

Form 5500

Annual Return/Report of Employee Benefit Plan

OMB Nos. 1210-0110 1210-0089

2022

This Form is Open to Public Inspection

Department of the Treasury Internal Revenue Service

Department of Labor Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

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.

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, 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: PAPER MACHINERY HOLDING CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN
1b Three-digit plan number (PN): 002
1c Effective date of plan: 04/29/2016
2a Plan sponsor's name (employer, if for a single-employer plan): PAPER MACHINERY CORPORATION
2b Employer Identification Number (EIN): 39-0839714
2c Plan Sponsor's telephone number: 414-354-8050
2d Business code (see instructions): 333900

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

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

Table with 4 columns: SIGN HERE, Signature, Date, and Name. Rows include plan administrator, employer/plan sponsor, and DFE.

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

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3a Plan administrator's name and address <input checked="" type="checkbox"/> 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:		4b EIN
a Sponsor's name		4d PN
c Plan Name		
5 Total number of participants at the beginning of the plan year	5	252
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).		
6a(1) Total number of active participants at the beginning of the plan year	6a(1)	197
6a(2) Total number of active participants at the end of the plan year	6a(2)	182
b Retired or separated participants receiving benefits	6b	22
c Other retired or separated participants entitled to future benefits.....	6c	37
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d	241
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e	1
f Total. Add lines 6d and 6e	6f	242
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	240
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	7
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 2P 2Q 3F 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)	9b Plan benefit arrangement (check all that apply)
(1) <input type="checkbox"/> Insurance	(1) <input type="checkbox"/> Insurance
(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts	(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts
(3) <input checked="" type="checkbox"/> Trust	(3) <input checked="" type="checkbox"/> Trust
(4) <input type="checkbox"/> General assets of the sponsor	(4) <input type="checkbox"/> 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)

<p>a Pension Schedules</p> <p>(1) <input checked="" type="checkbox"/> R (Retirement Plan Information)</p> <p>(2) <input type="checkbox"/> MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary</p> <p>(3) <input type="checkbox"/> SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary</p>	<p>b General Schedules</p> <p>(1) <input checked="" type="checkbox"/> H (Financial Information)</p> <p>(2) <input type="checkbox"/> I (Financial Information – Small Plan)</p> <p>(3) <input type="checkbox"/> A (Insurance Information)</p> <p>(4) <input checked="" type="checkbox"/> C (Service Provider Information)</p> <p>(5) <input type="checkbox"/> D (DFE/Participating Plan Information)</p> <p>(6) <input type="checkbox"/> G (Financial Transaction Schedules)</p>
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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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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.	<small>OMB No. 1210-0110</small> 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 <u>PAPER MACHINERY HOLDING CORPORATION 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>PAPER MACHINERY CORPORATION</u>	D Employer Identification Number (EIN) <u>39-0839714</u>	

Part I Service Provider Information (see instructions)

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... Yes No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

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

ARGENT TRUST

58-1428634

(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)

(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 <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(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 <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(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 <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

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

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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 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 **01/01/2022** and ending **12/31/2022**

A Name of plan PAPER MACHINERY HOLDING CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN	B Three-digit plan number (PN) ► 002
C Plan sponsor's name as shown on line 2a of Form 5500 PAPER MACHINERY CORPORATION	D Employer Identification Number (EIN) 39-0839714

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	83	130958
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)		
(2) Participant contributions.....	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred.....	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred.....	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests.....	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants).....	1c(7)		
(8) Participant loans.....	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts.....	1c(11)		
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities.....	1d(1)	61720000	62770000
(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	61720083	62900958
Liabilities			
g Benefit claims payable.....	1g		
h Operating payables.....	1h		
i Acquisition indebtedness.....	1i		
j Other liabilities.....	1j	3086163	3155602
k Total liabilities (add all amounts in lines 1g through 1j).....	1k	3086163	3155602
Net Assets			
l Net assets (subtract line 1k from line 1f).....	1l	58633920	59745356

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)	398781	
(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)		398781
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)	32	
(B) U.S. Government securities.....	2b(1)(B)		
(C) Corporate debt instruments.....	2b(1)(C)		
(D) Loans (other than to participants).....	2b(1)(D)		
(E) Participant loans.....	2b(1)(E)		
(F) Other.....	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F).....	2b(1)(G)		32
(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)		
(5) Unrealized appreciation (depreciation) of assets:			
(A) Real estate.....	2b(5)(A)		
(B) Other.....	2b(5)(B)	1050000	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B).....	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all income amounts in column (b) and enter total	2d		1448813
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	267938	
(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)		267938
f Corrective distributions (see instructions).....	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense.....	2h		69439
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total	2j		337377
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d.....	2k		1111436
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan.....	2l(2)		

Part III Accountant's Opinion

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

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

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

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

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

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

(1) Name: **BAKER TILLY US, LLP**

(2) EIN: **39-0859910**

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

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

Part IV Compliance Questions

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

During the plan year:

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

	Yes	No	Amount
4a		X	

		Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....	4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....	4d		X	
e Was this plan covered by a fidelity bond?.....	4e	X		1500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?.....	4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.).....	4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l Has the plan failed to provide any benefit when due under the plan?	4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

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

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

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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.	<small>OMB No. 1210-0110</small> 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 <u>PAPER MACHINERY HOLDING CORPORATION 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>PAPER MACHINERY CORPORATION</u>	D Employer Identification Number (EIN) <u>39-0839714</u>	

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): 37-1865831

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	
6 b Enter the amount contributed by the employer to the plan for this plan year.....	6b	
6 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

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: <input type="checkbox"/> last contributing employer <input type="checkbox"/> alternative <input type="checkbox"/> reasonable approximation (see instructions for required attachment).....	14a	
b The plan year immediately preceding the current plan year. <input type="checkbox"/> 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. <input type="checkbox"/> Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....	14c	

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

a The corresponding number for the plan year immediately preceding the current plan year.....	15a	
b The corresponding number for the second preceding plan year.....	15b	

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

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....	16b	

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

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

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

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

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
 0-3 years 3-6 years 6-9 years 9-12 years 12-15 years 15-18 years 18-21 years 21 years or more

c What duration measure was used to calculate line 19(b)?
 Effective duration Macaulay duration Modified duration Other (specify): _____

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

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

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

Yes.

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

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

No. Other. Provide explanation _____

Paper Machinery Holding Corporation Employee Stock Ownership Plan

Financial Statements and
Supplementary Information

December 31, 2022 and 2021

Paper Machinery Holding Corporation Employee Stock Ownership Plan

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December 31, 2022 and 2021

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Independent Auditors' Report

To the Plan Administrator and Participants of
Paper Machinery Holding Corporation Employee Stock Ownership Plan

Opinion

We have audited the financial statements of Paper Machinery Holding Corporation Employee Stock Ownership Plan (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), which comprise the statements of net assets available for benefits as of December 31, 2022 and 2021, and the related statement of changes in net assets available for benefits for the year ended December 31, 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2022 and 2021, and the changes in its net assets available for benefits for the year ended December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplemental Schedule Required by ERISA

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule, Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year), as of December 31, 2022 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS.

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

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

Baker Tilly US, LLP

Milwaukee, Wisconsin
October 12, 2023

Paper Machinery Holding Corporation Employee Stock Ownership Plan

Statements of Net Assets Available for Benefits
December 31, 2022 and 2021

	2022			2021		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
Assets						
Investments, at fair value:						
Paper Machinery						
Holding Corp. Stock	\$ 11,065,030	\$ 51,704,970	\$ 62,770,000	\$ 9,339,329	\$ 52,380,671	\$ 61,720,000
Cash	84	130,874	130,958	83	-	83
	<u>11,065,114</u>	<u>51,835,844</u>	<u>62,900,958</u>	<u>9,339,412</u>	<u>52,380,671</u>	<u>61,720,083</u>
Total assets						
	<u>11,065,114</u>	<u>51,835,844</u>	<u>62,900,958</u>	<u>9,339,412</u>	<u>52,380,671</u>	<u>61,720,083</u>
Liabilities						
Loan payable	-	3,086,163	3,086,163	-	3,086,163	3,086,163
Interest Payable	-	69,439	69,439	-	-	-
	<u>-</u>	<u>3,155,602</u>	<u>3,155,602</u>	<u>-</u>	<u>3,086,163</u>	<u>3,086,163</u>
Total liabilities						
	<u>-</u>	<u>3,155,602</u>	<u>3,155,602</u>	<u>-</u>	<u>3,086,163</u>	<u>3,086,163</u>
Net assets available for benefits	\$ 11,065,114	\$ 48,680,242	\$ 59,745,356	\$ 9,339,412	\$ 49,294,508	\$ 58,633,920
	<u>\$ 11,065,114</u>	<u>\$ 48,680,242</u>	<u>\$ 59,745,356</u>	<u>\$ 9,339,412</u>	<u>\$ 49,294,508</u>	<u>\$ 58,633,920</u>

See notes to financial statements

Paper Machinery Holding Corporation Employee Stock Ownership Plan

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2022

	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>
Additions			
Additions to net assets attributed to:			
Net appreciation in fair value of Paper Machinery Holding Corp. Stock	\$ 158,884	\$ 891,116	\$ 1,050,000
Company contributions	267,938	130,843	398,781
Allocation of 2,496 shares of common stock at fair value	1,566,818	-	1,566,818
Interest income	-	32	32
	<u>1,993,640</u>	<u>1,021,991</u>	<u>3,015,631</u>
Deductions			
Deductions from net assets attributed to:			
Allocation of 2,496 shares of common stock at fair value	-	1,566,818	1,566,818
Interest expense	-	69,439	69,439
Benefits paid to participants	267,938	-	267,938
	<u>267,938</u>	<u>1,636,257</u>	<u>1,904,195</u>
Total deductions	<u>267,938</u>	<u>1,636,257</u>	<u>1,904,195</u>
Net increase (decrease)	1,725,702	(614,266)	1,111,436
Net Assets Available for Benefits			
Beginning of year	<u>9,339,412</u>	<u>49,294,508</u>	<u>58,633,920</u>
End of year	<u>\$ 11,065,114</u>	<u>\$ 48,680,242</u>	<u>\$ 59,745,356</u>

See notes to financial statements

Paper Machinery Holding Corporation Employee Stock Ownership Plan

Notes to Financial Statements
December 31, 2022 and 2021

1. Description of the Plan

The following description of the Paper Machinery Holding Corporation Employee Stock Ownership Plan (the Plan) provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan of Paper Machinery Holding Corporation (the Company). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). Employees automatically become a participant as of January 1st once they have completed 1,000 hours of service as defined in the plan document. Employees who are not a participant on or before the last working day of a plan year are generally not eligible for an allocation of Company contributions for such year.

In 2016, the Plan used proceeds received from the issuance of a note payable to the Company (Note 10) to purchase stock of the Company. The acquired stock is being held in a trust established under the Plan. The loan will be repaid over a period of 40 years from Company contributions to the trust. As the Plan makes each payment of principal, an appropriate percentage of stock will be allocated to eligible employees' accounts in accordance with Section 4975(e)(7) and the applicable regulations thereunder of the Internal Revenue Code (IRC).

The Company borrowings are collateralized by the unallocated shares of stock. The Company has no rights against the shares once they are allocated under the Plan. Accordingly, the financial statements of the Plan as of December 31, 2022 and 2021 and for the year ended December 31, 2022 present separately the assets and liabilities and changes therein pertaining to:

- (a) the accounts of employees with allocated stock (Allocated); and
- (b) stock not yet allocated to employees (Unallocated).

Contributions

The Company's Board of Directors may authorize discretionary contributions. The Company made discretionary contributions totaling \$398,781 for the year ended December 31, 2022 which was used to fund the loan payment due to the Company and benefits paid to participants.

Participant Accounts

An investment account is maintained for each participant. The annual allocation of the Company's contributions and forfeitures is credited to each participant's investment account as of the last day of each plan year. Each participant's investment account is credited a uniform percentage based on eligible compensation as defined in the plan document compared to the total compensation of all eligible participants. Only those employees who are eligible participants of the Plan as of the last day of the Plan year will receive an allocation. Plan earnings are allocated to each participant's account based on the ratio of the participant's account balance.

Paper Machinery Holding Corporation Employee Stock Ownership Plan

Notes to Financial Statements
December 31, 2022 and 2021

Vesting

Participants who leave the Plan because of death, disability or normal retirement, as defined in the plan document, are considered 100% vested. Other participants vest in Company contributions and earnings in accordance with provisions of the Plan as follows:

<u>Years of Vesting Service</u>	<u>Nonforfeitable Percentage of Account</u>
After 1	10%
2	20%
3	40%
4	60%
5	80%
After 6	100%

Forfeited Accounts

In the event of termination prior to 100% vesting, the non-vested account balance is forfeited. Forfeitures of nonvested Company contributions will be retained in the Plan and will be allocated to participants in accordance with the plan document. There were 81 shares of stock totaling \$49,784 forfeited during the plan year ended December 31, 2022 and no unallocated forfeited amounts as of December 31, 2022 and 2021.

Payment of Benefits

Distributions from the Plan will not be made until a participant retires, becomes disabled, dies or otherwise terminates employment with the Company. The Plan provides for normal retirement at age 65 or age 62 in the case of any participant with at least ten years of vesting service. Participants with vested account balances of \$10,000 or greater will receive their distribution in five equal installments commencing on the annual distribution date following the end of the fifth plan year in which the participant terminated, provided that termination was not due to death or the participant has attained the age of 65. Participants with vested account balances of \$10,000 or less will receive a single sum payment no later than the annual distribution date. The annual distribution date is determined each plan year by the plan administrator. Distributions are made in cash. Direct rollovers to eligible retirement plans, as defined in the plan document, are allowed.

Participant Loans

The Plan does not allow participant loans.

Termination of Plan

The Company reserves the right to terminate the Plan at any time, subject to the provisions of the Plan. Upon termination of the Plan, the Company directs the trustee to pay all liabilities and expenses of the Plan and to sell shares of financed common stock held as collateral to the extent it determines such sale to be necessary in order to repay the loan. Subsequently, the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the plan document and the IRC. In the event of Plan termination, participants would become 100% vested in Company contributions.

Paper Machinery Holding Corporation Employee Stock Ownership Plan

Notes to Financial Statements
December 31, 2022 and 2021

Put Option

The company stock that is held by the Plan and its participants is subject to a put option. The put option is a right to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The put price is representative of the fair value of the stock. The Company can pay for the purchase with interest over a period of five years. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash.

Voting Rights

Each participant is entitled to direct voting of the shares of company stock allocated to the account of such participant with respect to any matter which involves the voting of such shares with respect to the approval or disapproval of any corporate merger or consolidation, recapitalization, reclassification, liquidation, dissolution, sale of substantially all assets of the trade or business or such similar transactions as may be prescribed by regulation. With respect to such matters, the trustee will vote all allocated shares in accordance with the direction of the participants. As directed by the plan administrator, the trustee will vote any shares for which it has received no direction and the shares that have not yet been allocated to participant accounts.

Diversification

Diversification is offered to participants so that they may have the opportunity to move part of the value of their investment in company stock into investments which are more diversified. Participants who have attained age 55 and 10 years of participation in the Plan, may elect, for any plan year designated by the Company, to diversify up to 25% of their company stock subaccount in investments other than company stock. The Plan was adopted by the Company in 2016. Therefore, diversification will not be applicable until 2026.

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Allocations

The financial statements of the Plan present separately the assets and liabilities and changes therein pertaining to (a) the accounts of employees with rights in allocated stock (allocated) and (b) stock not yet allocated to employees (unallocated), including shares that are committed to be released. Shares are released from collateral and become allocated generally in the period in which debt service is actually paid.

Paper Machinery Holding Corporation Employee Stock Ownership Plan

Notes to Financial Statements
December 31, 2022 and 2021

Investment Valuation and Income Recognition

The determination of the fair value of the Company's common stock is made by an independent consulting firm based upon an independent appraisal. The appraisal was based upon a mix of the Guideline Company Method and Discounted Cash Flow Method. The market value assigned was \$627.70 and \$617.20 per share of common stock as of December 31, 2022 and 2021, respectively. The total investment in the Company's common stock by the Plan represents 100% of the Company's outstanding shares of common stock at December 31, 2022 and 2021.

Net appreciation in fair value of company stock included in the accompanying Statement of Changes in Net Assets Available for Benefits includes realized and unrealized appreciation in fair value.

Administrative Expenses

Significant administrative and other expenses incurred are paid by the Company.

Payment of Benefits

Benefits are recorded when paid.

Subsequent Events

The Plan has evaluated subsequent events for recognition or disclosure through October 12, 2023, the date the Plan's financial statements were available to be issued.

The Secure 2.0 Act of 2022 was signed into law on December 29, 2022. This legislation includes a vast array of provisional changes to retirement plans, becoming effective in 2023 and beyond. Plan management is evaluating the impact of the adoption and implementation of this legislation on the Plan.

3. Investments

Investments, in general, are subject to various risks, including credit risk, interest rate risk and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the financial statements.

The cost basis per share is \$34.60. During the year ended December 31, 2022, the Plan's investment in company stock appreciated in value by \$1,050,000. Investments at December 31, 2022 and 2021 consist of the following:

	December 31, 2022		December 31, 2021	
	Allocated	Unallocated	Allocated	Unallocated
Paper Machinery Corporation common stock:				
Number of shares	17,627.90	82,372.10	15,131.77	84,868.23
Cost	\$ 609,922	\$ 2,850,078	\$ 523,560	\$ 2,936,440
Estimated fair value	\$ 11,065,030	\$ 51,704,970	\$ 9,339,329	\$ 52,380,671

Paper Machinery Holding Corporation Employee Stock Ownership Plan

Notes to Financial Statements
December 31, 2022 and 2021

4. Amounts Owed to Participants Withdrawing From the Plan

There were amounts of \$1,875,463 and \$1,396,483 owed to participants who have withdrawn from the Plan as of December 31, 2022 and 2021, respectively.

5. Fair Value Measurements

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

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

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

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

The Company's common stock held by the Plan is reported at fair value based upon an appraisal performed annually by an independent appraiser. The appraisal report was based upon a combination of the market and income valuation techniques consistent with prior year. The trustee reviewed and approved the appraisal report.

The Company's Board of Directors determines the fair value measurement policies and procedures which are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobserved inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information.

Paper Machinery Holding Corporation Employee Stock Ownership Plan

Notes to Financial Statements
December 31, 2022 and 2021

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2022 and 2021:

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Company stock	\$ 62,770,000	\$ -	\$ -	\$ 62,770,000
Total investments at fair value	<u>\$ 62,770,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,770,000</u>

	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Company stock	\$ 61,720,000	\$ -	\$ -	\$ 61,720,000
Total investments at fair value	<u>\$ 61,720,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,720,000</u>

The entire change in fair value of level 3 investments relates to the unrealized gains.

6. Administration of Plan Assets

The Plan's assets are administered under a contract with Argent Trust Company, the trustee of the Plan. The trustee makes distribution payments to participants.

7. Related-Party and Party in Interest Transactions

All of the Plan investments are shares of the Company. Additionally, the Plan's loan payable is payable to the Company. These transactions qualify as party in interest transactions.

Certain administrative functions of the Plan are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan.

8. Tax Status

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated August 15, 2017, that the Plan and related trust are designed in accordance with applicable sections 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 and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

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

Paper Machinery Holding Corporation Employee Stock Ownership Plan

Notes to Financial Statements
December 31, 2022 and 2021

9. Risks and Uncertainties

The Plan invests in the stock of the Company. This investment is exposed to various risks, such as market and credit risks. Market risks include global events which could impact the value of investment securities, such as pandemic or international conflict. Due to the level of risk associated with investments, it is at least reasonably possible that changes in the value of the investment will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

As of December 31, 2022 and 2021, 100% of the Plan's investments are concentrated in the stock of the Company.

10. Loan Payable

In 2016, the Plan entered into a \$3,460,000 term loan agreement with the Company. The proceeds of the loan were used to purchase the Company's common stock. Unallocated shares are collateral for the loan. Shares are released from collateral and allocated to participants upon yearly payment of principal and interest. The loan bears interest at a rate of 2.25%. The loan is payable in 40 annual installments including principal and interest, payable December 31 each year beginning in 2016, with a final installment of the unpaid principal balance and accrued interest due December 31, 2055. The first installment was \$138,969 and all subsequent installments are \$130,843. The 2022 loan payment was made in early 2023, prior to any default. This resulted in 2,496 shares being released and allocated for the Plan year ended December 31, 2022. Interest related to this payment has been recorded as interest payable as of December 31, 2022.

Aggregate future maturities of the loan payable for years ending after December 31, 2022 are as follows:

Years ending December 31:		
2023	\$	124,190
2024		64,198
2025		65,643
2026		67,120
2027		68,630
2028 and thereafter		<u>2,696,382</u>
Total	\$	<u><u>3,086,163</u></u>

Paper Machinery Holding Corporation Employee Stock Ownership Plan

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

EIN: 39-0839714 Plan Number: 002

December 31, 2022

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
*	Paper Machinery Holding Corporation	100,000 shares of common stock	\$ 3,460,000	\$ 62,770,000
	N/A	Cash	<u>130,958</u>	<u>130,958</u>
			<u>\$ 3,590,958</u>	<u>\$ 62,900,958</u>

* A party in interest as defined by ERISA

Paper Machinery Holding Corporation Employee Stock Ownership Plan

Financial Statements and
Supplementary Information

December 31, 2022 and 2021

Paper Machinery Holding Corporation Employee Stock Ownership Plan

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Independent Auditors' Report

To the Plan Administrator and Participants of
Paper Machinery Holding Corporation Employee Stock Ownership Plan

Opinion

We have audited the financial statements of Paper Machinery Holding Corporation Employee Stock Ownership Plan (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), which comprise the statements of net assets available for benefits as of December 31, 2022 and 2021, and the related statement of changes in net assets available for benefits for the year ended December 31, 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2022 and 2021, and the changes in its net assets available for benefits for the year ended December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplemental Schedule Required by ERISA

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule, Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year), as of December 31, 2022 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS.

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

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

Baker Tilly US, LLP

Milwaukee, Wisconsin
October 12, 2023

Paper Machinery Holding Corporation Employee Stock Ownership Plan

Statements of Net Assets Available for Benefits
December 31, 2022 and 2021

	2022			2021		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
Assets						
Investments, at fair value:						
Paper Machinery						
Holding Corp. Stock	\$ 11,065,030	\$ 51,704,970	\$ 62,770,000	\$ 9,339,329	\$ 52,380,671	\$ 61,720,000
Cash	84	130,874	130,958	83	-	83
	<u>11,065,114</u>	<u>51,835,844</u>	<u>62,900,958</u>	<u>9,339,412</u>	<u>52,380,671</u>	<u>61,720,083</u>
Total assets						
	<u>11,065,114</u>	<u>51,835,844</u>	<u>62,900,958</u>	<u>9,339,412</u>	<u>52,380,671</u>	<u>61,720,083</u>
Liabilities						
Loan payable	-	3,086,163	3,086,163	-	3,086,163	3,086,163
Interest Payable	-	69,439	69,439	-	-	-
	<u>-</u>	<u>3,155,602</u>	<u>3,155,602</u>	<u>-</u>	<u>3,086,163</u>	<u>3,086,163</u>
Total liabilities						
	<u>-</u>	<u>3,155,602</u>	<u>3,155,602</u>	<u>-</u>	<u>3,086,163</u>	<u>3,086,163</u>
Net assets available for benefits	\$ 11,065,114	\$ 48,680,242	\$ 59,745,356	\$ 9,339,412	\$ 49,294,508	\$ 58,633,920
	<u>\$ 11,065,114</u>	<u>\$ 48,680,242</u>	<u>\$ 59,745,356</u>	<u>\$ 9,339,412</u>	<u>\$ 49,294,508</u>	<u>\$ 58,633,920</u>

See notes to financial statements

Paper Machinery Holding Corporation Employee Stock Ownership Plan

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2022

	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>
Additions			
Additions to net assets attributed to:			
Net appreciation in fair value of Paper Machinery Holding Corp. Stock	\$ 158,884	\$ 891,116	\$ 1,050,000
Company contributions	267,938	130,843	398,781
Allocation of 2,496 shares of common stock at fair value	1,566,818	-	1,566,818
Interest income	-	32	32
	<u>1,993,640</u>	<u>1,021,991</u>	<u>3,015,631</u>
Deductions			
Deductions from net assets attributed to:			
Allocation of 2,496 shares of common stock at fair value	-	1,566,818	1,566,818
Interest expense	-	69,439	69,439
Benefits paid to participants	267,938	-	267,938
	<u>267,938</u>	<u>1,636,257</u>	<u>1,904,195</u>
Total deductions	<u>267,938</u>	<u>1,636,257</u>	<u>1,904,195</u>
Net increase (decrease)	1,725,702	(614,266)	1,111,436
Net Assets Available for Benefits			
Beginning of year	<u>9,339,412</u>	<u>49,294,508</u>	<u>58,633,920</u>
End of year	<u>\$ 11,065,114</u>	<u>\$ 48,680,242</u>	<u>\$ 59,745,356</u>

See notes to financial statements

Paper Machinery Holding Corporation Employee Stock Ownership Plan

Notes to Financial Statements
December 31, 2022 and 2021

1. Description of the Plan

The following description of the Paper Machinery Holding Corporation Employee Stock Ownership Plan (the Plan) provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan of Paper Machinery Holding Corporation (the Company). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). Employees automatically become a participant as of January 1st once they have completed 1,000 hours of service as defined in the plan document. Employees who are not a participant on or before the last working day of a plan year are generally not eligible for an allocation of Company contributions for such year.

In 2016, the Plan used proceeds received from the issuance of a note payable to the Company (Note 10) to purchase stock of the Company. The acquired stock is being held in a trust established under the Plan. The loan will be repaid over a period of 40 years from Company contributions to the trust. As the Plan makes each payment of principal, an appropriate percentage of stock will be allocated to eligible employees' accounts in accordance with Section 4975(e)(7) and the applicable regulations thereunder of the Internal Revenue Code (IRC).

The Company borrowings are collateralized by the unallocated shares of stock. The Company has no rights against the shares once they are allocated under the Plan. Accordingly, the financial statements of the Plan as of December 31, 2022 and 2021 and for the year ended December 31, 2022 present separately the assets and liabilities and changes therein pertaining to:

- (a) the accounts of employees with allocated stock (Allocated); and
- (b) stock not yet allocated to employees (Unallocated).

Contributions

The Company's Board of Directors may authorize discretionary contributions. The Company made discretionary contributions totaling \$398,781 for the year ended December 31, 2022 which was used to fund the loan payment due to the Company and benefits paid to participants.

Participant Accounts

An investment account is maintained for each participant. The annual allocation of the Company's contributions and forfeitures is credited to each participant's investment account as of the last day of each plan year. Each participant's investment account is credited a uniform percentage based on eligible compensation as defined in the plan document compared to the total compensation of all eligible participants. Only those employees who are eligible participants of the Plan as of the last day of the Plan year will receive an allocation. Plan earnings are allocated to each participant's account based on the ratio of the participant's account balance.

Paper Machinery Holding Corporation Employee Stock Ownership Plan

Notes to Financial Statements
December 31, 2022 and 2021

Vesting

Participants who leave the Plan because of death, disability or normal retirement, as defined in the plan document, are considered 100% vested. Other participants vest in Company contributions and earnings in accordance with provisions of the Plan as follows:

<u>Years of Vesting Service</u>	<u>Nonforfeitable Percentage of Account</u>
After 1	10%
2	20%
3	40%
4	60%
5	80%
After 6	100%

Forfeited Accounts

In the event of termination prior to 100% vesting, the non-vested account balance is forfeited. Forfeitures of nonvested Company contributions will be retained in the Plan and will be allocated to participants in accordance with the plan document. There were 81 shares of stock totaling \$49,784 forfeited during the plan year ended December 31, 2022 and no unallocated forfeited amounts as of December 31, 2022 and 2021.

Payment of Benefits

Distributions from the Plan will not be made until a participant retires, becomes disabled, dies or otherwise terminates employment with the Company. The Plan provides for normal retirement at age 65 or age 62 in the case of any participant with at least ten years of vesting service. Participants with vested account balances of \$10,000 or greater will receive their distribution in five equal installments commencing on the annual distribution date following the end of the fifth plan year in which the participant terminated, provided that termination was not due to death or the participant has attained the age of 65. Participants with vested account balances of \$10,000 or less will receive a single sum payment no later than the annual distribution date. The annual distribution date is determined each plan year by the plan administrator. Distributions are made in cash. Direct rollovers to eligible retirement plans, as defined in the plan document, are allowed.

Participant Loans

The Plan does not allow participant loans.

Termination of Plan

The Company reserves the right to terminate the Plan at any time, subject to the provisions of the Plan. Upon termination of the Plan, the Company directs the trustee to pay all liabilities and expenses of the Plan and to sell shares of financed common stock held as collateral to the extent it determines such sale to be necessary in order to repay the loan. Subsequently, the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the plan document and the IRC. In the event of Plan termination, participants would become 100% vested in Company contributions.

Paper Machinery Holding Corporation Employee Stock Ownership Plan

Notes to Financial Statements
December 31, 2022 and 2021

Put Option

The company stock that is held by the Plan and its participants is subject to a put option. The put option is a right to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The put price is representative of the fair value of the stock. The Company can pay for the purchase with interest over a period of five years. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash.

Voting Rights

Each participant is entitled to direct voting of the shares of company stock allocated to the account of such participant with respect to any matter which involves the voting of such shares with respect to the approval or disapproval of any corporate merger or consolidation, recapitalization, reclassification, liquidation, dissolution, sale of substantially all assets of the trade or business or such similar transactions as may be prescribed by regulation. With respect to such matters, the trustee will vote all allocated shares in accordance with the direction of the participants. As directed by the plan administrator, the trustee will vote any shares for which it has received no direction and the shares that have not yet been allocated to participant accounts.

Diversification

Diversification is offered to participants so that they may have the opportunity to move part of the value of their investment in company stock into investments which are more diversified. Participants who have attained age 55 and 10 years of participation in the Plan, may elect, for any plan year designated by the Company, to diversify up to 25% of their company stock subaccount in investments other than company stock. The Plan was adopted by the Company in 2016. Therefore, diversification will not be applicable until 2026.

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Allocations

The financial statements of the Plan present separately the assets and liabilities and changes therein pertaining to (a) the accounts of employees with rights in allocated stock (allocated) and (b) stock not yet allocated to employees (unallocated), including shares that are committed to be released. Shares are released from collateral and become allocated generally in the period in which debt service is actually paid.

Paper Machinery Holding Corporation Employee Stock Ownership Plan

Notes to Financial Statements
December 31, 2022 and 2021

Investment Valuation and Income Recognition

The determination of the fair value of the Company's common stock is made by an independent consulting firm based upon an independent appraisal. The appraisal was based upon a mix of the Guideline Company Method and Discounted Cash Flow Method. The market value assigned was \$627.70 and \$617.20 per share of common stock as of December 31, 2022 and 2021, respectively. The total investment in the Company's common stock by the Plan represents 100% of the Company's outstanding shares of common stock at December 31, 2022 and 2021.

Net appreciation in fair value of company stock included in the accompanying Statement of Changes in Net Assets Available for Benefits includes realized and unrealized appreciation in fair value.

Administrative Expenses

Significant administrative and other expenses incurred are paid by the Company.

Payment of Benefits

Benefits are recorded when paid.

Subsequent Events

The Plan has evaluated subsequent events for recognition or disclosure through October 12, 2023, the date the Plan's financial statements were available to be issued.

The Secure 2.0 Act of 2022 was signed into law on December 29, 2022. This legislation includes a vast array of provisional changes to retirement plans, becoming effective in 2023 and beyond. Plan management is evaluating the impact of the adoption and implementation of this legislation on the Plan.

3. Investments

Investments, in general, are subject to various risks, including credit risk, interest rate risk and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the financial statements.

The cost basis per share is \$34.60. During the year ended December 31, 2022, the Plan's investment in company stock appreciated in value by \$1,050,000. Investments at December 31, 2022 and 2021 consist of the following:

	December 31, 2022		December 31, 2021	
	Allocated	Unallocated	Allocated	Unallocated
Paper Machinery Corporation common stock:				
Number of shares	17,627.90	82,372.10	15,131.77	84,868.23
Cost	\$ 609,922	\$ 2,850,078	\$ 523,560	\$ 2,936,440
Estimated fair value	\$ 11,065,030	\$ 51,704,970	\$ 9,339,329	\$ 52,380,671

Paper Machinery Holding Corporation Employee Stock Ownership Plan

Notes to Financial Statements
December 31, 2022 and 2021

4. Amounts Owed to Participants Withdrawing From the Plan

There were amounts of \$1,875,463 and \$1,396,483 owed to participants who have withdrawn from the Plan as of December 31, 2022 and 2021, respectively.

5. Fair Value Measurements

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

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

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

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

The Company's common stock held by the Plan is reported at fair value based upon an appraisal performed annually by an independent appraiser. The appraisal report was based upon a combination of the market and income valuation techniques consistent with prior year. The trustee reviewed and approved the appraisal report.

The Company's Board of Directors determines the fair value measurement policies and procedures which are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobserved inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information.

Paper Machinery Holding Corporation Employee Stock Ownership Plan

Notes to Financial Statements
December 31, 2022 and 2021

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2022 and 2021:

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Company stock	\$ 62,770,000	\$ -	\$ -	\$ 62,770,000
Total investments at fair value	<u>\$ 62,770,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,770,000</u>

	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Company stock	\$ 61,720,000	\$ -	\$ -	\$ 61,720,000
Total investments at fair value	<u>\$ 61,720,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,720,000</u>

The entire change in fair value of level 3 investments relates to the unrealized gains.

6. Administration of Plan Assets

The Plan's assets are administered under a contract with Argent Trust Company, the trustee of the Plan. The trustee makes distribution payments to participants.

7. Related-Party and Party in Interest Transactions

All of the Plan investments are shares of the Company. Additionally, the Plan's loan payable is payable to the Company. These transactions qualify as party in interest transactions.

Certain administrative functions of the Plan are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan.

8. Tax Status

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated August 15, 2017, that the Plan and related trust are designed in accordance with applicable sections 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 and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

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

Paper Machinery Holding Corporation Employee Stock Ownership Plan

Notes to Financial Statements
December 31, 2022 and 2021

9. Risks and Uncertainties

The Plan invests in the stock of the Company. This investment is exposed to various risks, such as market and credit risks. Market risks include global events which could impact the value of investment securities, such as pandemic or international conflict. Due to the level of risk associated with investments, it is at least reasonably possible that changes in the value of the investment will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

As of December 31, 2022 and 2021, 100% of the Plan's investments are concentrated in the stock of the Company.

10. Loan Payable

In 2016, the Plan entered into a \$3,460,000 term loan agreement with the Company. The proceeds of the loan were used to purchase the Company's common stock. Unallocated shares are collateral for the loan. Shares are released from collateral and allocated to participants upon yearly payment of principal and interest. The loan bears interest at a rate of 2.25%. The loan is payable in 40 annual installments including principal and interest, payable December 31 each year beginning in 2016, with a final installment of the unpaid principal balance and accrued interest due December 31, 2055. The first installment was \$138,969 and all subsequent installments are \$130,843. The 2022 loan payment was made in early 2023, prior to any default. This resulted in 2,496 shares being released and allocated for the Plan year ended December 31, 2022. Interest related to this payment has been recorded as interest payable as of December 31, 2022.

Aggregate future maturities of the loan payable for years ending after December 31, 2022 are as follows:

Years ending December 31:		
2023	\$	124,190
2024		64,198
2025		65,643
2026		67,120
2027		68,630
2028 and thereafter		<u>2,696,382</u>
Total	\$	<u><u>3,086,163</u></u>

Paper Machinery Holding Corporation Employee Stock Ownership Plan

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

EIN: 39-0839714 Plan Number: 002

December 31, 2022

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
*	Paper Machinery Holding Corporation	100,000 shares of common stock	\$ 3,460,000	\$ 62,770,000
	N/A	Cash	<u>130,958</u>	<u>130,958</u>
			<u>\$ 3,590,958</u>	<u>\$ 62,900,958</u>

* A party in interest as defined by ERISA