD 8/18/22 0% 2/16/23	492,674	497,515
	United States Treasury	Bill DTD 9/15/22 0% 3/16/23	490,866	<u>495,855</u>
		Total U.S. government securities		<u>1,492,935</u>
	Corporate bonds			
	Adobe	Adobe INC SR BLBL NT DTD 02/03/2020 1.7% 02/01/2023	818,186	823,012
	Bank of America	Bank of America MTN DTD 01/11/2013 3.3% 01/11/2023	99,778	99,966
	Bristol Mayers	02/20/2023-2023	239,110	239,465
	Capital one Bank	Capital One Bank NAT SUB NT DND 01/15/2013 3.375% 02/15/2023	398,596	399,300
	Fifth Third Bank	Fifth Third Bank Cincinnati STN NT DND 01/31/2020 1.8% 01/30/2023-2022	779,552	783,312
	General MTRS	General MTRS FINL CO INC SR GLBL NT DND 01/05/2018 3.25% 01/05/2023-2022	498,520	499,970
	US Bank	US Bank ASSN Cincinnati OHIO DTD 01/23/2018 2.85% 01/23/2023-2022	443,367	<u>444,586</u>
		Total corporate bonds		<u>3,289,611</u>
		Total investments		<u><u>\$ 10,756,544</u></u>

The North Highland Company Employee Stock Ownership Plan

SCHEDULE H, LINE 4(j) - SCHEDULE OF REPORTABLE TRANSACTIONS

For the period from January 1, 2023 to July 31, 2023

(a) Identity of Party Involved	(b) Description of Asset (Include Interest Rate and Maturity in Case of a Loan)	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Expense Incurred With Transaction	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain or (Loss)
CATEGORY (i) - SINGLE TRANSACTION IN EXCESS OF 5% OF PLAN ASSETS								
United States Treasury	Federated Treasury Obligations Fund	\$ 4,882,819	\$ -	\$ -	\$ -	\$ 4,882,819	\$ 4,882,819	\$ -
United States Treasury	Federated Treasury Obligations Fund	-	10,856,817	-	-	10,856,817	10,856,817	-
United States Treasury	Bill DTD 1/5/23 0% 7/6/23	10,879,856	-	-	-	10,879,856	10,879,856	-
United States Treasury	Bill DTD 1/5/23 0% 7/6/23	-	10,879,856	-	-	10,879,856	10,879,856	-
Adobe Inc	SR Global NT DTD 2/3/20 1.7% 2/1/23	-	825,000	-	-	818,186	823,012	1,988
Fifth Third Bank Cincinnati	FR DTD 1/31/20 1.8% 1/30/23-22	-	785,000	-	-	779,552	783,312	1,688

The North Highland Company Employee Stock Ownership Plan

SCHEDULE H, LINE 4(j) - SCHEDULE OF REPORTABLE TRANSACTIONS

For the year ended December 31, 2022

(a) Identity of Party Involved	(b) Description of Asset (Include Interest Rate and Maturity in Case of a Loan)	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Expense Incurred With Transaction	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain or (Loss)
CATEGORY (i) - SINGLE TRANSACTION IN EXCESS OF 5% OF PLAN ASSETS								
United States Treasury	Federated Treasury Obligations Fund	\$ 28,736,002	\$ -	\$ -	\$ -	\$ 28,736,002	\$ 28,736,002	\$ -
United States Treasury	Federated Treasury Obligations Fund	-	22,764,687	-	-	22,764,687	22,764,687	-

Financial Statements and Report of
Independent Certified Public
Accountants

**The North Highland Company
Employee Stock Ownership Plan**

July 31, 2023, and December 31, 2022 and 2021

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Plan Administrator
The North Highland Company Employee Stock Ownership Plan

Scope and nature of the ERISA Section 103(a)(3)(C) audit

We have performed audits of the financial statements of The North Highland Company Employee Stock Ownership Plan (the "Plan"), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statements of net assets available for benefits (liquidation basis) as of July 31, 2023, and December 31, 2022 and 2021, and the related statements of changes in net assets available for benefits (liquidation basis) for the period from January 1, 2023 through July 31, 2023 and for the year ended December 31, 2022, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audits of the Plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audits need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained certifications from qualified institutions as of July 31, 2023, and December 31, 2022 and 2021, and for the period from January 1, 2023 through July 31, 2023 and for the year ended December 31, 2022, stating that the certified investment information, as described in Note 5 to the financial statements, is complete and accurate.

Opinion

In our opinion, based on our audits and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the Financial Statements section:

- The amounts and disclosures in the accompanying financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

- The information in the accompanying financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (US 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 Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) 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. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

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

Auditor's responsibilities for the audit of the financial statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit section of our report, 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 US 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 US 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 Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Our audits did not extend to the certified investment information, except for obtaining and reading the certifications, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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.

Other matter - supplemental schedules required by ERISA

The supplemental schedules of assets (held at end of year) as of December 31, 2022, and reportable transactions for the period from January 1, 2023 to July 31, 2023 and for the year ended December 31, 2022, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedules, other than that agreed to or derived from the certified investment information, has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with US GAAS. For information included in the supplemental schedules that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, other than the information agreed to or derived from the certified investment information, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion:

- The form and content of the supplemental schedules, other than the information in the supplemental schedules that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- The information in the supplemental schedules related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Grant Thornton LLP

Chicago, Illinois
October 9, 2023

The North Highland Company Employee Stock Ownership Plan

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
(Liquidation Basis)**

As of July 31, 2023, and December 31, 2022 and 2021

	<u>July 31, 2023</u>	<u>December 31,</u>	
		<u>2022</u>	<u>2021</u>
ASSETS			
Investments, at fair value			
Investments	\$ -	\$ 4,782,546	\$ 130,340,585
Interest-bearing cash	-	5,973,998	2,683
Investment in common stock of Plan Sponsor	-	-	20,407,352
	<u>-</u>	<u>-</u>	<u>20,407,352</u>
Total investments	<u>-</u>	<u>10,756,544</u>	<u>150,750,620</u>
Receivables			
Company contributions - 401(k)	-	-	2,313,122
Company contributions - ESOP	-	-	849,857
Notes receivable from participants	-	-	496,662
Accrued interest	-	52,912	-
	<u>-</u>	<u>52,912</u>	<u>-</u>
Total receivables	<u>-</u>	<u>52,912</u>	<u>3,659,641</u>
Total assets	<u>-</u>	<u>10,809,456</u>	<u>154,410,261</u>
LIABILITIES			
Other payables	-	-	2,682
Distribution payable	-	-	428
	<u>-</u>	<u>-</u>	<u>3,110</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>3,110</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ -</u></u>	<u><u>\$ 10,809,456</u></u>	<u><u>\$ 154,407,151</u></u>

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

The North Highland Company Employee Stock Ownership Plan

**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
(Liquidation Basis)**

Period from January 1, 2023 through July 31, 2023 and year ended December 31, 2022

	Period From January 1, 2023 to July 31, 2023	Year Ended December 31, 2022
Investment (loss) income		
Net depreciation in fair value of investments	\$ (9,347)	\$ (59,751)
Interest income	268,700	243,271
Net investment income	259,353	183,520
Benefits paid to participants	11,057,983	10,612,986
Administrative expenses	10,826	17,741
Net change before transfer	(10,809,456)	(10,447,207)
Transfer to The North Highland Company 401(k) Plan	-	133,150,488
NET DECREASE	(10,809,456)	(143,597,695)
Net assets available for benefits at beginning of period/year	10,809,456	154,407,151
Net assets available for benefits at end of period/year	\$ -	\$ 10,809,456

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

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS

July 31, 2023, and December 31, 2022 and 2021

NOTE 1 - DESCRIPTION OF THE PLAN

The following description of The North Highland Company Employee Stock Ownership Plan (the “Plan”), formerly known as The North Highland Company Employee Stock Ownership and 401(k) Plan through December 31, 2021, provides only general information. More complete information regarding the Plan provisions may be found in the Plan document.

General

The Plan was a defined contribution plan covering employees of North Highland Company ESOP Holdings, Inc. (the “Company” or the “Plan Sponsor”). The Plan was subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

As of December 31, 2021, the Plan included a 401(k) component and ESOP component. On December 31, 2021, the Board of Directors of the Company approved the termination of the Plan. The Plan was frozen as of December 31, 2021, and the 401(k) component of the Plan was spun off on January 1, 2022. Assets totaling \$133,150,488 were transferred to The North Highland Company 401(k) Plan (“TNHC 401(k) Plan”), a new plan established by the Company effective January 1, 2022.

The Company maintained the ESOP component of the Plan until receipt of the IRS approval of the termination of the Plan in February 2023, after which the Plan’s remaining assets were distributed in July 2023.

On December 21, 2021, the Company applied for a “determination letter” from the Internal Revenue Service (“IRS”) to confirm that the termination of the Plan will not adversely impact the Plan’s tax qualified status. During 2023, the Plan received the favorable IRS determination letter.

ESOP Component

When established, the Plan operated, in relevant part, as a leveraged employee stock ownership plan (“ESOP”). As the Plan made debt payments, an appropriate percentage of stock was allocated to eligible participants’ accounts in accordance with applicable regulations under the Internal Revenue Code (“IRC”).

During 2021, the remaining outstanding balance of the ESOP loan was cancelled in exchange for a transfer of unallocated shares of the Company’s stock. The transferred shares to cancel the ESOP loan were not allocated to ESOP participant accounts; however, the remaining unallocated ESOP shares that were not required to discharge the ESOP loan were allocated to ESOP participant accounts as of December 31, 2021.

As of December 31, 2021, the ESOP held 1,165,468 issued and outstanding shares of the Company’s common stock, which constituted 100% of the Company’s outstanding common stock. The fair value of the outstanding shares as of December 31, 2021 was \$17.51, as determined by Argent Trust Company (the “ESOP Trustee” or “Argent”) in its discretion after reference to a valuation prepared by its independent valuation specialist. On March 2, 2022, the Company redeemed these shares pursuant to a redemption agreement negotiated with the ESOP Trustee for approximately \$20,407,000.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

The following is a description of the Plan's provisions that were relevant to the ESOP component of the Plan prior to the termination of the Plan on December 31, 2021, as well as certain provisions that remained relevant subsequent to December 31, 2021.

Eligibility

Participation in the ESOP component of the Plan was limited to employees of the Company, or an affiliate that adopted the Plan for the benefit of its employees with the Company's consent, with a minimum age of 21. Once the required age was obtained, an employee was considered a participant in the ESOP component of the Plan. Eligibility for participation in the Company's discretionary ESOP contribution required that at least 1,000 hours of service be performed during the Plan year and the participant had to be employed on the last day of the Plan year with an exception for death, disability, or retirement.

Effective December 31, 2021, the Plan was frozen to new entrants.

Contributions

The Plan Sponsor was obligated to make contributions to the Plan to enable the Plan to make regularly scheduled payments of principal and interest due on the outstanding loan, as applicable. The Plan Sponsor could also make a discretionary ESOP contribution to the Plan. All Plan contributions were subject to certain IRC limitations.

Subsequent to the contributions made for the Plan year ended December 31, 2021, no contributions were made or were required to be made to the Plan.

Participant Accounts

Prior to December 31, 2021, contribution allocations were based on a participant's eligible compensation for the Plan year in proportion to total eligible compensation of all participants in the Plan. Gain or loss on the Company's common stock was allocated to each participant's account based on actual company shares held or sold during the year. Each participant's ESOP account was credited with (a) the Company's allocated contributions, (b) an allocation of plan forfeitures (if any) and (c) investment earnings (losses) and was charged with (d) withdrawals and/or share liquidations.

Beginning January 1, 2022, each participant's ESOP account was credited with investment earnings (losses) and is charged with withdrawals and/or share liquidations.

The benefit to which a participant was entitled is the benefit that could be provided from the participant's vested account balance.

Vesting

Effective December 31, 2021, in conjunction with the termination of the Plan, all participants in the ESOP component of the Plan became fully vested as of that date.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

Benefit Payments

Upon termination of service, a participant would receive a distribution in the form of a single-sum amount in the Plan year following the year of termination or in equal annual installments not to exceed five years. Shares of Company common stock allocated to the account of a participant who terminated employment with the Plan Sponsor but did not elect a distribution could be liquidated by the ESOP Trustee. Participants with vested account balances less than \$100,000 could elect to take a single-sum distribution. Participants with vested account balances between \$100,000 and \$1,105,000 were required to take equal annual installments ranging from two to five years depending on the account balance. If the participant's vested account balance exceeded \$1,105,000, the five-year installment period could be extended by one year for each \$220,000 (or fraction thereof) by which the participant's vested account balance exceeded \$1,105,000, but not to exceed five additional years. The benefit to which a participant was entitled was the benefit that can be provided from the participant's vested account.

During 2022, participants began receiving cash for the shares in their account. As part of the Plan termination, the Company paid the ESOP Trustee approximately \$20,407,000 for the remaining 1,165,468 shares it held in the ESOP component of the Plan in March 2022. In April 2022, participants who were eligible and elected to receive a distribution of up to 70% of their participant account balance in the ESOP component of the Plan were given the option to receive a cash distribution or to transfer their distribution to TNHC 401(k) Plan. The total distributed in April 2022 was approximately \$10.6 million. Final liquidation of the Plan's remaining assets occurred upon IRS approval of the termination of the Plan during 2023.

Administrative Expenses

The Company paid substantially all expenses for the administration of the ESOP component of the Plan. During 2023 and 2022, the Plan paid fees to the ESOP Trustee for custodial and investment management services.

Diversification

Diversification was offered to ESOP participants close to retirement so that they had the opportunity to move part of the value of their investment in Company stock into investments which were more diversified. Participants or inactive participants who were age 50 with at least 10 years of participation in the Plan could elect to direct the ESOP Trustee to diversify up to 80% of their accounts.

Eligible participants were able to direct the ESOP Trustee to distribute the portion of their Company stock account, to which their diversification election related, directly to the participant or as a direct rollover to another eligible retirement plan.

Voting Rights

Each participant was entitled to exercise voting rights attributable to the Company shares allocated to his or her account and was notified by the ESOP Trustee prior to the time that such rights were exercised. The ESOP Trustee was not permitted to vote any allocated share for which instructions had not been given by a participant. The ESOP Trustee was required, however, to vote any unallocated shares on behalf of the collective best interest of Plan participants and beneficiaries.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

Put Option

Under federal income tax regulations, the Company stock that was held by the Plan that was not readily tradable on an established market included a put option. The put option was a right to demand that the Company buy any shares of its stock distributed to participants for which there was no market. The put price was the current fair market value of the stock. The purpose of the put option was to ensure that the participant had the ability to ultimately obtain cash for the value of their account balance in the ESOP component of the Plan.

401(k) Component

Since the assets held in the 401(k) component of the Plan were spun-off effective January 1, 2022, effective as of that date, the Plan no longer has a 401(k) component.

The following is a description of the Plan's provisions including provisions that were relevant to the 401(k) component of the Plan prior to the spin-off on January 1, 2022.

Eligibility

All employees of the Company, or an affiliate that adopted the Plan for the benefit of its employees with the Company's consent, who had at least one hour of service were eligible to participate in the 401(k) component of the Plan, with no minimum age requirement. To be eligible for the Company's discretionary matching contributions, participants had to be employed by the Company or an affiliate on the last day of the Plan year with an exception for death, disability, or retirement.

Contributions

Participants in the 401(k) component of the Plan could contribute up to 100% of pre-tax annual compensation, as defined. In addition to pre-tax deferrals, participants were allowed to make Roth 401(k) deferrals to the Plan. Participants who obtained age 50 before the end of the Plan year were eligible to make catch-up contributions. Participants could also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans.

The Plan included an auto-enrollment provision. Automatically enrolled participants had their deferral rate set at 3% of eligible compensation and their contribution invested in a designated balanced fund until changed by the participant. The Company could make a discretionary matching contribution to each eligible participant based on the participant's total 401(k) contributions to the Plan.

Participants in the 401(k) component of the Plan could direct their contributions and any related earnings into a number of available investment options including a self-directed brokerage account option.

Participant Accounts

Participants had separate account balances for their investments in the 401(k) and ESOP components of the Plan. Each participant's 401(k) account was credited with (a) participant and Company contributions, (b) an allocation of investment earnings (losses) and was charged with (c) withdrawals and (d) certain participant-requested service expenses and expenses related to having a self-directed brokerage account, if applicable. Allocations were based on a participant's compensation or account balances, as defined.

The benefit to which a participant was entitled was the benefit that could be provided from the participant's vested account balance.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

Vesting

Participants in the 401(k) component of the Plan were immediately and fully vested in their own contributions, including rollover contributions, as well as the Company's discretionary matching contribution plus actual earnings thereon.

Benefit Payments

Upon termination of service, a participant's vested account balance was to be paid in a single sum. If a participant's vested plan account balance (excluding amounts credited for rollover contributions) was between \$1,000 and \$5,000 on the date of distribution, the Plan administrator could force out the distribution in a direct rollover to an individual retirement account, unless the benefit was payable to the participant's designated beneficiary in which case the participant's vested account balance was to be paid in cash directly to the beneficiary. If a participant's account balance was less than \$1,000 on the date of distribution, the Plan administrator could force out a lump-sum cash pay out to the participant or their designated beneficiary. In addition, participants could elect in-service withdrawals of their account balances after reaching age 59½. Hardship withdrawals were permitted and were made from the vested portion of the participant's 401(k) account.

Minimum required distributions for participants who reached age 72 also applied per IRC regulations.

Notes Receivable from Participants

Participants could borrow up to a maximum equal to the lesser of \$50,000 or 50% of their vested 401(k) account balance. The minimum loan amount was \$1,000. The loans were secured by the vested balance in the participant's 401(k) account, and the interest rates were based on current market conditions. The loans were repaid ratably through payroll deductions or payments directly to the trustee over a period of five years or less, except for loans for the purchase of a primary residence where a longer repayment period may have been allowed.

Administrative Expenses

The Company paid substantially all expenses for the administration of the 401(k) component of the Plan, except for certain 401(k) participant-requested service expenses and expenses related to maintaining a self-directed brokerage account.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting. As discussed in Note 1 to the financial statements, the Plan terminated as of December 31, 2021, and management determined liquidation of the Plan was imminent. The liquidation basis of accounting is used in presenting the financial statements. Income earned through the full liquidation of the Plan was not material to the Plan. Costs incurred associated with the liquidation of the Plan were paid by the Plan Sponsor.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires the Plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the reporting period. Accordingly, actual results may differ from those estimates.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

Risks and Uncertainties

The Plan invested in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks as well as valuation assumptions based on earnings, cash flows and/or other such techniques.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. 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. The Plan's investments in the collective trust fund is valued at net asset value ("NAV") as a practical expedient for estimating fair value. See Note 3 for a description of the fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Net depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the period.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest.

Payment of Benefits

Benefits are recorded when paid.

NOTE 3 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2022 and 2021.

Interest-bearing cash: valued at cost, which approximates fair value.

Money market funds included in self-directed accounts: valued at quoted market prices on publicly traded markets.

Collective trust fund: reported at fair value using NAV as a practical expedient. Measurement principles indicate that, in the determination of a stable value fund's NAV, the relevant measurement is net assets which include fully benefit-responsive investment contracts held by the fund at contract value. Contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan and is equal to the original cost-plus accrued income and deposits less withdrawals. This NAV represents the Plan's fair value as this is the NAV at which the Plan transacts with the fund.

Mutual funds and ETFs: valued at the quoted market prices that represent the NAV of shares held by the Plan at year end.

Corporate bonds included in self-directed accounts: valued at the closing price reported on the active market on which the individual securities are traded.

Common stock included in self-directed accounts: valued at the closing price reported on the active market on which the individual securities are traded.

Common stock - Plan Sponsor: North Highland ESOP Holdings, Inc. common stock held by the Plan is reported at fair value based upon an independent third-party appraisal.

The fair value of the North Highland ESOP Holdings, Inc. common stock totaled \$20,407,352 as of December 31, 2021, which was determined using the adjusted book value method which considered the assets and liabilities recorded on the Company's balance sheet, as well as the value of the intangible or unrecorded assets and liabilities not captured in the accounting records. The fair value of the Company was derived by subtracting the value of the liabilities from the value of the assets. The value indicated by the adjusted book value approach is on a marketable, controlling interest basis. The market value of the Company's assets and liabilities approximate book value.

U.S government securities: valued using pricing models maximizing the use of observable inputs for similar securities.

Corporate bonds: valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable section of issuers with similar credit ratings.

The preceding methodologies described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methodologies 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 fair value measurement at the reporting date.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2022 and 2021:

December 31, 2022				
	Level 1	Level 2	Level 3	Total
Interest-bearing cash	\$ 5,973,998	\$ -	\$ -	\$ 5,973,998
U.S. government securities	-	1,492,935	-	1,492,935
Corporate bonds	-	3,289,611	-	3,289,611
Total investments, at fair value	<u>\$ 5,973,998</u>	<u>\$ 4,782,546</u>	<u>\$ -</u>	<u>\$ 10,756,544</u>
December 31, 2021				
	Level 1	Level 2	Level 3	Total
Interest-bearing cash	\$ 2,683	\$ -	\$ -	\$ 2,683
Mutual funds	120,622,831	-	-	120,622,831
Common stock - Plan Sponsor	-	-	20,407,352	20,407,352
Self-directed brokerage accounts	4,683,333	-	-	4,683,333
Total investments in the fair value hierarchy	<u>\$ 125,308,847</u>	<u>\$ -</u>	<u>\$ 20,407,352</u>	145,716,199
Investment measured at NAV ^(a)				<u>5,034,421</u>
Total investments, at fair value				<u>\$ 150,750,620</u>

^(a) The collective trust is calculated using the NAV per share. The Plan has no unfunded commitments. The redemption notice period of 12 months is when the entire investment is redeemed. The collective trust has a daily redemption frequency.

The following table sets forth a summary of changes in the fair value of the Plan Sponsor's common stock held in the ESOP component of the Plan for the year ended December 31, 2022:

Beginning balance	\$ 20,407,352
Redemption of Plan Sponsor's common stock (Note 1)	<u>(20,407,352)</u>
	<u>\$ -</u>

The Plan's investment in Plan Sponsor common stock as of December 31, is presented in the following table:

		December 31, 2021	
		Allocated	Unallocated
North Highland Company ESOP Holdings, Inc.:			
Number of shares		1,165,468	-
Market value per share	\$	17.51	\$ 17.51
Fair value	\$	20,407,352	\$ -

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

NOTE 4 - PARTIES-IN-INTEREST TRANSACTIONS

As of December 31, 2021, certain plan investments were managed by an affiliate of Principal Trust Company ("Principal"), the trustee for the 401(k) component of the Plan. Argent is the trustee for the ESOP component of the Plan. Payments for services provided by Principal and Argent qualify as party-in-interest transactions. Notes receivable from participants are also considered party-in-interest transactions.

Additionally, certain Plan assets were invested in the common stock of the Plan Sponsor. Transactions related to the Plan Sponsor common stock qualify as party-in-interest transactions.

NOTE 5 - INFORMATION PREPARED AND CERTIFIED BY THE PLAN TRUSTEES

The Plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting Disclosures under ERISA. Accordingly, the trustee of the 401(k) component of the Plan, Principal Trust Company, has certified that the following data included in the accompanying financial statements is complete and accurate.

	December 31, 2021
Participant-directed investments:	
Collective trust	\$ 5,034,421
Mutual funds	120,622,831
Self-directed brokerage accounts	<u>4,683,333</u>
Total participant-directed investments	130,340,585
Notes receivable from participants	<u>496,662</u>
Total	<u>\$ 130,837,247</u>

Additionally, Argent Trust Company, the trustee for the ESOP component of the Plan, has certified that the following information included in the accompanying financial statements and supplemental schedules is complete and accurate.

	December 31, 2022	2021
Nonparticipant-directed investments:		
Interest-bearing cash	\$ 5,973,998	\$ 2,683
Common stock - Plan Sponsor	-	20,407,352
United States Treasury bills and corporate bonds	4,782,546	-
Receivables:		
Accrued interest	<u>52,912</u>	<u>-</u>
Total	<u>\$ 10,809,456</u>	<u>\$ 20,410,035</u>

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

For the period from January 1, 2023 through July 31, 2023 and for the year ended December 31, 2022:

	January 1, 2023 to July 31, 2023	Year Ended December 31, 2022
Investment (loss) income on nonparticipant-directed investments:		
Net depreciation in fair value of investments	\$ (9,347)	\$ (59,751)
Interest income	268,700	243,271
	<u>\$ 259,353</u>	<u>\$ 183,520</u>
Total		

NOTE 6 - TAX STATUS

The trust, established under the Plan to hold the Plan's assets, is qualified pursuant to the appropriate section of the IRC and, accordingly, the trust's net investment income is exempt from income taxes. The Plan obtained a favorable tax determination letter from the IRS dated February 10, 2023 that the Plan is in compliance with the requirements of section 401(a) of the IRC. The Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. No provision for income tax has been included in the Plan's financial statements.

US GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. The Plan is subject to routine audits by taxing jurisdictions; however, the Plan is not currently under audit with respect to any tax periods in progress.

NOTE 7 - LITIGATION

On or about September 30, 2022, Howell, et al. v. Argent Trust Company, et al., Civil Action No. 1:22-cv-03959-SDG (U.S. District Court for the Northern District of Georgia (Atlanta)) was filed by three named plaintiffs, former participants in the Plan, on behalf of the Plan and a putative class of all other persons similarly situated (the "Plaintiffs"), against Defendants North Highland ESOP Holdings, Inc., The North Highland Company, Inc., The North Highland Company LLC, The North Highland Holding Company, LLC (collectively, "North Highland"), as well as the ESOP Trustee and several individual defendants. The Plan is not a named defendant in the litigation. The complaint alleges violations of ERISA, relating to a 2016 reorganization and a 2021 redemption, for loss of value, and for failure to monitor and terminate the ESOP Trustee; and seeks unspecified losses to the Plan, unspecified profits, and equitable relief. On October 4, 2022, counsel for the named Plaintiffs sent a letter to the Plan administrator asserting a claim relating to the same alleged ERISA violations. On November 28, 2022, Plaintiffs filed a motion to stay the lawsuit until 30 days after the exhaustion of administrative review of their claims. On December 12, 2022, Defendants filed a joint response opposing Plaintiffs' motion to stay. On December 23, 2022, Plaintiffs filed their reply to Defendants' joint response opposing Plaintiffs' motion to stay. On May 8, 2023, the Plan administrator issued a determination denying the Administrative Claim. On July 7, 2023, the Claimants submitted an appeal from the denial of their Claim, and the Plan administrator issued a decision denying such appeal on September 5, 2023. The Company intends a vigorous defense of the lawsuit, but given the administrative posture of the case, has not yet formed a conclusion as to whether an unfavorable outcome is either probable or remote, nor has it determined any range of potential loss, if any, if the outcome should be unfavorable.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

NOTE 8 - SUBSEQUENT EVENTS

Plan management has evaluated subsequent events through October 9, 2023, the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

The North Highland Company Employee Stock Ownership Plan

SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2022

(a)	(b) Identity of Issue	(c) Description of Investment	(d) Cost	(e) Current Value
	Interest-bearing cash			
	United States Treasury	Federated Treasury Obligations Fund	\$ 5,973,998	\$ 5,973,998
	U.S. government securities			
	United States Treasury	Bill DTD 7/14/22 0% 1/12/23	494,658	499,565
	United States Treasury	Bill DTD 8/18/22 0% 2/16/23	492,674	497,515
	United States Treasury	Bill DTD 9/15/22 0% 3/16/23	490,866	495,855
		Total U.S. government securities		1,492,935
	Corporate bonds			
	Adobe	Adobe INC SR BLBL NT DTD 02/03/2020 1.7% 02/01/2023	818,186	823,012
	Bank of America	Bank of America MTN DTD 01/11/2013 3.3% 01/11/2023	99,778	99,966
	Bristol Myers	02/20/2023-2023	239,110	239,465
	Capital one Bank	Capital One Bank NAT SUB NT DND 01/15/2013 3.375% 02/15/2023	398,596	399,300
	Fifth Third Bank	Fifth Third Bank Cincinnati STN NT DND 01/31/2020 1.8% 01/30/2023-2022	779,552	783,312
	General MTRS	General MTRS FINL CO INC SR GLBL NT DND 01/05/2018 3.25% 01/05/2023-2022	498,520	499,970
	US Bank	US Bank ASSN Cincinnati OHIO DTD 01/23/2018 2.85% 01/23/2023-2022	443,367	444,586
		Total corporate bonds		3,289,611
		Total investments		\$ 10,756,544

The North Highland Company Employee Stock Ownership Plan

SCHEDULE H, LINE 4(j) - SCHEDULE OF REPORTABLE TRANSACTIONS

For the period from January 1, 2023 to July 31, 2023

(a) Identity of Party Involved	(b) Description of Asset (Include Interest Rate and Maturity in Case of a Loan)	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Expense Incurred With Transaction	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain or (Loss)
CATEGORY (i) - SINGLE TRANSACTION IN EXCESS OF 5% OF PLAN ASSETS								
United States Treasury	Federated Treasury Obligations Fund	\$ 4,882,819	\$ -	\$ -	\$ -	\$ 4,882,819	\$ 4,882,819	\$ -
United States Treasury	Federated Treasury Obligations Fund	-	10,856,817	-	-	10,856,817	10,856,817	-
United States Treasury	Bill DTD 1/5/23 0% 7/6/23	10,879,856	-	-	-	10,879,856	10,879,856	-
United States Treasury	Bill DTD 1/5/23 0% 7/6/23	-	10,879,856	-	-	10,879,856	10,879,856	-
Adobe Inc	SR Global NT DTD 2/3/20 1.7% 2/1/23	-	825,000	-	-	818,186	823,012	1,988
Fifth Third Bank Cincinnati	FR DTD 1/31/20 1.8% 1/30/23-22	-	785,000	-	-	779,552	783,312	1,688

The North Highland Company Employee Stock Ownership Plan

SCHEDULE H, LINE 4(j) - SCHEDULE OF REPORTABLE TRANSACTIONS

For the year ended December 31, 2022

(a) Identity of Party Involved	(b) Description of Asset (Include Interest Rate and Maturity in Case of a Loan)	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Expense Incurred With Transaction	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain or (Loss)
CATEGORY (i) - SINGLE TRANSACTION IN EXCESS OF 5% OF PLAN ASSETS								
United States Treasury	Federated Treasury Obligations Fund	\$ 28,736,002	\$ -	\$ -	\$ -	\$ 28,736,002	\$ 28,736,002	\$ -
United States Treasury	Federated Treasury Obligations Fund	-	22,764,687	-	-	22,764,687	22,764,687	-

Financial Statements and Report of
Independent Certified Public
Accountants

**The North Highland Company
Employee Stock Ownership Plan**

July 31, 2023, and December 31, 2022 and 2021

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Plan Administrator
The North Highland Company Employee Stock Ownership Plan

Scope and nature of the ERISA Section 103(a)(3)(C) audit

We have performed audits of the financial statements of The North Highland Company Employee Stock Ownership Plan (the "Plan"), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statements of net assets available for benefits (liquidation basis) as of July 31, 2023, and December 31, 2022 and 2021, and the related statements of changes in net assets available for benefits (liquidation basis) for the period from January 1, 2023 through July 31, 2023 and for the year ended December 31, 2022, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audits of the Plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audits need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained certifications from qualified institutions as of July 31, 2023, and December 31, 2022 and 2021, and for the period from January 1, 2023 through July 31, 2023 and for the year ended December 31, 2022, stating that the certified investment information, as described in Note 5 to the financial statements, is complete and accurate.

Opinion

In our opinion, based on our audits and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the Financial Statements section:

- The amounts and disclosures in the accompanying financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

- The information in the accompanying financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (US 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 Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) 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. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

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

Auditor's responsibilities for the audit of the financial statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit section of our report, 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 US 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 US 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 Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Our audits did not extend to the certified investment information, except for obtaining and reading the certifications, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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.

Other matter - supplemental schedules required by ERISA

The supplemental schedules of assets (held at end of year) as of December 31, 2022, and reportable transactions for the period from January 1, 2023 to July 31, 2023 and for the year ended December 31, 2022, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedules, other than that agreed to or derived from the certified investment information, has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with US GAAS. For information included in the supplemental schedules that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, other than the information agreed to or derived from the certified investment information, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion:

- The form and content of the supplemental schedules, other than the information in the supplemental schedules that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- The information in the supplemental schedules related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Grant Thornton LLP

Chicago, Illinois
October 9, 2023

The North Highland Company Employee Stock Ownership Plan

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
(Liquidation Basis)**

As of July 31, 2023, and December 31, 2022 and 2021

	<u>July 31, 2023</u>	<u>December 31,</u>	
		<u>2022</u>	<u>2021</u>
ASSETS			
Investments, at fair value			
Investments	\$ -	\$ 4,782,546	\$ 130,340,585
Interest-bearing cash	-	5,973,998	2,683
Investment in common stock of Plan Sponsor	-	-	20,407,352
	<u>-</u>	<u>-</u>	<u>20,407,352</u>
Total investments	<u>-</u>	<u>10,756,544</u>	<u>150,750,620</u>
Receivables			
Company contributions - 401(k)	-	-	2,313,122
Company contributions - ESOP	-	-	849,857
Notes receivable from participants	-	-	496,662
Accrued interest	-	52,912	-
	<u>-</u>	<u>52,912</u>	<u>-</u>
Total receivables	<u>-</u>	<u>52,912</u>	<u>3,659,641</u>
Total assets	<u>-</u>	<u>10,809,456</u>	<u>154,410,261</u>
LIABILITIES			
Other payables	-	-	2,682
Distribution payable	-	-	428
	<u>-</u>	<u>-</u>	<u>3,110</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>3,110</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ -</u></u>	<u><u>\$ 10,809,456</u></u>	<u><u>\$ 154,407,151</u></u>

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

The North Highland Company Employee Stock Ownership Plan

**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
(Liquidation Basis)**

Period from January 1, 2023 through July 31, 2023 and year ended December 31, 2022

	Period From January 1, 2023 to July 31, 2023	Year Ended December 31, 2022
Investment (loss) income		
Net depreciation in fair value of investments	\$ (9,347)	\$ (59,751)
Interest income	268,700	243,271
Net investment income	259,353	183,520
Benefits paid to participants	11,057,983	10,612,986
Administrative expenses	10,826	17,741
Net change before transfer	(10,809,456)	(10,447,207)
Transfer to The North Highland Company 401(k) Plan	-	133,150,488
NET DECREASE	(10,809,456)	(143,597,695)
Net assets available for benefits at beginning of period/year	10,809,456	154,407,151
Net assets available for benefits at end of period/year	\$ -	\$ 10,809,456

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

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS

July 31, 2023, and December 31, 2022 and 2021

NOTE 1 - DESCRIPTION OF THE PLAN

The following description of The North Highland Company Employee Stock Ownership Plan (the “Plan”), formerly known as The North Highland Company Employee Stock Ownership and 401(k) Plan through December 31, 2021, provides only general information. More complete information regarding the Plan provisions may be found in the Plan document.

General

The Plan was a defined contribution plan covering employees of North Highland Company ESOP Holdings, Inc. (the “Company” or the “Plan Sponsor”). The Plan was subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

As of December 31, 2021, the Plan included a 401(k) component and ESOP component. On December 31, 2021, the Board of Directors of the Company approved the termination of the Plan. The Plan was frozen as of December 31, 2021, and the 401(k) component of the Plan was spun off on January 1, 2022. Assets totaling \$133,150,488 were transferred to The North Highland Company 401(k) Plan (“TNHC 401(k) Plan”), a new plan established by the Company effective January 1, 2022.

The Company maintained the ESOP component of the Plan until receipt of the IRS approval of the termination of the Plan in February 2023, after which the Plan’s remaining assets were distributed in July 2023.

On December 21, 2021, the Company applied for a “determination letter” from the Internal Revenue Service (“IRS”) to confirm that the termination of the Plan will not adversely impact the Plan’s tax qualified status. During 2023, the Plan received the favorable IRS determination letter.

ESOP Component

When established, the Plan operated, in relevant part, as a leveraged employee stock ownership plan (“ESOP”). As the Plan made debt payments, an appropriate percentage of stock was allocated to eligible participants’ accounts in accordance with applicable regulations under the Internal Revenue Code (“IRC”).

During 2021, the remaining outstanding balance of the ESOP loan was cancelled in exchange for a transfer of unallocated shares of the Company’s stock. The transferred shares to cancel the ESOP loan were not allocated to ESOP participant accounts; however, the remaining unallocated ESOP shares that were not required to discharge the ESOP loan were allocated to ESOP participant accounts as of December 31, 2021.

As of December 31, 2021, the ESOP held 1,165,468 issued and outstanding shares of the Company’s common stock, which constituted 100% of the Company’s outstanding common stock. The fair value of the outstanding shares as of December 31, 2021 was \$17.51, as determined by Argent Trust Company (the “ESOP Trustee” or “Argent”) in its discretion after reference to a valuation prepared by its independent valuation specialist. On March 2, 2022, the Company redeemed these shares pursuant to a redemption agreement negotiated with the ESOP Trustee for approximately \$20,407,000.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

The following is a description of the Plan's provisions that were relevant to the ESOP component of the Plan prior to the termination of the Plan on December 31, 2021, as well as certain provisions that remained relevant subsequent to December 31, 2021.

Eligibility

Participation in the ESOP component of the Plan was limited to employees of the Company, or an affiliate that adopted the Plan for the benefit of its employees with the Company's consent, with a minimum age of 21. Once the required age was obtained, an employee was considered a participant in the ESOP component of the Plan. Eligibility for participation in the Company's discretionary ESOP contribution required that at least 1,000 hours of service be performed during the Plan year and the participant had to be employed on the last day of the Plan year with an exception for death, disability, or retirement.

Effective December 31, 2021, the Plan was frozen to new entrants.

Contributions

The Plan Sponsor was obligated to make contributions to the Plan to enable the Plan to make regularly scheduled payments of principal and interest due on the outstanding loan, as applicable. The Plan Sponsor could also make a discretionary ESOP contribution to the Plan. All Plan contributions were subject to certain IRC limitations.

Subsequent to the contributions made for the Plan year ended December 31, 2021, no contributions were made or were required to be made to the Plan.

Participant Accounts

Prior to December 31, 2021, contribution allocations were based on a participant's eligible compensation for the Plan year in proportion to total eligible compensation of all participants in the Plan. Gain or loss on the Company's common stock was allocated to each participant's account based on actual company shares held or sold during the year. Each participant's ESOP account was credited with (a) the Company's allocated contributions, (b) an allocation of plan forfeitures (if any) and (c) investment earnings (losses) and was charged with (d) withdrawals and/or share liquidations.

Beginning January 1, 2022, each participant's ESOP account was credited with investment earnings (losses) and is charged with withdrawals and/or share liquidations.

The benefit to which a participant was entitled is the benefit that could be provided from the participant's vested account balance.

Vesting

Effective December 31, 2021, in conjunction with the termination of the Plan, all participants in the ESOP component of the Plan became fully vested as of that date.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

Benefit Payments

Upon termination of service, a participant would receive a distribution in the form of a single-sum amount in the Plan year following the year of termination or in equal annual installments not to exceed five years. Shares of Company common stock allocated to the account of a participant who terminated employment with the Plan Sponsor but did not elect a distribution could be liquidated by the ESOP Trustee. Participants with vested account balances less than \$100,000 could elect to take a single-sum distribution. Participants with vested account balances between \$100,000 and \$1,105,000 were required to take equal annual installments ranging from two to five years depending on the account balance. If the participant's vested account balance exceeded \$1,105,000, the five-year installment period could be extended by one year for each \$220,000 (or fraction thereof) by which the participant's vested account balance exceeded \$1,105,000, but not to exceed five additional years. The benefit to which a participant was entitled was the benefit that can be provided from the participant's vested account.

During 2022, participants began receiving cash for the shares in their account. As part of the Plan termination, the Company paid the ESOP Trustee approximately \$20,407,000 for the remaining 1,165,468 shares it held in the ESOP component of the Plan in March 2022. In April 2022, participants who were eligible and elected to receive a distribution of up to 70% of their participant account balance in the ESOP component of the Plan were given the option to receive a cash distribution or to transfer their distribution to TNHC 401(k) Plan. The total distributed in April 2022 was approximately \$10.6 million. Final liquidation of the Plan's remaining assets occurred upon IRS approval of the termination of the Plan during 2023.

Administrative Expenses

The Company paid substantially all expenses for the administration of the ESOP component of the Plan. During 2023 and 2022, the Plan paid fees to the ESOP Trustee for custodial and investment management services.

Diversification

Diversification was offered to ESOP participants close to retirement so that they had the opportunity to move part of the value of their investment in Company stock into investments which were more diversified. Participants or inactive participants who were age 50 with at least 10 years of participation in the Plan could elect to direct the ESOP Trustee to diversify up to 80% of their accounts.

Eligible participants were able to direct the ESOP Trustee to distribute the portion of their Company stock account, to which their diversification election related, directly to the participant or as a direct rollover to another eligible retirement plan.

Voting Rights

Each participant was entitled to exercise voting rights attributable to the Company shares allocated to his or her account and was notified by the ESOP Trustee prior to the time that such rights were exercised. The ESOP Trustee was not permitted to vote any allocated share for which instructions had not been given by a participant. The ESOP Trustee was required, however, to vote any unallocated shares on behalf of the collective best interest of Plan participants and beneficiaries.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

Put Option

Under federal income tax regulations, the Company stock that was held by the Plan that was not readily tradable on an established market included a put option. The put option was a right to demand that the Company buy any shares of its stock distributed to participants for which there was no market. The put price was the current fair market value of the stock. The purpose of the put option was to ensure that the participant had the ability to ultimately obtain cash for the value of their account balance in the ESOP component of the Plan.

401(k) Component

Since the assets held in the 401(k) component of the Plan were spun-off effective January 1, 2022, effective as of that date, the Plan no longer has a 401(k) component.

The following is a description of the Plan's provisions including provisions that were relevant to the 401(k) component of the Plan prior to the spin-off on January 1, 2022.

Eligibility

All employees of the Company, or an affiliate that adopted the Plan for the benefit of its employees with the Company's consent, who had at least one hour of service were eligible to participate in the 401(k) component of the Plan, with no minimum age requirement. To be eligible for the Company's discretionary matching contributions, participants had to be employed by the Company or an affiliate on the last day of the Plan year with an exception for death, disability, or retirement.

Contributions

Participants in the 401(k) component of the Plan could contribute up to 100% of pre-tax annual compensation, as defined. In addition to pre-tax deferrals, participants were allowed to make Roth 401(k) deferrals to the Plan. Participants who obtained age 50 before the end of the Plan year were eligible to make catch-up contributions. Participants could also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans.

The Plan included an auto-enrollment provision. Automatically enrolled participants had their deferral rate set at 3% of eligible compensation and their contribution invested in a designated balanced fund until changed by the participant. The Company could make a discretionary matching contribution to each eligible participant based on the participant's total 401(k) contributions to the Plan.

Participants in the 401(k) component of the Plan could direct their contributions and any related earnings into a number of available investment options including a self-directed brokerage account option.

Participant Accounts

Participants had separate account balances for their investments in the 401(k) and ESOP components of the Plan. Each participant's 401(k) account was credited with (a) participant and Company contributions, (b) an allocation of investment earnings (losses) and was charged with (c) withdrawals and (d) certain participant-requested service expenses and expenses related to having a self-directed brokerage account, if applicable. Allocations were based on a participant's compensation or account balances, as defined.

The benefit to which a participant was entitled was the benefit that could be provided from the participant's vested account balance.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

Vesting

Participants in the 401(k) component of the Plan were immediately and fully vested in their own contributions, including rollover contributions, as well as the Company's discretionary matching contribution plus actual earnings thereon.

Benefit Payments

Upon termination of service, a participant's vested account balance was to be paid in a single sum. If a participant's vested plan account balance (excluding amounts credited for rollover contributions) was between \$1,000 and \$5,000 on the date of distribution, the Plan administrator could force out the distribution in a direct rollover to an individual retirement account, unless the benefit was payable to the participant's designated beneficiary in which case the participant's vested account balance was to be paid in cash directly to the beneficiary. If a participant's account balance was less than \$1,000 on the date of distribution, the Plan administrator could force out a lump-sum cash pay out to the participant or their designated beneficiary. In addition, participants could elect in-service withdrawals of their account balances after reaching age 59½. Hardship withdrawals were permitted and were made from the vested portion of the participant's 401(k) account.

Minimum required distributions for participants who reached age 72 also applied per IRC regulations.

Notes Receivable from Participants

Participants could borrow up to a maximum equal to the lesser of \$50,000 or 50% of their vested 401(k) account balance. The minimum loan amount was \$1,000. The loans were secured by the vested balance in the participant's 401(k) account, and the interest rates were based on current market conditions. The loans were repaid ratably through payroll deductions or payments directly to the trustee over a period of five years or less, except for loans for the purchase of a primary residence where a longer repayment period may have been allowed.

Administrative Expenses

The Company paid substantially all expenses for the administration of the 401(k) component of the Plan, except for certain 401(k) participant-requested service expenses and expenses related to maintaining a self-directed brokerage account.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting. As discussed in Note 1 to the financial statements, the Plan terminated as of December 31, 2021, and management determined liquidation of the Plan was imminent. The liquidation basis of accounting is used in presenting the financial statements. Income earned through the full liquidation of the Plan was not material to the Plan. Costs incurred associated with the liquidation of the Plan were paid by the Plan Sponsor.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires the Plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the reporting period. Accordingly, actual results may differ from those estimates.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

Risks and Uncertainties

The Plan invested in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks as well as valuation assumptions based on earnings, cash flows and/or other such techniques.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. 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. The Plan's investments in the collective trust fund is valued at net asset value ("NAV") as a practical expedient for estimating fair value. See Note 3 for a description of the fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Net depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the period.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest.

Payment of Benefits

Benefits are recorded when paid.

NOTE 3 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2022 and 2021.

Interest-bearing cash: valued at cost, which approximates fair value.

Money market funds included in self-directed accounts: valued at quoted market prices on publicly traded markets.

Collective trust fund: reported at fair value using NAV as a practical expedient. Measurement principles indicate that, in the determination of a stable value fund's NAV, the relevant measurement is net assets which include fully benefit-responsive investment contracts held by the fund at contract value. Contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan and is equal to the original cost-plus accrued income and deposits less withdrawals. This NAV represents the Plan's fair value as this is the NAV at which the Plan transacts with the fund.

Mutual funds and ETFs: valued at the quoted market prices that represent the NAV of shares held by the Plan at year end.

Corporate bonds included in self-directed accounts: valued at the closing price reported on the active market on which the individual securities are traded.

Common stock included in self-directed accounts: valued at the closing price reported on the active market on which the individual securities are traded.

Common stock - Plan Sponsor: North Highland ESOP Holdings, Inc. common stock held by the Plan is reported at fair value based upon an independent third-party appraisal.

The fair value of the North Highland ESOP Holdings, Inc. common stock totaled \$20,407,352 as of December 31, 2021, which was determined using the adjusted book value method which considered the assets and liabilities recorded on the Company's balance sheet, as well as the value of the intangible or unrecorded assets and liabilities not captured in the accounting records. The fair value of the Company was derived by subtracting the value of the liabilities from the value of the assets. The value indicated by the adjusted book value approach is on a marketable, controlling interest basis. The market value of the Company's assets and liabilities approximate book value.

U.S government securities: valued using pricing models maximizing the use of observable inputs for similar securities.

Corporate bonds: valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable section of issuers with similar credit ratings.

The preceding methodologies described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methodologies 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 fair value measurement at the reporting date.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2022 and 2021:

December 31, 2022				
	Level 1	Level 2	Level 3	Total
Interest-bearing cash	\$ 5,973,998	\$ -	\$ -	\$ 5,973,998
U.S. government securities	-	1,492,935	-	1,492,935
Corporate bonds	-	3,289,611	-	3,289,611
Total investments, at fair value	<u>\$ 5,973,998</u>	<u>\$ 4,782,546</u>	<u>\$ -</u>	<u>\$ 10,756,544</u>
December 31, 2021				
	Level 1	Level 2	Level 3	Total
Interest-bearing cash	\$ 2,683	\$ -	\$ -	\$ 2,683
Mutual funds	120,622,831	-	-	120,622,831
Common stock - Plan Sponsor	-	-	20,407,352	20,407,352
Self-directed brokerage accounts	4,683,333	-	-	4,683,333
Total investments in the fair value hierarchy	<u>\$ 125,308,847</u>	<u>\$ -</u>	<u>\$ 20,407,352</u>	145,716,199
Investment measured at NAV ^(a)				<u>5,034,421</u>
Total investments, at fair value				<u>\$ 150,750,620</u>

^(a) The collective trust is calculated using the NAV per share. The Plan has no unfunded commitments. The redemption notice period of 12 months is when the entire investment is redeemed. The collective trust has a daily redemption frequency.

The following table sets forth a summary of changes in the fair value of the Plan Sponsor's common stock held in the ESOP component of the Plan for the year ended December 31, 2022:

Beginning balance	\$ 20,407,352
Redemption of Plan Sponsor's common stock (Note 1)	<u>(20,407,352)</u>
	<u>\$ -</u>

The Plan's investment in Plan Sponsor common stock as of December 31, is presented in the following table:

		December 31, 2021	
		Allocated	Unallocated
North Highland Company ESOP Holdings, Inc.:			
Number of shares		1,165,468	-
Market value per share	\$	17.51	\$ 17.51
Fair value	\$	20,407,352	\$ -

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

NOTE 4 - PARTIES-IN-INTEREST TRANSACTIONS

As of December 31, 2021, certain plan investments were managed by an affiliate of Principal Trust Company ("Principal"), the trustee for the 401(k) component of the Plan. Argent is the trustee for the ESOP component of the Plan. Payments for services provided by Principal and Argent qualify as party-in-interest transactions. Notes receivable from participants are also considered party-in-interest transactions.

Additionally, certain Plan assets were invested in the common stock of the Plan Sponsor. Transactions related to the Plan Sponsor common stock qualify as party-in-interest transactions.

NOTE 5 - INFORMATION PREPARED AND CERTIFIED BY THE PLAN TRUSTEES

The Plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting Disclosures under ERISA. Accordingly, the trustee of the 401(k) component of the Plan, Principal Trust Company, has certified that the following data included in the accompanying financial statements is complete and accurate.

	December 31, 2021
Participant-directed investments:	
Collective trust	\$ 5,034,421
Mutual funds	120,622,831
Self-directed brokerage accounts	<u>4,683,333</u>
Total participant-directed investments	130,340,585
Notes receivable from participants	<u>496,662</u>
Total	<u>\$ 130,837,247</u>

Additionally, Argent Trust Company, the trustee for the ESOP component of the Plan, has certified that the following information included in the accompanying financial statements and supplemental schedules is complete and accurate.

	December 31, 2022	2021
Nonparticipant-directed investments:		
Interest-bearing cash	\$ 5,973,998	\$ 2,683
Common stock - Plan Sponsor	-	20,407,352
United States Treasury bills and corporate bonds	4,782,546	-
Receivables:		
Accrued interest	<u>52,912</u>	<u>-</u>
Total	<u>\$ 10,809,456</u>	<u>\$ 20,410,035</u>

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

For the period from January 1, 2023 through July 31, 2023 and for the year ended December 31, 2022:

	January 1, 2023 to July 31, 2023	Year Ended December 31, 2022
Investment (loss) income on nonparticipant-directed investments:		
Net depreciation in fair value of investments	\$ (9,347)	\$ (59,751)
Interest income	268,700	243,271
Total	<u>\$ 259,353</u>	<u>\$ 183,520</u>

NOTE 6 - TAX STATUS

The trust, established under the Plan to hold the Plan's assets, is qualified pursuant to the appropriate section of the IRC and, accordingly, the trust's net investment income is exempt from income taxes. The Plan obtained a favorable tax determination letter from the IRS dated February 10, 2023 that the Plan is in compliance with the requirements of section 401(a) of the IRC. The Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. No provision for income tax has been included in the Plan's financial statements.

US GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. The Plan is subject to routine audits by taxing jurisdictions; however, the Plan is not currently under audit with respect to any tax periods in progress.

NOTE 7 - LITIGATION

On or about September 30, 2022, Howell, et al. v. Argent Trust Company, et al., Civil Action No. 1:22-cv-03959-SDG (U.S. District Court for the Northern District of Georgia (Atlanta)) was filed by three named plaintiffs, former participants in the Plan, on behalf of the Plan and a putative class of all other persons similarly situated (the "Plaintiffs"), against Defendants North Highland ESOP Holdings, Inc., The North Highland Company, Inc., The North Highland Company LLC, The North Highland Holding Company, LLC (collectively, "North Highland"), as well as the ESOP Trustee and several individual defendants. The Plan is not a named defendant in the litigation. The complaint alleges violations of ERISA, relating to a 2016 reorganization and a 2021 redemption, for loss of value, and for failure to monitor and terminate the ESOP Trustee; and seeks unspecified losses to the Plan, unspecified profits, and equitable relief. On October 4, 2022, counsel for the named Plaintiffs sent a letter to the Plan administrator asserting a claim relating to the same alleged ERISA violations. On November 28, 2022, Plaintiffs filed a motion to stay the lawsuit until 30 days after the exhaustion of administrative review of their claims. On December 12, 2022, Defendants filed a joint response opposing Plaintiffs' motion to stay. On December 23, 2022, Plaintiffs filed their reply to Defendants' joint response opposing Plaintiffs' motion to stay. On May 8, 2023, the Plan administrator issued a determination denying the Administrative Claim. On July 7, 2023, the Claimants submitted an appeal from the denial of their Claim, and the Plan administrator issued a decision denying such appeal on September 5, 2023. The Company intends a vigorous defense of the lawsuit, but given the administrative posture of the case, has not yet formed a conclusion as to whether an unfavorable outcome is either probable or remote, nor has it determined any range of potential loss, if any, if the outcome should be unfavorable.

The North Highland Company Employee Stock Ownership Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

July 31, 2023, and December 31, 2022 and 2021

NOTE 8 - SUBSEQUENT EVENTS

Plan management has evaluated subsequent events through October 9, 2023, the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

The North Highland Company Employee Stock Ownership Plan
SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2022

(a)	(b) Identity of Issue	(c) Description of Investment	(d) Cost	(e) Current Value
	Interest-bearing cash			
	United States Treasury	Federated Treasury Obligations Fund	\$ 5,973,998	<u>\$ 5,973,998</u>
	U.S. government securities			
	United States Treasury	Bill DTD 7/14/22 0% 1/12/23	494,658	499,565
	United States Treasury	Bill DTD 8/18/22 0% 2/16/23	492,674	497,515
	United States Treasury	Bill DTD 9/15/22 0% 3/16/23	490,866	<u>495,855</u>
		Total U.S. government securities		<u>1,492,935</u>
	Corporate bonds			
	Adobe	Adobe INC SR BLBL NT DTD 02/03/2020 1.7% 02/01/2023	818,186	823,012
	Bank of America	Bank of America MTN DTD 01/11/2013 3.3% 01/11/2023	99,778	99,966
	Bristol Mayers	02/20/2023-2023	239,110	239,465
	Capital one Bank	Capital One Bank NAT SUB NT DND 01/15/2013 3.375% 02/15/2023	398,596	399,300
	Fifth Third Bank	Fifth Third Bank Cincinnati STN NT DND 01/31/2020 1.8% 01/30/2023-2022	779,552	783,312
	General MTRS	General MTRS FINL CO INC SR GLBL NT DND 01/05/2018 3.25% 01/05/2023-2022	498,520	499,970
	US Bank	US Bank ASSN Cincinnati OHIO DTD 01/23/2018 2.85% 01/23/2023-2022	443,367	<u>444,586</u>
		Total corporate bonds		<u>3,289,611</u>
		Total investments		<u>\$ 10,756,544</u>

The North Highland Company Employee Stock Ownership Plan

SCHEDULE H, LINE 4(j) - SCHEDULE OF REPORTABLE TRANSACTIONS

For the period from January 1, 2023 to July 31, 2023

(a) Identity of Party Involved	(b) Description of Asset (Include Interest Rate and Maturity in Case of a Loan)	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Expense Incurred With Transaction	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain or (Loss)
CATEGORY (i) - SINGLE TRANSACTION IN EXCESS OF 5% OF PLAN ASSETS								
United States Treasury	Federated Treasury Obligations Fund	\$ 4,882,819	\$ -	\$ -	\$ -	\$ 4,882,819	\$ 4,882,819	\$ -
United States Treasury	Federated Treasury Obligations Fund	-	10,856,817	-	-	10,856,817	10,856,817	-
United States Treasury	Bill DTD 1/5/23 0% 7/6/23	10,879,856	-	-	-	10,879,856	10,879,856	-
United States Treasury	Bill DTD 1/5/23 0% 7/6/23	-	10,879,856	-	-	10,879,856	10,879,856	-
Adobe Inc	SR Global NT DTD 2/3/20 1.7% 2/1/23	-	825,000	-	-	818,186	823,012	1,988
Fifth Third Bank Cincinnati	FR DTD 1/31/20 1.8% 1/30/23-22	-	785,000	-	-	779,552	783,312	1,688

The North Highland Company Employee Stock Ownership Plan

SCHEDULE H, LINE 4(j) - SCHEDULE OF REPORTABLE TRANSACTIONS

For the year ended December 31, 2022

(a) Identity of Party Involved	(b) Description of Asset (Include Interest Rate and Maturity in Case of a Loan)	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Expense Incurred With Transaction	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain or (Loss)
CATEGORY (i) - SINGLE TRANSACTION IN EXCESS OF 5% OF PLAN ASSETS								
United States Treasury	Federated Treasury Obligations Fund	\$ 28,736,002	\$ -	\$ -	\$ -	\$ 28,736,002	\$ 28,736,002	\$ -
United States Treasury	Federated Treasury Obligations Fund	-	22,764,687	-	-	22,764,687	22,764,687	-