

Form 5500

Annual Return/Report of Employee Benefit Plan

OMB Nos. 1210-0110 1210-0089

2024

This Form is Open to Public Inspection

Department of the Treasury Internal Revenue Service

Department of Labor Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

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

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

Part I Annual Report Identification Information

For calendar plan year 2024 or fiscal plan year beginning 01/01/2024 and ending 12/31/2024

- A This return/report is for: [] a multiemployer plan [] a multiple-employer plan... [X] a single-employer plan [] a DFE... B This return/report is: [] the first return/report [] the final return/report... C If the plan is a collectively-bargained plan, check here... D Check box if filing under: [X] Form 5558 [] automatic extension... 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: TACTICAL ENGINEERING & ANALYSIS, INC. EMPLOYEE STOCK OWNERSHIP PLAN
1b Three-digit plan number (PN): 003
1c Effective date of plan: 01/01/2015
2a Plan sponsor's name (employer, if for a single-employer plan): TACTICAL ENGINEERING & ANALYSIS, INC.
2b Employer Identification Number (EIN): 33-0830317
2c Plan Sponsor's telephone number: 858-573-9869
2d Business code (see instructions): 541330

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 (2024) v. 240311

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	273
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)	214
	6a(2)	193
	6b	4
	6c	71
	6d	268
	6e	1
	6f	269
	6g(1)	272
	6g(2)	268
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:
2E 2P 2I 3I

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)	9b Plan benefit arrangement (check all that apply)
(1) <input type="checkbox"/> Insurance	(1) <input type="checkbox"/> Insurance
(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts	(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts
(3) <input checked="" type="checkbox"/> Trust	(3) <input checked="" type="checkbox"/> Trust
(4) <input type="checkbox"/> General assets of the sponsor	(4) <input type="checkbox"/> General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

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 2024 Form M-1 annual report. If the plan was not required to file the 2024 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.	OMB No. 1210-0110 2024 This Form is Open to Public Inspection
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For calendar plan year 2024 or fiscal plan year beginning 01/01/2024 and ending 12/31/2024	
A Name of plan TACTICAL ENGINEERING & ANALYSIS, 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 TACTICAL ENGINEERING & ANALYSIS, INC.	D Employer Identification Number (EIN) 33-0830317

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 0	167
b Receivables (less allowance for doubtful accounts):		
(1) Employer contributions	1b(1) 0	210000
(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) 160990	1669397
(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)	15600075	17198911
(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	15761065	20968475
Liabilities			
g Benefit claims payable.....	1g	0	167
h Operating payables.....	1h		
i Acquisition indebtedness.....	1i	3000980	2772220
j Other liabilities.....	1j		
k Total liabilities (add all amounts in lines 1g through 1j).....	1k	3000980	2772387
Net Assets			
l Net assets (subtract line 1k from line 1f).....	1l	12760085	18196088

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)	4055678	
(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)		4055678
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)		
(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)	8407	
(D) Total dividends. Add lines 2b(2)(A), (B), and (C).....	2b(2)(D)		8407
(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)	1598836	
(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		5662921

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	176418	
(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)		176418
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		50500
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)		
(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)		
(12) Total administrative expenses. Add lines 2i(1) through (11)	2i(12)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		226918

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		5436003
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: **LAVINE, LOFGREN, MORRIS & ENGELBERG**

(2) EIN: **33-0690020**

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> 2024 This Form is Open to Public Inspection.
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For calendar plan year 2024 or fiscal plan year beginning 01/01/2024 and ending 12/31/2024

A Name of plan <u>TACTICAL ENGINEERING & ANALYSIS, 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>TACTICAL ENGINEERING & ANALYSIS, INC.</u>	D Employer Identification Number (EIN) <u>33-0830317</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): 58-1428634

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) 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 _____.

**TACTICAL ENGINEERING & ANALYSIS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN**

**INDEPENDENT AUDITORS' REPORT,
FINANCIAL STATEMENTS,
AND SUPPLEMENTAL SCHEDULE**

For the Year Ended December 31, 2024

**TACTICAL ENGINEERING & ANALYSIS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN**

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INDEPENDENT AUDITORS' REPORT

To the Administrative Committee
Tactical Engineering & Analysis, Inc. Employee Stock Ownership Plan
San Diego, California

Opinion

We have audited the accompanying financial statements of Tactical Engineering & Analysis, Inc. Employee Stock Ownership Plan (the "Plan"), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), which comprise the statements of net assets available for benefits as of December 31, 2024 and 2023, and the related statement of changes in net assets available for benefits for the year ended December 31, 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 Tactical Engineering & Analysis, Inc. Employee Stock Ownership Plan as of December 31, 2024 and 2023, and the changes in its net assets available for benefits for the year ended December 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year 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 the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

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

Supplemental Schedule Required by ERISA

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule H, Part IV, Line 4i – Schedule of Assets Held for Investment Purposes at End of Year as of December 31, 2024 is presented for the purpose of additional analysis and is not a required part of the financial statements but is 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 was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

Independent Auditors' Report (Continued)

The information has been subjected to the auditing procedures applied in the audit 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 schedule, we evaluated whether the supplemental schedule, including its 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 schedule is fairly stated, in all material respects, in relation to the financial statements as a whole, and the form and content is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Lavine, Lofgren, Morin & Engelberg, LLP

La Jolla, California
September 19, 2025

TACTICAL ENGINEERING & ANALYSIS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

Statements of Net Assets Available for Benefits
As of December 31, 2024 and 2023

	December 31, 2024			December 31, 2023		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
ASSETS						
Interest-bearing cash in money market account	\$ 1,669,397	\$ -	\$ 1,669,397	\$ 160,990	\$ -	\$ 160,990
Non-interest bearing cash	167	-	167	-	-	-
Employer contributions receivable	2,100,000	-	2,100,000	-	-	-
Tactical Engineering & Analysis, Inc. common stock, at fair value (Note 4)	11,977,024	5,221,887	17,198,911	10,433,034	5,167,041	15,600,075
Total assets	15,746,588	5,221,887	20,968,475	10,594,024	5,167,041	15,761,065
LIABILITIES						
Benefit claims payable	167	-	167	-	-	-
Note payable	-	2,772,220	2,772,220	-	3,000,980	3,000,980
Total liabilities	167	2,772,220	2,772,387	-	3,000,980	3,000,980
NET ASSETS AVAILABLE FOR BENEFITS	\$ 15,746,421	\$ 2,449,667	\$ 18,196,088	\$ 10,594,024	\$ 2,166,061	\$ 12,760,085

See accompanying notes to financial statements.

TACTICAL ENGINEERING & ANALYSIS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31, 2024

	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>
Additions:			
Employer contributions	\$ 3,776,418	\$ 279,260	\$ 4,055,678
Allocation of 15,761.67 shares of TEA common stock at fair value	474,718	-	474,718
Dividend income	8,407	-	8,407
Investment gain - net appreciation in fair value of TEA common stock	<u>1,069,272</u>	<u>529,564</u>	<u>1,598,836</u>
Total additions	<u>5,328,815</u>	<u>808,824</u>	<u>6,137,639</u>
Deductions:			
Interest expense	-	50,500	50,500
Distributions	176,418	-	176,418
Allocation of 15,761.67 shares of TEA common stock at fair value	<u>-</u>	<u>474,718</u>	<u>474,718</u>
Total deductions	<u>176,418</u>	<u>525,218</u>	<u>701,636</u>
Net increase	<u>5,152,397</u>	<u>283,606</u>	<u>5,436,003</u>
Net assets available for benefits:			
Beginning of year	<u>10,594,024</u>	<u>2,166,061</u>	<u>12,760,085</u>
End of year	<u>\$ 15,746,421</u>	<u>\$ 2,449,667</u>	<u>\$ 18,196,088</u>

See accompanying notes to financial statements.

TACTICAL ENGINEERING & ANALYSIS, INC.

EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements December 31, 2024

NOTE 1. PLAN DESCRIPTION AND BASIS OF PRESENTATION

The following description of the Tactical Engineering & Analysis, Inc. Employee Stock Ownership Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

Tactical Engineering & Analysis, Inc. (the "Company") established the Plan effective January 1, 2015. The Plan operates as a leveraged employee stock ownership plan ("ESOP") and is designed to comply with Section 4975(e)(7) of the Internal Revenue Code ("IRC") and the regulations thereunder, and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The Plan is administered by an administrative committee comprising of one or more members ("Administrative Committee") appointed by the Company. An independent third party serves as the Plan's Trustee.

On July 1, 2015, the Tactical Engineering & Analysis, Inc. Employee Stock Ownership Plan Trust ("ESOP Trust") purchased 500,000 shares of the Company's common stock. The ESOP Trust holds the common stock in a trust established under the Plan. The stock was purchased at a price of \$15.02 per share, for an aggregate purchase price of \$7,510,358. To finance the purchase of the shares, the ESOP Trust issued two promissory notes payable to the sellers of the common stock in the aggregate amount of \$7,510,358. During the year ended December 31, 2020, the Company purchased 9,987 shares of common stock for \$123,234 from the Plan. In October 2021, the Plan acquired an additional 81,000 unallocated shares of the Company's common stock by issuing a note payable of \$1,116,174 to the Company and refinanced the unpaid portion of the original notes, resulting in one outstanding note payable in the amount of \$3,711,795 as of October 31, 2021 (Note 5).

The note payable is collateralized by the unallocated shares of common stock and is guaranteed by the Company. The sellers have no rights against shares of common stock once the shares are allocated to participants in accordance with the terms of the ESOP. Accordingly, the financial statements of the Plan as of December 31, 2024 and 2023, and for the year ended December 31, 2024 present separately the assets and liabilities and changes therein pertaining to:

- a. the accounts of participants with rights in allocated common stock (allocated), and
- b. common stock not yet allocated to participants (unallocated).

Eligibility

Employees of the Company who have attained 21 years of age are generally eligible to participate in the Plan after one year of service, provided they worked at least 1,000 hours during such Plan year. The Plan generally excludes any employees who are nonresident aliens with no U.S. source income, any individuals or entity engaged by the Company as an independent contractor, as well as employees subject to collective bargaining agreements. Participants who do not have at least 1,000 hours of service during a Plan year or are not employed as of the end of the Plan year are generally not eligible for an allocation of Company contributions for such Plan year. Plan entry dates are on June 30 or December 31 coincident with or next following fulfillment of the eligibility requirements.

TACTICAL ENGINEERING & ANALYSIS, INC.

EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements
December 31, 2024

NOTE 1. PLAN DESCRIPTION AND BASIS OF PRESENTATION (Continued)

Contributions

The Company is obligated to make contributions in (i) cash, or (ii) Company common stock having an aggregate fair value equal to such amount, if any, as determined by the board of directors, provided however, that the Company contributes an amount in cash not less than the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its promissory notes.

The Company contributed amounts to the Plan for 2024 totaling \$3,600,000 in excess of the amounts required to pay the regularly scheduled principal and interest payment, \$2,100,000 of which was paid in 2025 and is included in employer contributions receivable in the accompanying statement of net assets as of December 31, 2024.

Employee contributions are not permitted.

Vesting

If a participant's employment terminates due to death or disability, or on or after a participant's normal retirement date, the participant is fully vested in, and entitled to receive the value of his or her account valued as of the valuation date coincident with or next following the date of termination of employment. If a participant's employment with the Company ends for any reason other than retirement, disability, or death, he or she will vest in the balances in his or her account based on total years of service with the Company. Participants vest 20% per year after two years of credited service and are 100% vested after six years of credited service. A year of credited service is a plan year in which the employee is credited with at least 1,000 hours of service. Such credited service does not include service prior to January 1, 2015.

Payment of Benefits

Distributions on account of death, disability, retirement, or other termination are made in substantially equal installments over a period not to exceed five years beginning not more than one year following the Plan year in which the event occurred, unless a later date is elected by the participant. Distributions on account of termination of employment shall commence no later than the close of the sixth Plan year following the Plan year in which the participant terminates from employment. Each such installment will be in an amount at least equal to the lesser of \$20,000 or the remaining balance in the account, even if this results in a complete distribution in a period of less than five years. In the case of any distributions made in installments, such distributions may be extended by one additional annual installment (but no more than five additional installments) for each \$220,000 increment or fraction thereof by which the participant's account exceeds \$1,105,000. The amount to be distributed is based upon the immediately preceding valuation date. Distributions are made in cash. Under the provisions of the Plan, the Company is obligated to repurchase participant shares, which have been distributed under the terms of the Plan if the shares are not publicly traded or if the shares are subject to trading limitations. At its discretion, the Company may elect to distribute vested account balances of less than \$7,000.

TACTICAL ENGINEERING & ANALYSIS, INC.

EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements December 31, 2024

NOTE 1. PLAN DESCRIPTION AND BASIS OF PRESENTATION (Continued)

Payment of Benefits (Continued)

Pursuant to the Setting Every Community Up for Retirement Enhancement Act of 2019 (the "SECURE" Act), which became law on December 20, 2019, participants may defer taking distributions as follows:

- If a participant reached the age of 70½ in 2019, the participant may defer receiving distribution until the later of April 1, 2020, or the April following the calendar year in which the participant retires;
- If a participant reaches the age of 70½ in 2020 or later, the participant may defer receiving distributions until the later of the April following the calendar year in which the participant reaches age 72 or retires.

Participants may not make withdrawals for any reason while employed by the Company.

Administrative Expenses

Administrative expenses of the Plan are those paid to the recordkeeper, attorney, appraiser, paying agent, trustee and auditor of the Plan as provided in the Plan document and such administrative expenses may be paid either by the Plan or by the Company.

Voting Rights

Each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account and is notified by the ESOP Trustee prior to the time that such rights are to be exercised. The ESOP Trustee is not permitted to vote any allocated share for which instructions have not been given by a participant. The ESOP Trustee shall vote any unallocated shares on behalf of the collective best interests of Plan participants and beneficiaries.

Participant 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 as of the last day of each Plan year with an allocation of shares of the Company's common stock released by the ESOP Trustee from the unallocated account and forfeitures of terminated participants' non-vested accounts. Only those participants who are eligible employees of the Company as of the last day of the Plan year will receive an allocation. Allocations are based on a participant's eligible compensation, relative to total eligible compensation for a particular plan year. Plan earnings are allocated to each participant's account based on the ratio of the participant's account balance to the Plan as a whole.

TACTICAL ENGINEERING & ANALYSIS, INC.

EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements
December 31, 2024

NOTE 1. PLAN DESCRIPTION AND BASIS OF PRESENTATION (Continued)

Put Option

Under federal income tax regulations, employer stock that is held by the Plan and its participants and is not readily tradable on an established market, and/or is subject to trading limitations, includes 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 at any time during two sequential option periods. The first put option period runs for a period of at least sixty days commencing on the date of distribution of the Company's common stock to the participant. The second put option period runs for a period of at least sixty days commencing on the first day after the new determination of the fair market value of the Company's common stock is made in the subsequent Plan year. The put price is representative of the current appraised value of the stock. The Company can pay for the purchase with interest over a period not exceeding five years. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash.

Diversification

Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company common stock into investments that 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. Diversification is offered to each eligible participant over a 6-year period. In each of the first 5 years, a participant may diversify up to 25 percent of the number of shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50 percent. Participants who elect to diversify receive a cash distribution. The election to diversify is made subsequent to year-end based upon the shares of Company stock in the participant's account at year-end.

Forfeitures

Plan forfeitures are allocated annually at year end to each participant's account based upon the relation of the participant's eligible compensation to total eligible compensation for the Plan year. Forfeitures allocated to participants during 2024 totaled \$259,809. There were no forfeited non-vested accounts to be allocated to participant accounts in future years as of December 31, 2024 or 2023.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S GAAP").

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, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

TACTICAL ENGINEERING & ANALYSIS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements
December 31, 2024

NOTE 2. SUMMARY OF SIGNIFICANT 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 generally become allocated in the period in which debt service is actually paid.

Investment Valuation and Income Recognition

The shares of the Company's common stock are reported at fair value. See Note 4 for a discussion of fair value measurements. Dividend income is recognized on the ex-dividend date. Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses from security transactions are reported on the average cost method. Net appreciation or depreciation in the fair value of the Company's common stock includes the Plan's gains and losses on the Company's common stock bought and sold as well as held during the year.

Subsequent Events

The Plan has evaluated subsequent events through the date of the independent auditors' report, which is the date these financial statements were available to be issued (Note 1).

NOTE 3. INVESTMENTS

The Plan's investments at December 31, 2024 and 2023 are presented in the following tables:

	December 31, 2024		
	Allocated	Unallocated	Total
Tactical Engineering & Analysis, Inc. common stock:			
Number of shares	397,643.90	173,369.10	571,013.00
Cost	\$ 5,980,149	\$ 2,607,297	\$ 8,587,446
Estimated fair value	\$ 11,977,024	\$ 5,221,887	\$ 17,198,911
	December 31, 2023		
	Allocated	Unallocated	Total
Tactical Engineering & Analysis, Inc. common stock:			
Number of shares	381,882.23	189,130.77	571,013.00
Cost	\$ 5,743,121	\$ 2,844,325	\$ 8,587,446
Estimated fair value	\$ 10,433,034	\$ 5,167,041	\$ 15,600,075

TACTICAL ENGINEERING & ANALYSIS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements
December 31, 2024

NOTE 4. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (“FASB”) *Accounting Standards Codification* (“ASC”) 820, *Fair Value Measurements and Disclosures*, 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:

Level 1 – Inputs are unadjusted, quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs are either directly or indirectly observable for the asset or liability through correlation with related market data at the measurement date and for the duration of the instrument’s anticipated life.

Level 3 – Inputs are both unobservable and significant to the overall fair value measurement for the asset or liability at the measurement date. These inputs reflect management’s best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and in the inputs to the model.

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

The following tables set forth by level within the fair value hierarchy, the Plan’s investments at fair value as of December 31, 2024 and 2023:

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Interest-bearing cash				
in money market account	\$ 1,669,397	\$ -	\$ -	\$ 1,669,397
Tactical Engineering & Analysis, Inc. common stock	-	-	17,198,911	17,198,911
Total investment, at fair value	<u>\$ 1,669,397</u>	<u>\$ -</u>	<u>\$ 17,198,911</u>	<u>\$ 18,868,308</u>
	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Interest-bearing cash				
in money market account	\$ 160,990	\$ -	\$ -	\$ 160,990
Tactical Engineering & Analysis, Inc. common stock	-	-	15,600,075	15,600,075
Total investment, at fair value	<u>\$ 160,990</u>	<u>\$ -</u>	<u>\$ 15,600,075</u>	<u>\$ 15,761,065</u>

TACTICAL ENGINEERING & ANALYSIS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements
December 31, 2024

NOTE 4. FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 investment for the year ended December 31, 2024:

Investment in Tactical Engineering & Analysis, Inc. common stock:	
Balance, beginning of year	\$ 15,600,075
Unrealized appreciation in fair value	<u>1,598,836</u>
Balance, end of year	<u><u>\$ 17,198,911</u></u>
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gain or loss relating to assets still held at the reporting date	
	<u><u>\$ 1,598,836</u></u>

Unrealized gains are presented as net appreciation in fair value of TEA common stock in the statement of changes in net assets available for benefits.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in methodologies used at December 31, 2024 and 2023. The Tactical Engineering & Analysis, Inc. common stock held by the Plan is reported at fair value based upon an appraisal. This appraisal was based upon a combination of the market and income valuation techniques as illustrated in the following table.

<u>Instrument</u>	<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>
Tactical Engineering & Analysis, Inc. common stock	Income	Projected cash flow Distributable cash flow Rate of return Discount for limited marketability
	Market	Public company comparables Revenue multiple EBITDA multiple Discount for limited marketability

The valuation process involves the selection of an appraiser. Plan management accumulates the data for the appraiser from historical and projected financial information of the Company. The appraiser prepares a report of estimated per share value that a participant will receive upon distribution. The appraiser prepares a preliminary report which plan management, along with the ESOP Trustee, reviews in detail, discusses, and ultimately approves.

TACTICAL ENGINEERING & ANALYSIS, INC.

EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements December 31, 2024

NOTE 4. FAIR VALUE MEASUREMENTS (Continued)

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

NOTE 5. NOTE PAYABLE

Prior to October 2021, the Plan had a note payable to the Company which required annual payments of \$575,916, consisting of principal plus 5.0% interest per annum, through June 30, 2025. In October 2021, the note payable was refinanced and an additional \$1,116,174 was borrowed from the Company to purchase 81,000 shares of common stock. The refinanced note payable to the Company requires annual payments of \$279,260, consisting of principal plus 1.74% interest per annum, through December 31, 2035. Principal and interest payments are funded by Company contributions to the Plan. The note is collateralized by unallocated shares of common stock. Shares are released from collateral and allocated to participants as payments of principal and interest 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 the current year's payments, plus all future years' principal and interest payments. This resulted in 15,761.67 shares being released and allocated for the year ended December 31, 2024.

As of December 31, 2024, the scheduled amortization of the total aggregated notes payable for the next five years and thereafter is as follows for the years ending December 31,

2025	\$	230,993
2026		235,013
2027		239,102
2028		243,262
2029		247,495
Thereafter		<u>1,576,355</u>
	\$	<u>2,772,220</u>

NOTE 6. RELATED PARTY AND PARTY-IN-INTEREST TRANSACTIONS

The Plan invests in Company common stock and the ESOP Trust has indebtedness guaranteed by the Company. These are related party and exempt party-in-interest transactions. During 2024, the Company paid substantially all Plan expenses to the various service providers of the Plan, which are also exempt parties-in-interest under ERISA.

TACTICAL ENGINEERING & ANALYSIS, INC.

EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements

December 31, 2024

NOTE 7. RISKS AND UNCERTAINTIES

The Plan's primary investment is in the Company's common stock, which is exposed to various risks, such as interest rate, economic, business, and credit risks, as well as valuation assumptions based on earnings, cash flows, and other such techniques. Due to the level of risk associated with the investment in the common stock and to uncertainties inherent in estimates and assumptions, 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 accompanying financial statements.

NOTE 8. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company reserves the right to terminate the Plan at any time, subject to Plan provisions. In the event of Plan termination, participants become fully vested in their accounts and the Administrative Committee shall direct the ESOP Trustee to pay all liabilities and expenses of the ESOP and to sell shares of financed common stock held as collateral to the extent it determines such sale to be necessary in order to repay the Plan's debt. Subsequently, the interests of each participant in the trust fund will be distributed to the participants or their beneficiaries pursuant to Plan provisions and the IRC.

NOTE 9. TAX STATUS

By letter dated May 25, 2017, the Plan received a favorable determination from the IRS stating that the Plan is qualified under the IRC and the related trust is exempt from taxation. The Plan is required to operate in conformity with the IRC to maintain its qualification. The Plan has been amended since that date. 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 IRC. Therefore, the Plan administrator believes that the Plan is qualified, and the related trust is tax-exempt as of the financial statement date.

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 tax position that more likely than not would not be sustained upon examination by the applicable taxing authorities. Although the Plan has since been amended, the Plan administrator has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 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 is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods since inception of the Plan. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2021.

TACTICAL ENGINEERING & ANALYSIS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

Notes to Financial Statements
December 31, 2024

NOTE 10. SECURE ACT 2.0

On December 29, 2022, the SECURE Act 2.0 of 2022 (the “SECURE Act 2.0”) became law. The purpose of the legislation is to expand access to retirement plans and to help working Americans increase their retirement savings. The SECURE Act 2.0 includes various required and optional provisions becoming effective between 2023 and 2033, certain of which are described below.

- Beginning in 2023, the age for required minimum distributions increased from age 72 to 73. Beginning in 2033, the age for required minimum distributions will increase from age 73 to 75.
- Starting January 1, 2025, long-term part-time workers (defined as employees who have worked for two consecutive 12 month periods during each of which they have at least 500 hours of service) will become eligible to enroll in their employer’s retirement plan after two years.

Plan management retroactively amended the Plan as of January 1, 2024 to provide for the required provisions of the SECURE Act 2.0.

SUPPLEMENTAL SCHEDULE

**TACTICAL ENGINEERING & ANALYSIS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN**

**Attachment for Form 5500 – Schedule H, Part IV, Line 4i –
Schedule of Assets Held for Investment Purposes at End of Year
As of December 31, 2024**

**EIN: 33-0830317
Plan number: 003**

(a)	(b)	(c)	(d)	(e)
Identity of issue, borrower, lessor or similar party	Description of investment, including maturity date, rate of interest, collateral, par or maturity value	Cost	Current value	
* Tactical Engineering & Analysis, Inc.	571,013 Shares of Common Stock	\$ 8,587,446	\$ 17,198,911	
Argent Trust	Interest-bearing money market account	1,669,397	1,669,397	
	Total	<u>\$ 10,256,843</u>	<u>\$ 18,868,308</u>	

* Represents a party-in-interest.

See accompanying independent auditors' report.

