

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

2023

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2023 or fiscal plan year beginning 10/01/2023 and ending 09/30/2024

- A This return/report is for: [] a multiemployer plan [] a multiple-employer plan (Filers checking this box must provide participating employer information in accordance with the form instructions.) [X] 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: [X] 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 APPLIED INFORMATION SCIENCES, INC. EMPLOYEE STOCK OWNERSHIP PLAN
1b Three-digit plan number (PN) 003
1c Effective date of plan 10/01/2011
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) APPLIED INFORMATION SCIENCES, INC. 11400 COMMERCE PARK DRIVE SUITE 600 RESTON, VA 20191-1558
2b Employer Identification Number (EIN) 52-1237004
2c Plan Sponsor's telephone number 703-860-7800
2d Business code (see instructions) 519100

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 of plan administrator, Date, Enter name of individual signing as plan administrator. Includes rows for employer/plan sponsor and DFE.

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

Form 5500 (2023) v. 230707

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	611
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(1) Number of participants with account balances as of the beginning of the plan year (only defined contribution plans complete this item) g(2) 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)	389
	6a(2)	364
	6b	0
	6c	245
	6d	609
	6e	0
	6f	609
	6g(1)	577
6g(2)	608	
6h	28	
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

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)

- a Pension Schedules**
- (1) **R** (Retirement Plan Information)
 - (2) **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
 - (3) **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary
 - (4) **DCG** (Individual Plan Information) – Number Attached _____
 - (5) **MEP** (Multiple-Employer Retirement Plan Information)

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

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

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

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

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

11c Enter the Receipt Confirmation Code for the 2023 Form M-1 annual report. If the plan was not required to file the 2023 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> 2023 This Form is Open to Public Inspection.
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For calendar plan year 2023 or fiscal plan year beginning **10/01/2023** and ending **09/30/2024**

A Name of plan APPLIED INFORMATION SCIENCES, INC. EMPLOYEE STOCK OWNERSHIP PLAN	B Three-digit plan number (PN) ▶	003
C Plan sponsor's name as shown on line 2a of Form 5500 APPLIED INFORMATION SCIENCES, INC.	D Employer Identification Number (EIN) 52-1237004	

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

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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)

PENCHECKS TRUST

8580 LA MESA BLVD, SUITE 101
LA MESA, CA 91942

33-6134835

(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?
12	NONE	8145	Yes <input type="checkbox"/> No <input checked="" 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

2023

This Form is Open to Public Inspection

For calendar plan year 2023 or fiscal plan year beginning **10/01/2023** and ending **09/30/2024**

A Name of plan APPLIED INFORMATION SCIENCES, INC. EMPLOYEE STOCK OWNERSHIP PLAN		B Three-digit plan number (PN) ▶	003
C Plan sponsor's name as shown on line 2a of Form 5500 APPLIED INFORMATION SCIENCES, INC.		D Employer Identification Number (EIN) 52-1237004	

Part I Asset and Liability Statement

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

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	256355	256355
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	3369	3369
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	583989	1981180
(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)	38043944	41478992
(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	38887657	43719896
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i	906651	677043
j Other liabilities	1j	256355	256355
k Total liabilities (add all amounts in lines 1g through 1j)	1k	1163006	933398
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	37724651	42786498

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)	1273470	
(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)		1273470
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	43299	
(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)		43299
(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)	3435047	
(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		1357153
d Total income. Add all income amounts in column (b) and enter total.....	2d		6108969

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	1011957	
(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)		1011957
f Corrective distributions (see instructions).....	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		26746
i Administrative expenses:			
(1) Salaries and allowances.....	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Recordkeeping fees.....	2i(3)		
(4) IQPA audit fees.....	2i(4)		
(5) Investment advisory and investment management fees.....	2i(5)		
(6) Bank or trust company trustee/custodial fees.....	2i(6)	274	
(7) Actuarial fees.....	2i(7)		
(8) Legal fees.....	2i(8)		
(9) Valuation/appraisal fees.....	2i(9)		
(10) Other trustee fees and expenses.....	2i(10)		
(11) Other expenses.....	2i(11)	8145	
(12) Total administrative expenses. Add lines 2i(1) through (11)	2i(12)		8419
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1047122

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		5061847
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: GROSSBERG COMPANY LLP

(2) EIN: 52-0807134

d The opinion of an independent qualified public accountant is **not attached** as part of Schedule H because:

(1) This form is filed for a CCT, PSA, DCG 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. DCGs do not complete lines 4e, 4f, 4k, 4l, and 5, and DCGs generally complete the rest of Part IV collectively for all plans in the DCG, except as otherwise provided (see instructions).

During the plan year:

	Yes	No	Amount
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.)		X	
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.)		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.)		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.)		X	
e Was this plan covered by a fidelity bond?	X		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		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.			

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> 2023 This Form is Open to Public Inspection.
--	---	---

For calendar plan year 2023 or fiscal plan year beginning 10/01/2023 and ending 09/30/2024

A Name of plan <u>APPLIED INFORMATION SCIENCES, INC. EMPLOYEE STOCK OWNERSHIP PLAN</u>	B Three-digit plan number (PN) ▶	<u>003</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>APPLIED INFORMATION SCIENCES, INC.</u>	D Employer Identification Number (EIN) <u>52-1237004</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): 46-2548634

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	
--	---	--

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

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

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

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

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

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

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

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

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

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

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? Yes No

11 a Does the ESOP hold any preferred stock? Yes No

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) Yes No

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? Yes No

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) and (b):

a Enter the percentage of plan assets held as:
 Public Equity: _____% Private Equity: _____% Investment-Grade Debt and Interest Rate Hedging Assets: _____%
 High-Yield Debt: _____% Real Assets: _____% Cash or Cash Equivalents: _____% Other: _____%

b Provide the average duration of the Investment-Grade Debt and Interest Rate Hedging Assets:
 0-5 years 5-10 years 10-15 years 15 years or more

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.....

Part VII IRS Compliance Questions

21a Does the plan satisfy the coverage and nondiscrimination tests of Code sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules? Yes No

21b If this is a Code section 401(k) plan, check all boxes that apply to indicate how the plan is intended to satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under Code sections 401(k)(3) and 401(m)(2).
 Design-based safe harbor method
 "Prior year" ADP test
 "Current year" ADP test
 N/A

22 If the plan sponsor is an adopter of a pre-approved plan that received a favorable IRS Opinion Letter, enter the date of the Opinion Letter ___/___/___ (MM/DD/YYYY) and the Opinion Letter serial number _____.

**APPLIED INFORMATION SCIENCES INC.
EMPLOYEE STOCK OWNERSHIP PLAN**

**Financial Statements
and Supplementary Information
with
Independent Auditor's Report
For the Years Ended
September 30, 2024 and 2023**

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INDEPENDENT AUDITOR'S REPORT

To The Trustees and Participants of
Applied Information Sciences Inc. Employee Stock Ownership Plan

OPINION

We have audited the accompanying financial statements of Applied Information Sciences 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 at September 30, 2024 and 2023, the related statement of changes in net assets available for benefits for the year ended September 30, 2024, 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 Applied Information Sciences Inc. Employee Stock Ownership Plan as of September 30, 2024 and 2023, and the changes in its net assets available for benefits for the year ended September 30, 2024, in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Applied Information Sciences 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 Applied Information Sciences 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 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 Applied Information Sciences 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 Applied Information Sciences 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 schedule of assets (held at year end) is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of the Plan's 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 schedules, we evaluated whether the supplemental schedules, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion, the 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.

Grossberg Company LLP

Bethesda, MD
July 14, 2025

APPLIED INFORMATION SCIENCES INC. EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
SEPTEMBER 30, 2024 AND 2023

	<u>2024</u>			<u>2023</u>		
	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>
Assets:						
Cash	\$ 52	\$ -	\$ 52	\$ 70,308	\$ -	\$ 70,308
Investments at fair value (Notes 4 and 5)						
Mutual funds	1,981,128	-	1,981,128	513,681	-	513,681
Applied Information Sciences Inc. common stock at fair value	39,646,327	1,832,665	41,478,992	35,761,089	2,282,855	38,043,944
Total investments	41,627,455	1,832,665	43,460,120	36,274,770	2,282,855	38,557,625
Receivables:						
Employer contribution	-	256,355	256,355	-	256,355	256,355
Employee	3,369	-	3,369	3,369	-	3,369
Total receivables	3,369	256,355	259,724	3,369	256,355	259,724
Total assets	41,630,876	2,089,020	43,719,896	36,348,447	2,539,210	38,887,657
Liabilities:						
Accounts payable	-	(256,355)	(256,355)	-	(256,355)	(256,355)
Loan payable (Note 6)	-	(677,043)	(677,043)	-	(906,651)	(906,651)
Total liabilities	-	(933,398)	(933,398)	-	(1,163,006)	(1,163,006)
Net assets available for benefits	\$ 41,630,876	\$ 1,155,622	\$ 42,786,498	\$ 36,348,447	\$ 1,376,204	\$ 37,724,651

See independent auditor's report and accompanying notes.

APPLIED INFORMATION SCIENCES INC. EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>
Additions to net assets attributed to:			
Employer contributions (Note 12)	\$ 1,357,153	\$ 1,273,470	\$ 2,630,623
Interest and dividend income	42,162	1,136	43,298
Net appreciation in fair value of investments (Note 4)	3,228,925	206,123	3,435,048
Forfeiture reallocation and transfers	6,295	(6,295)	-
Allocation of 392 shares of common stock of Applied Information Sciences Inc., at estimated fair value	656,313	-	656,313
Total additions to net assets	5,290,848	1,474,434	6,765,282
Deductions from net assets:			
Allocation of 392 shares of common stock of Applied Information Sciences Inc., at estimated fair value	-	656,313	656,313
Benefit distribution	-	1,011,957	1,011,957
Interest expense (Note 6)	-	26,746	26,746
Administrative fees	8,419	-	8,419
Total deductions from net assets	8,419	1,695,016	1,703,435
Net change in net assets available for benefits	5,282,429	(220,582)	5,061,847
Net assets available for benefits, beginning of year	36,348,447	1,376,204	37,724,651
Net assets available for benefits, end of year	\$ 41,630,876	\$ 1,155,622	\$ 42,786,498

See independent auditor's report and accompanying notes.

APPLIED INFORMATION SCIENCES INC. EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

1. *Description of plan*

The following description of Applied Information Sciences 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.

General - Applied Information Sciences Inc. (the Company) established the Plan effective as of October 1, 2011. The Plan is intended to operate as a non-contributory leveraged employee stock ownership plan (see Note 6). The Plan is designed to comply with Section 4975 (e) (7) and the regulations thereunder of the Internal Revenue Code. The Plan is administered by the Company and the Plan Committee established by the Company's Board of Directors and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and subsequent acts.

Eligibility - Employees of the Company who have completed one year of service, have attained age twenty-one, and are employed on the last day of the Plan year are eligible to participate in the Plan, retroactive to the first day of the Plan year. One year of service is defined as 1,000 hours of service as an employee.

Voting rights - Each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account with respect to any vote required for the approval or disapproval of any corporate merger or consolidation, recapitalization, reclassification, liquidation, dissolution, sale of substantially all the assets of a trade or business or other similar transactions prescribed by regulation. In accordance with instructions from the Plan Committee, the Trustee shall vote any unallocated share held by the Trust as well as any allocated shares for which a participant has failed to give timely voting direction.

Contributions - Company contributions to the Plan are discretionary and are subject to approval by the Company's Board of Directors. Contributions are subject to certain limitations imposed by the Internal Revenue Code.

Participants' accounts - The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participant's account is credited or charged, as appropriate, with his or her allocable share of (a) the Company's common stock released by the Trustee from the unallocated account; (b) Plan earnings, losses and expenses; and (c) forfeitures of terminated participants' non-vested accounts. Such allocations are based on participant compensation, as defined, for the entire year relative to total eligible compensation. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting - Vesting of a participant's account balance is based on years of continuous service. A participant becomes 100% vested after six years of credited service (20% per year, beginning with the second year of credited service). A participant with less than six years of credited service becomes 100% vested upon reaching normal retirement age (65) or in the event of death or disability.

Forfeitures - For the years ended September 30, 2024 and 2023, non-vested accounts aggregating \$185,012 and \$155,767, respectively, were forfeited. Plan forfeitures are allocated to each participant's account based upon the relation of the participant's compensation to total compensation for the Plan year. The non-vested forfeited account was allocated to participants during the year.

APPLIED INFORMATION SCIENCES INC. EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

1. *Description of plan (continued)*

Put option - Under the Federal income tax regulations, employer stock that is held by the Plan and its participants that is not readily tradable on an established market, or is subject to trading limitations, must include 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 market 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.

Benefits - Benefit payments are made in cash and may be paid either in a lump-sum payment or over a maximum period of ten years. Upon termination of employment, participants whose vested account balance is less than \$5,000 may have their vested account balance distributed to them in full. If the vested portion of the participant's account is \$5,000 or greater, no distribution or any part thereof, except in the event of death or disability, may be paid or begin prior to the earlier of (a) the participant's attainment of age 65, or (b) the end of the fifth Plan year following the Plan year in which termination of employment occurred and are made in five equal annual installments or longer in the event the participant's account balance exceeds \$230,000.

Diversification - Diversification is offered to participants close to retirement so that they have the opportunity to move part of the value of their investments in Company common stock into investments which are more diversified. Participants who are at least age 55 with at least 10 years of participation in the Plan may elect to diversify a portion of their account. This option to diversify commences during the Plan year immediately following the Plan year in which the participant meets the criteria for qualification and is available for the five consecutive years thereafter. A participant may diversify up to 25% of shares allocated to his or her account, less any shares previously diversified. Participants who elect to diversify receive distributions in cash. The election to diversify is made subsequent to year-end based upon the shares of employer stock in the participant's account at year-end. There were forty five plan participants who elected cash diversification distribution during 2024. Cash diversification distributions aggregated to \$227,620 as of September 30, 2024 and are included in the benefit distribution on the statement of changes in net assets available for benefits.

2. *Accounting policies*

Basis of accounting - The financial statements of the Plan are prepared on the accrual basis of accounting and present net assets available for benefits and changes in those assets.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

APPLIED INFORMATION SCIENCES INC. EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

2. *Accounting policies (continued)*

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.

Investment valuation and income recognition - Investments in mutual funds are valued at quoted market prices, which represent the net asset value of shares held by the plan at year end.

The shares of Company common stock are valued at fair value. See Note 5 for a discussion of fair value measurements. Purchases and sales of securities are recorded on a trade-date basis. Dividend income is accrued on the ex-dividend date. Realized gains and losses from security transactions are reported on the average cost method. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of benefits - Benefits are recorded when paid.

Operating expenses - All expenses related to administering the Plan are to be paid by the Trusts while expenses relating to the design, establishment, or termination of the Plan will be paid by the Company.

Reclassification - Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the current year presentation.

Subsequent events - The Plan has evaluated subsequent events through July 14, 2025, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of September 30, 2024 have been incorporated into these statements.

3. *Administration of the plan*

The Trustee shall administer the Plan as directed by the Company Board of Directors or the Plan committee.

Company contributions are held and managed by the Trustee, which invests cash received, interest, and dividend income and makes distributions to participants. The Trustee also administers the payment of interest and principal on the loan, which is reimbursed to the Trustee through contributions as determined by the Company.

Certain administrative functions are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan. Administrative expenses for the Trustee's fees are paid directly by the Company.

APPLIED INFORMATION SCIENCES INC. EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

4. Investments

The Plan's investments in Company common stock at September 30, 2024 and 2023, are as follows:

	2024			2023		
	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>
Number of shares	23,704	1,096	24,800	23,312	1,488	24,800
Cost	\$ 9,154,260	\$ 677,328	\$ 9,831,588	\$ 8,912,004	\$ 919,584	\$ 9,831,588
Fair value	\$ 39,646,327	\$ 1,832,665	\$ 41,478,992	\$ 35,761,089	\$ 2,282,855	\$ 38,043,944

5. Fair value measurements

The Plan's investments are reported at fair value in the accompanying statements of net assets available for benefits. The following tables set forth by level within the fair value hierarchy, the Plan's investments at fair value as of September 30, 2024 and 2023:

	2024			2023		
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 3</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 3</u>
Company common stock	\$ 41,478,992	\$ -	\$ 41,478,992	\$ 38,043,944	\$ -	\$ 38,043,944
Money market mutual funds	\$ 1,981,128	\$ 1,981,128	\$ -	\$ 513,681	\$ 513,681	\$ -

Authoritative accounting guidance sets forth a framework for measuring fair value. That framework provides a fair value hierarchy that 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 Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The Plan measures fair value using Level 1 inputs whenever possible because they generally provide the most reliable evidence of fair value. To the extent practicable, Level 2 inputs are used by the Plan when the Plan cannot measure fair value using Level 1 inputs, and Level 3 are only used when Level 1 or Level 2 inputs are unavailable. The Plan measures the fair value of all of its investments using Levels 1 and 3 inputs at September 30, 2024 and 2023.

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to measure the fair value of certain financial instruments could result in a different fair value at the reporting date.

APPLIED INFORMATION SCIENCES INC. EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

5. *Fair value measurements (continued)*

The following table provides further details of the Level 3 fair value measurements:

<u>Level 3 assets as of December 31:</u>	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 38,043,944	\$ 41,143,200
Total gains and (losses) included in changes in net assets available for benefits	3,435,048	(3,099,256)
	<u>\$ 41,478,992</u>	<u>\$ 38,043,944</u>

Gains and losses included in changes in net assets available for benefits for the year ended September 30, 2024, are reported in net unrealized depreciation in fair value of investments.

The fair value of the Company common stock is based on by an annual independent appraisal. This appraisal was based on a combination of the market and income valuation approaches consistent with prior years. The appraiser took into account historical and projected cash flow and net earnings, weighted average cost of capital, market comparable, and applicable discounts and premiums.

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

6. *Loan payable*

On August 23, 2018, the Plan purchased 6,200 shares of the Company's common stock at \$618 per share, an aggregate purchase price of \$3,831,600. Payment for such shares was made in the form of a promissory note. The first payment on the note for \$811,768 including interest of \$11,768 was paid on September 30, 2018. Thereafter, the fixed annual payment will be payable in twenty consecutive annual installments of \$256,355, including interest at 2.95%, through maturity on September 30, 2027. Following this transaction, the Plan owns 40% of the outstanding common shares of the Company. The note is secured by a security interest in, and a pledge of, the unallocated shares of the Company's common stock.

APPLIED INFORMATION SCIENCES INC. EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

6. Loan payable (continued)

The required principal payments due on the loan after September 30, 2024, through the maturity date, are as follows:

<u>Year ending September 30</u>	
2025	\$ 236,382
2026	243,355
2027	197,306
	<hr/>
	\$ 677,043

Shares are released from collateral and allocated to participants when principal and interest payments are made. The number of shares released in any year is the number of shares held as collateral, multiplied by the ratio of the current year payments, divided by the total of current year's payments, plus all future years' principal and interest payments. For the year ended September 30, 2024, a principal and interest payment of \$256,355 was made, which resulted in 392 shares being released and allocated for the Plan.

7. Risk and uncertainties

The Plan investments consist primarily of the Company's common stock, which is exposed to various risks, including interest rate, market, and credit risks, as well as valuation assumptions based on earnings and cash flows. Due to the level of risk associated with the investment in the common stock and to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in the value of the common stock will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

8. Related party transactions

The Company pays for expenses relating to the design, establishment, and administration of the Plan. During the year ended September 30, 2024, the fees incurred amounted to approximately \$105,000. The Company is a related party to the Plan. Therefore, the Plan's investment in Company common stock and loan payable qualifies as party-in-interest.

9. Plan termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their accounts.

APPLIED INFORMATION SCIENCES INC. EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

10. Separated participants

At September 30, 2024, approximately \$17,635,000 of net assets available for benefits are for those participants who have separated from active service with the Company.

11. Tax status

The Plan obtained its latest determination letter on March 16, 2015, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan Administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the internal revenue code. Therefore, they believe that the Plan was qualified and the restated trust was tax exempt as of the financial statement date.

Accounting principles generally accepted in the United States of America require 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 applicable taxing authorities. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of September 30, 2024 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 Administrator believes it is no longer subject to income tax examinations for years prior to 2021, generally for three years after the tax returns have been filed.

12. Spin-off

During 2024, the Company carved out its IT department and formed World Exploration Technologies Inc., ("WordX"). As a result the plan received a cash contribution of \$1,357,153 from the Company equal to the plan's proportional portion of the WordX shares.

SCHEDULE 1

APPLIED INFORMATION SCIENCES INC. EMPLOYEE STOCK OWNERSHIP PLAN

EIN 52-1237004 - PLAN 003

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

SEPTEMBER 30, 2024

(a)	(b)	(c)	(d)	(e)
		<i>Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value</i>		
<u>Identity of Issue, Borrower, Lessor, or Similar Party</u>			<u>Cost</u>	<u>Current Value</u>
*	Applied Information Sciences Inc.	Common stock - 24,800 shares	\$ 9,831,588	\$ 41,478,992
	Federated Hermes, Inc.	Federated Hermes Institutional Prime Obligation Fund CL IS (POIXX)	1,980,049	1,981,128
			\$ 11,811,637	\$ 43,460,120

* Party-in-interest

See independent auditor's report.