

Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security
Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2022

This Form is Open to Public Inspection

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 single-employer plan
 - a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
 - 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 <u>ZWR HOLDINGS, INC. EMPLOYEE STOCK OWNERSHIP PLAN</u>	1b Three-digit plan number (PN) ▶ <u>001</u>
	1c Effective date of plan <u>08/16/2021</u>
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>ZWR HOLDINGS, INC.</u> <u>C/O MOSAIC CAPITAL INVESTORS II, LP</u> <u>101 SOUTH TRYON STREET, SUITE 2620</u> <u>CHARLOTTE, NC 28202</u>	2b Employer Identification Number (EIN) <u>87-4084767</u>
	2c Plan Sponsor's telephone number <u>980-495-4630</u>
	2d Business code (see instructions) <u>332900</u>

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

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

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>10/16/2023</u>	<u>JOSHUA ROZSAK</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

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

Form 5500 (2022)
v. 220413

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: a Sponsor's name c Plan Name	4b EIN 4d PN
5 Total number of participants at the beginning of the plan year	5 269
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits c Other retired or separated participants entitled to future benefits..... d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)..... h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6a(1) 266 6a(2) 249 6b 0 6c 33 6d 282 6e 2 6f 284 6g 283 6h 100
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: 2P 2Q 3I b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	
9a Plan funding arrangement (check all that apply) (1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) <input checked="" type="checkbox"/> R (Retirement Plan Information) (2) <input type="checkbox"/> MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) <input type="checkbox"/> SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) <input checked="" type="checkbox"/> H (Financial Information) (2) <input type="checkbox"/> I (Financial Information – Small Plan) (3) <input type="checkbox"/> 0 A (Insurance Information) (4) <input type="checkbox"/> C (Service Provider Information) (5) <input type="checkbox"/> D (DFE/Participating Plan Information) (6) <input type="checkbox"/> G (Financial Transaction Schedules)

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

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

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

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

11c Enter the Receipt Confirmation Code for the 2022 Form M-1 annual report. If the plan was not required to file the 2022 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE H (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>	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.	<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 ZWR HOLDINGS, INC. EMPLOYEE STOCK OWNERSHIP PLAN	B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 ZWR HOLDINGS, INC.	D Employer Identification Number (EIN) 87-4084767

Part I	Asset and Liability Statement
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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 170	140
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)	2250000	2370000
(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	2250170	2370140
Liabilities			
g Benefit claims payable.....	1g		
h Operating payables.....	1h		
i Acquisition indebtedness.....	1i		
j Other liabilities.....	1j	63661922	63065743
k Total liabilities (add all amounts in lines 1g through 1j).....	1k	63661922	63065743
Net Assets			
l Net assets (subtract line 1k from line 1f).....	1l	-61411752	-60695603

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)	1799356	
(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)		1799356
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)		
(B) U.S. Government securities.....	2b(1)(B)		
(C) Corporate debt instruments.....	2b(1)(C)		
(D) Loans (other than to participants).....	2b(1)(D)		
(E) Participant loans.....	2b(1)(E)		
(F) Other.....	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F).....	2b(1)(G)		0
(2) Dividends:			
(A) Preferred stock.....	2b(2)(A)		
(B) Common stock.....	2b(2)(B)	0	
(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)	120000	
(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		1919356
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)		
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		0
f Corrective distributions (see instructions).....	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense.....	2h		1203207
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		1203207
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d.....	2k		716149
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: **MSTILLER LLC**

(2) EIN: **58-0673524**

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

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

Part IV Compliance Questions

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

During the plan year:

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

	Yes	No	Amount
4a		X	

		Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....	4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....	4d		X	
e Was this plan covered by a fidelity bond?.....	4e	X		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g	X		2370000
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>ZWR HOLDINGS, INC. EMPLOYEE STOCK OWNERSHIP PLAN</u>	B Three-digit plan number (PN) ▶	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ZWR HOLDINGS, INC.</u>	D Employer Identification Number (EIN) <u>87-4084767</u>	

Part I	Distributions
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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
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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): _____

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	
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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.)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? Yes No N/A
If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____
If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....	6a	
b Enter the amount contributed by the employer to the plan for this plan year.....	6b	
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c	

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? Yes No N/A

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? Yes No N/A

Part III	Amendments
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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.
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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 _____

ZWR Holdings, Inc. Employee Stock
Ownership Plan

FINANCIAL REPORT

December 31, 2022 and 2021

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Independent Auditor's Report

To the Plan Administrator
ZWR Holdings, Inc. Employee Stock Ownership Plan
Charlotte, North Carolina

Opinion

We have audited the accompanying financial statements of ZWR Holdings, Inc. Employee Stock Ownership 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 December 31, 2021, and the related statements of changes in net assets available for benefits for the year ended December 31, 2022, and from August 16, 2021 (Date of Inception) to December 31, 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of ZWR Holdings, Inc. Employee Stock Ownership 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, and from August 16, 2021 (Date of Inception) to December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ZWR Holdings, Inc. Employee Stock Ownership 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 ZWR Holdings, Inc. Employee Stock Ownership Plan 's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ZWR Holdings, Inc. Employee Stock Ownership 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 ZWR Holdings, Inc. Employee Stock Ownership 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 Schedules Required by ERISA

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

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, including their form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

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

MS Jiller LLC

October 16, 2023
Atlanta, Georgia

FINANCIAL STATEMENTS

ZWR HOLDINGS, INC. EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS

December 31, 2022 and December 31, 2021

	December 31, 2022			December 31, 2021		
	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>
Assets						
Investment, at fair value						
ZWR Holdings, Inc. company stock	\$ 79,000	\$ 2,291,000	\$ 2,370,000	37,500	2,212,500	2,250,000
Cash	<u>-</u>	<u>140</u>	<u>140</u>	<u>-</u>	<u>170</u>	<u>170</u>
Total assets	<u>79,000</u>	<u>2,291,140</u>	<u>2,370,140</u>	<u>37,500</u>	<u>2,212,670</u>	<u>2,250,170</u>
Liabilities						
Note payable	-	63,065,603	63,065,603	-	63,661,752	63,661,752
Total liabilities	<u>-</u>	<u>63,065,603</u>	<u>63,065,603</u>	<u>-</u>	<u>63,661,752</u>	<u>63,661,752</u>
Net Assets (Deficit) Available for Benefits	<u>\$ 79,000</u>	<u>\$ (60,774,463)</u>	<u>\$ (60,695,463)</u>	<u>\$ 37,500</u>	<u>\$ (61,449,082)</u>	<u>\$ (61,411,582)</u>

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

ZWR HOLDINGS, INC. EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENT OF CHANGES IN NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS
For the Year Ended December 31, 2022

	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>
Additions to Net Assets Attributed to:			
Investment income-			
Net appreciation in fair value of investments	\$ 2,000	\$ 118,000	\$ 120,000
Employer contributions	-	1,799,356	1,799,356
Allocation of common stock	<u>39,500</u>	<u>-</u>	<u>39,500</u>
Net investment gain	<u>41,500</u>	<u>1,917,356</u>	<u>1,958,856</u>
Deductions from Net Assets Attributed to:			
Interest expense	-	1,203,207	1,203,207
Bank fees	-	30	30
Allocation of common stock	<u>-</u>	<u>39,500</u>	<u>39,500</u>
Total deductions	<u>-</u>	<u>1,242,737</u>	<u>1,242,737</u>
Net increase	41,500	674,619	716,119
Net Assets (Deficit) Available for Benefits:			
Beginning of year	<u>37,500</u>	<u>(61,449,082)</u>	<u>(61,411,582)</u>
End of year	<u>\$ 79,000</u>	<u>\$ (60,774,463)</u>	<u>\$ (60,695,463)</u>

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

ZWR HOLDINGS, INC. EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENT OF CHANGES IN NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS
From August 16, 2021 (Date of Inception) to December 31, 2021

	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>
Additions to Net Assets Attributed to:			
Investment income:			
Net depreciation in fair value of investments	\$ -	\$ (62,750,000)	\$ (62,750,000)
Dividend		640,410	640,410
Employer contributions	-	1,159,146	1,159,146
Allocation of common stock	<u>37,500</u>	<u>-</u>	<u>37,500</u>
Net investment gain	<u>37,500</u>	<u>(60,950,444)</u>	<u>(60,912,944)</u>
Deductions from Net Assets Attributed to:			
Interest expense	-	461,108	461,108
Bank fees	-	30	30
Allocation of common stock	<u>-</u>	<u>37,500</u>	<u>37,500</u>
Total deductions	<u>-</u>	<u>498,638</u>	<u>498,638</u>
Net decrease	37,500	(61,449,082)	(61,411,582)
Net Assets (Deficit) Available for Benefits:			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 37,500</u>	<u>\$ (61,449,082)</u>	<u>\$ (61,411,582)</u>

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

ZWR HOLDINGS, INC. EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

1. Description of Plan

The following description of the ZWR Holdings, Inc. 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.

- A. *General.* The Plan sponsor is ZWR Holdings, Inc. (the “Company,” “Plan Sponsor,” or “Employer”). On August 16, 2021, the Company adopted the Plan with an effective date of August 16, 2021. The Plan operates as a leveraged employee stock ownership plan (ESOP) and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986 (the “Code”), as amended, and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is administered by Board of Directors (the “Board”), as determined by the Bylaws of the Company, and approved by the Plan’s trustee. The Plan covers employees over the age of 18 with 30 days employment completed.

On August 16, 2021, the Plan purchased 1,000,000 shares of the Company’s common stock for \$65,000,000 by issuing a note to the Company. The stock is held in a trust established under the Plan. As the Plan makes each payment of principal and interest, shares are released and allocated to eligible participants' accounts in accordance with applicable regulations under the Code.

The borrowings are collateralized by unallocated shares of stock. The Company has no rights against the shares once they are allocated. Accordingly, the financial statements of the Plan present separately the assets and liabilities, and changes therein, pertaining to the accounts of employees with vested rights in allocated stock (allocated) and stock not yet allocated to employees (unallocated).

- B. *Contributions.* For each plan year, the Employer shall contribute to the Plan such amount as shall be determined by the Employer, provided that, for any year during which an exempt loan is outstanding, the Company shall pay over to the trustee, as contributions to the Plan for that Plan year, an amount no less than the amount necessary, taking into account the amount of any dividends or distributions paid to the Plan for such year, so as to enable the Trustee to pay any maturing obligations under any outstanding exempt loan.

The Employer contribution shall not be limited to years in which the Employer has current or accumulated net profit. Additionally, to the extent necessary, the Employer shall contribute to the Plan the amount necessary to provide the top-heavy minimum contribution. All contributions by the Employer shall be made in cash or, if there is no prohibited transaction within the meaning of Department of Labor regulation 2509.94-3, in such property as is acceptable to the Trustee.

- C. *Allocation of Contribution, Forfeitures and Earnings.* Any Eligible Employee who has completed 30 days of employment as an Employee and has attained age 18 shall be eligible to participate in the Plan.

ZWR Holdings, Inc. Employee Stock Ownership Plan
Notes to the Financial Statements

Individual accounts are maintained for each participant. Each participant's account is credited with allocations of the Company's contributions, plan earnings or losses, and forfeited balances of terminated participants' non-vested accounts. All the Company's contributions and the forfeiture allocations to individual participants are made in the same proportion that each eligible participant's allocation points bear to the total allocation points of all eligible participants. Allocation points means, for each participant, the total of points for any particular plan year calculated by crediting such participant with one point for each full year of service and one point for each \$1,000 of compensation for the applicable plan year (with fractional points available only with respect to compensation). A year of service is credited to a participant upon having 1,000 hours of service during a full 12-month period. Plan earnings or losses are allocated also based on the current year's points allocation. A participant must have 120 hours of service during the year and be actively employed on the last day of the year to participate in the allocation.

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

- D. *Vesting*. Participants become vested in the Company's contributions in accordance with the following schedule:

Completed Years of Service	Percentage Stock Contributions Vested
Less than 2	0%
2 years	20%
3 years	40%
4 years	60%
5 years	80%
6 years or more	100%

Participants are immediately vested upon termination of the Plan, upon death or total and permanent disability while an employee of the Plan Sponsor, or upon reaching normal retirement age, which is the later of the date the participant reaches age 65 or their tenth anniversary date of plan participation. If a participant is not 100% vested when the participant terminates employment, the participant's non-vested account balance is immediately forfeited.

- E. *Payment of Benefits*. If the vested benefit under the Plan is \$1,000 or less, then the benefit must be distributed in a single lump-sum payment. If vested benefit under the Plan exceeds \$1,000, the benefit will be paid in installments over a period of not more than the assumed life expectancy (or the assumed life expectancy of the participant and beneficiary).

Notwithstanding the above, unless the participant elects in writing a longer period, the company stock will be distributed in substantially equal installments over a period not longer than five years. A special rule may spread the distribution of the company stock in the account of participants with large account balances over an even longer period of time.

Company stock distributions by the Plan may be subject to a “Right of First Refusal” in favor of the Employer. In other words, the Employer must be given an opportunity to purchase at the same price and same terms as a participant may offer in a sell to a third party.

If the company stock distributed cannot be readily sold, then participants will have two “Put Options” to the Employer. In other words, participant may require the Employer to purchase the stock at a price equal to its value, and to pay for the stock in cash or in installments over a period of time (not in excess of five years). The first sixty day “Put Option” period will begin on the day following the date the company stock is distributed and if not exercised, the second sixty day “Put Option” period will begin as of the first day of the fifth month of the plan year next following the date the company stock was distributed.

- F. *Put Option.* If the company stock distributed cannot be readily sold, then participants will have two “Put Options” to the Employer. In other words, participant may require the Employer to purchase the stock at a price equal to its value, and to pay for the stock in cash or in installments over a period of time (not in excess of five years and in certain cases not in excess of ten years). The first sixty day “Put Option” period will begin on the day following the date the company stock is distributed and if not exercised, the second sixty day “Put Option” period will begin as of the first day of the fifth month of the plan year next following the date the company stock was distributed.
- G. *Voting Rights.* The trustee shall vote all company stock held by it as part of the plan assets. Provided, however, that if any agreement entered into by the trust provides for voting of any shares of the company stock pledged as security for any obligation of the Plan, then such shares of company stock shall be voted in accordance with such agreement. If the trustee does not timely receive voting directions from a participant or beneficiary with respect to any company stock allocated to that participant’s or beneficiary’s Company stock Account, the Trustee shall vote such company stock.
- H. *ESOP Diversification.* Participants who have ten (10) years of service as a participant and have attained age fifty-five (55), participant may have the right to direct the investment of a portion of account attributable to Company stock. The administrator will advise participant of any such right.
- I. *Administrative Expenses.* All reasonable expenses of administration may be paid out of the trust fund unless paid by the Employer; provided that, the Employer may be reimbursed out of the trust fund for reasonable expenses of administration made by the Employer. Such expenses incident to the functioning of the administrator, or any person or persons retained or appointed by any named fiduciary incident to the exercise of their duties under the Plan, including, but not limited to, fees of accountants, counsel, investment managers, and other specialists and their agents, the costs of any bonds required, and other reasonable costs of administering the Plan. Until paid, the expenses shall constitute a liability of the trust fund.
- J. *Forfeited Accounts.* On or before each anniversary date, any amounts, which became forfeitures since the last anniversary date, may be made available to reinstate previously forfeited account balances of former participants, if any, or be used to satisfy any contribution that may be required or used to pay any administrative expenses of the Plan. The remaining forfeitures, if any, shall be used to reduce the contribution of the Employer hereunder for the Plan year in which such Forfeitures occur. For the year ended December 31, 2022 total shares of 2,259.52 were forfeited and reallocated to eligible participants. The balance of forfeitures as of December 31, 2022 and 2021 were nil.

ZWR Holdings, Inc. Employee Stock Ownership Plan
Notes to the Financial Statements

2. Summary of Accounting Policies

A. *Basis of Accounting.* The financial statements of the Plan are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

B. *Investment Valuation and Income Recognition.* Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date.

C. *Use of Estimates.* The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

D. *Payment of Benefits.* Benefits are recorded when paid.

E. *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. Company contributions will be allocated, after the allocation of the net income (or loss) of the trust for the plan year, as of the last day of such plan year (even though receipt of the company contributions by the trustee may take place before or after the close of such plan year).

3. Investments

The Plan's investment in ZWR Holdings, Inc.'s common stock as of December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Number of Shares:		
Allocated	33,334	16,667
Unallocated	<u>966,666</u>	<u>983,333</u>
Total Shares	<u>1,000,000</u>	<u>1,000,000</u>
Cost	<u>\$ 65,000,000</u>	<u>\$65,000,000</u>
Market Value	<u>\$ 2,370,000</u>	<u>\$ 2,250,000</u>

4. Fair Value Measurements

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

Basis of Fair Value Measurement:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

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

The following is a description of the valuation methodology used for assets and liabilities measured at fair value. The administration of the shares of common stock held by the ESOP is subject to the plan document that was adopted and effective as of August 16, 2021 (commencement of operations). The trustees' right with respect to the disposition of shares are governed by the terms of the plan document, and the valuation techniques were similar with insignificant changes in the methodology used as of December 31, 2022 and 2021.

Shares of the Company's common stock are valued at fair value, which is determined by an annual independent appraisal. This appraisal is based upon a combination of the market and income valuation techniques. The appraiser considers historical and projected cash flow and net income, return on assets, return on equity, market comparables, and fair value of company assets and liabilities. Plan management has concluded that a market participant would also recognize a discount for lack of marketability. The valuation process involves the trustee's selection of an independent appraiser. Plan management accumulates the data for the appraiser from the financial statements of the Company. The appraiser prepares a preliminary report which plan management, along with the trustee, reviews in detail, discusses, and approves.

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

ZWR Holdings, Inc. Employee Stock Ownership Plan
Notes to the Financial Statements

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

Description	Assets at Fair Value			
	Total	Level 1	Level 2	Level 3
As of December 31, 2022				
Company Common Stock	<u>\$2,370,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,370,000</u>
As of December 31, 2021				
Company Common Stock	<u>\$2,250,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,250,000</u>

There were no significant transfers between Level 1 and Level 2 investments or into or out of Level 3 investments during the year ended December 31, 2022.

Gains and losses (realized and unrealized) included in changes in net assets (deficit) for the period above are reported in net appreciation (depreciation) in fair value of investments in the Statement of Changes in Net Assets (Deficit) Available for Benefits.

The following table represents the Plan's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs.

Instrument	Fair Value	Principal Valuation Technique	Significant Unobservable Inputs
Company Common Stock as of December 31, 2022	\$2,370,000	Income	Weighted average cost of capital EBITDA
		Market	Public comparables Revenue multiple EBITDA multiple Adjustments to enterprise value Discount for lack of marketability

ZWR Holdings, Inc. Employee Stock Ownership Plan
Notes to the Financial Statements

<u>Instrument</u>	<u>Fair Value</u>	<u>Principal Valuation technique</u>	<u>Significant Unobservable Inputs</u>
Company Common Stock as of December 31, 2021	\$2,250,000	Income	Weighted average cost of capital Long-term revenue growth rate EBITDA
		Market	Public comparables Revenue multiple EBITDA multiple Adjustments to enterprise value Discount for lack of marketability

5. Note Payable

On August 16, 2021, the Plan entered into a \$65,000,000 term loan agreement with the Company to purchase 1,000,000 shares of company stock. This note is guaranteed by the Company. Unallocated shares are collateral for the note. The note bears interest at 1.89% per annum and is payable in annual installments of principal and interest of \$1,799,356. The note is to be repaid in full by December 31, 2080. The outstanding principal balance as of December 31, 2022 and 2021 was \$63,065,603 and \$63,661,752, respectively.

Future maturities for the note payable as of December 31, 2022, are as follows:

<u>Year Ended December 31,</u>	
2023	\$ 607,416
2024	618,897
2025	630,594
2026	642,512
2027	654,656
Thereafter	<u>59,911,528</u>
	<u>\$ 63,065,603</u>

6. Company Dividends

The Company paid dividends to the Plan of \$0.640210 per share, totaling \$640,210, on December 27, 2021. Dividends were paid prior to any allocation of shares to participants and the dividend income was not allocated. The dividends were used for the 2021 debt service.

7. Related Party and Party in Interest Transactions

The Plan invests in the Company's common stock and has a note payable to the Company (Note 9). These transactions are considered exempt party-in-interest transactions under ERISA. As described in Note 1, the Company pays plan administrative expenses.

8. Plan Termination

The Company reserves the right to terminate the Plan at any time, subject to plan provisions. Upon such termination of the Plan, the interest of each participant in the Plan will be immediately 100% vested and will be distributed to such participant or his or her beneficiary at the time prescribed by the plan terms and the Code. Upon termination of the Plan, the Trustee shall pay all liabilities and expenses of the Plan and sell shares of financed stock held in the loan suspense account to the extent it determines such sale to be necessary in order to repay the loan.

9. Tax Status

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated May 16, 2023, stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Sponsor believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified, and the related trust is tax-exempt.

U.S. GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan Administrator has analyzed tax positions taken by the Plan, and has concluded that as of December 31, 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

10. Risks and Uncertainties

The Plan invests in the Company's common stock. Company common stock is exposed to various risks, such as interest rate risk, market risk and credit risk. Due to the level of risk associated with Company common stock and the level of uncertainty related to changes in the value of Company common stock, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the accompanying statements of net assets (deficit) available for benefits.

ZWR Holdings, Inc. Employee Stock Ownership Plan
Notes to the Financial Statements

11. Reconciliation of Financial Statements to Schedule H of Form 5500

The following is a reconciliation of net assets available for benefits per the Statements of Net Assets Available for Benefits as of December 31, 2022 and 2021 to Schedule H of Form 5500:

	<u>2022</u>	<u>2021</u>
Net Assets (Deficit) Available for Benefits per		
financial statements	\$ (60,695,463)	\$ (61,411,582)
Liabilities	<u>(140)</u>	<u>(170)</u>
Net assets per Form 5500	<u>\$ (60,695,603)</u>	<u>\$ (61,411,752)</u>

The following is a reconciliation of the net decrease per the Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2022, to net loss per Schedule H of Form 5500:

	<u>2022</u>
Net decrease per financial statements	\$ 716,119
Decrease in liabilities	<u>30</u>
Net income (loss) per Form 5500	<u>\$ 716,149</u>

12. Subsequent Events

Plan management evaluated the need for disclosures or adjustments resulting from subsequent events through October 16, 2023, the date the financial statements were available for issuance. Except for the events described below, no material events were identified which require disclosure in or adjustment to the financial statements.

SUPPLEMENTAL INFORMATION

Plan Sponsor's EIN: 87-4084767
 Plan Number: 001
 Schedule H, Line 4i

ZWR HOLDINGS, INC. EMPLOYEE STOCK OWNERSHIP PLAN

SCHEDULE OF ASSETS (HELD AT END OF YEAR)
 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
	* ZWR Holdings, Inc.	Common Stock, 1,000,000 shares	<u>\$ 65,000,000</u>	<u>\$ 2,370,000</u>

* Indicates a party-in interest

SCHEDULE OF ASSETS (HELD AT END OF YEAR)
 December 31, 2021

(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
	* ZWR Holdings, Inc.	Common Stock, 1,000,000 shares	<u>\$ 65,000,000</u>	<u>\$ 2,250,000</u>

* Indicates a party-in interest

Plan Sponsor's EIN: 87-4084767
 Plan Number: 001
 Schedule H, Line 4i

ZWR HOLDINGS, INC. EMPLOYEE STOCK OWNERSHIP PLAN

SCHEDULE OF ASSETS (HELD AT END OF YEAR)
 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
	* ZWR Holdings, Inc.	Common Stock, 1,000,000 shares	<u>\$ 65,000,000</u>	<u>\$ 2,370,000</u>

* Indicates a party-in interest

SCHEDULE OF ASSETS (HELD AT END OF YEAR)
 December 31, 2021

(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
	* ZWR Holdings, Inc.	Common Stock, 1,000,000 shares	<u>\$ 65,000,000</u>	<u>\$ 2,250,000</u>

* Indicates a party-in interest