

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

2024

This Form is Open to Public Inspection

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 (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: PALA GROUP, INC. EMPLOYEE STOCK OWNERSHIP PLAN
1b Three-digit plan number (PN): 002
1c Effective date of plan: 01/01/2008
2a Plan sponsor's name (employer, if for a single-employer plan): PALA GROUP, INC.
2b Employer Identification Number (EIN): 72-0932277
2c Plan Sponsor's telephone number: 225-272-5194
2d Business code (see instructions): 237990

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

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

Table with 4 columns: SIGN HERE, Signature, Date, and Name. Rows include entries for plan administrator (JAMIE COOTS), employer/plan sponsor (PALA GROUP, INC.), 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	760
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)	304
	6a(2)	347
	6b	46
	6c	296
	6d	689
	6e	2
	6f	691
	6g(1)	757
	6g(2)	679
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	

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

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	b General Schedules
(1) <input checked="" type="checkbox"/> R (Retirement Plan Information)	(1) <input checked="" type="checkbox"/> H (Financial Information)
(2) <input type="checkbox"/> MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary	(2) <input type="checkbox"/> I (Financial Information – Small Plan)
(3) <input type="checkbox"/> SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	(3) <input type="checkbox"/> A (Insurance Information) – Number Attached <u>0</u>
(4) <input type="checkbox"/> DCG (Individual Plan Information) – Number Attached _____	(4) <input type="checkbox"/> C (Service Provider Information)
(5) <input type="checkbox"/> MEP (Multiple-Employer Retirement Plan Information)	(5) <input type="checkbox"/> D (DFE/Participating Plan Information)
	(6) <input type="checkbox"/> G (Financial Transaction Schedules)

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

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

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

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

11c Enter the Receipt Confirmation Code for the 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.	<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 PALA GROUP, INC. EMPLOYEE STOCK OWNERSHIP PLAN	B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 PALA GROUP, INC.	D Employer Identification Number (EIN) 72-0932277

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.

		(a) Beginning of Year	(b) End of Year
Assets			
a Total noninterest-bearing cash	1a	170	170
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	5003633	1853003
(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)	28996724	28648580
(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	34000527	30501753
Liabilities			
g Benefit claims payable.....	1g	170	170
h Operating payables.....	1h		
i Acquisition indebtedness.....	1i	3197565	1212565
j Other liabilities.....	1j		
k Total liabilities (add all amounts in lines 1g through 1j).....	1k	3197735	1212735
Net Assets			
l Net assets (subtract line 1k from line 1f).....	1l	30802792	29289018

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)	2916505	
(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)		2916505
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)	246222	
(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)		246222
(2) Dividends:			
(A) Preferred stock.....	2b(2)(A)		
(B) Common stock.....	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A), (B), and (C).....	2b(2)(D)		0
(3) Rents.....	2b(3)		
(4) Net gain (loss) on sale of assets:			
(A) Aggregate proceeds.....	2b(4)(A)		
(B) Aggregate carrying amount (see instructions).....	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result.....	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets:			
(A) Real estate.....	2b(5)(A)		
(B) Other.....	2b(5)(B)	-348143	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B).....	2b(5)(C)		-348143

		(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		2814584

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	4219191	
(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)		4219191
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		109167
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		4328358

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-1513774
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: HANNIS T. BOURGEOIS, LLP

(2) EIN: 72-0636725

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>PALA GROUP, INC. EMPLOYEE STOCK OWNERSHIP PLAN</u>	B Three-digit plan number (PN) ▶	<u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>PALA GROUP, INC.</u>	D Employer Identification Number (EIN) <u>72-0932277</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): 62-1437218 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 _____.

PALA GROUP, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

BATON ROUGE, LOUISIANA

DECEMBER 31, 2024

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Independent Auditor's Report

To the Participants and the ESOP Committee
Pala Group, Inc. Employee Stock Ownership Plan
Baton Rouge, Louisiana

Opinion

We have audited the financial statements of Pala Group, 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 (deficit) available for benefits as of December 31, 2024 and 2023, and the related statement of changes in net assets (deficit) available for benefits for the year ended December 31, 2024, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets (deficit) available for benefits of Pala Group, Inc. Employee Stock Ownership Plan as of December 31, 2024 and 2023, and the changes in net assets (deficit) 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 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 Pala Group, 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 the Plan's ability to continue as a going concern for one year after the date that the financial statements are 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, 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 audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Supplemental Schedules Required by ERISA

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and 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.

Respectfully submitted,

Hannis J. Bourgeois, JLP

Baton Rouge, Louisiana
October 3, 2025

PALA GROUP, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS

AS OF DECEMBER 31, 2024 AND 2023

ASSETS

	December 31, 2024		
	Allocated	Unallocated	Total
Money Market Fund	\$ 1,853,003	\$ -	\$ 1,853,003
Investment in Pala Group, Inc.			
Common Stock, at Estimated Fair Value	27,905,184	743,396	28,648,580
Total Assets	29,758,187	743,396	30,501,583

LIABILITIES

Loan Payable	-	1,212,565	1,212,565
Total Liabilities	-	1,212,565	1,212,565
Net Assets (Deficit) Available for Benefits	\$ 29,758,187	\$ (469,169)	\$ 29,289,018

(CONTINUED)

PALA GROUP, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS (CONTINUED)

AS OF DECEMBER 31, 2024 AND 2023

ASSETS

	December 31, 2023		
	Allocated	Unallocated	Total
Money Market Fund	\$ 5,003,633	\$ -	\$ 5,003,633
Investment in Pala Group, Inc.			
Common Stock, at Estimated Fair Value	26,969,932	2,026,792	28,996,724
Total Assets	31,973,565	2,026,792	34,000,357

LIABILITIES

Loan Payable	-	3,197,565	3,197,565
Total Liabilities	-	3,197,565	3,197,565
Net Assets (Deficit) Available for Benefits	\$ 31,973,565	\$ (1,170,773)	\$ 30,802,792

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

PALA GROUP, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENT OF CHANGES IN NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 2024

	Allocated	Unallocated	Total
Net Additions to Net Assets Attributed to:			
Employer Contributions	\$ 822,338	\$ 2,094,167	\$ 2,916,505
Allocation of 40,264 shares of common stock of Pala Group, Inc. at fair value	1,274,363	-	1,274,363
Interest	246,222	-	246,222
Net unrealized depreciation in the fair value of investments	(339,110)	(9,034)	(348,144)
Total Additions	2,003,813	2,085,133	4,088,946
Deductions from Net Assets Attributed to:			
Interest Expense	-	109,166	109,166
Benefits Paid	4,219,191	-	4,219,191
Allocation of 40,264 shares of common stock of Pala Group, Inc. at fair value	-	1,274,363	1,274,363
Total Deductions	4,219,191	1,383,529	5,602,720
Net Increase (Decrease)	(2,215,378)	701,604	(1,513,774)
Net Assets (Deficit) Available for Benefits:			
Beginning of Year	31,973,565	(1,170,773)	30,802,792
End of Year	\$ 29,758,187	\$ (469,169)	\$ 29,289,018

The accompanying notes are an integral part of this financial statement.

PALA GROUP, INC. EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 1 - Description of Plan -

The following description of the Pala Group, Inc. Employee Stock Ownership Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Description of Plan

Pala Group, Inc. (the Sponsoring Employer) established the Plan effective as of January 1, 2008 for eligible employees. The Plan was adopted and operates, in relevant part, as a leveraged employee stock ownership plan (ESOP), and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986 as amended (the Code), and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Adopting Employers of the Plan are: Pala Interstate, L.L.C.; U.S. Fusion & Specialty Construction, L.L.C.; Smart Profitability Solutions, L.L.C.; and ARCCO Company Services Incorporated. Smart Profitability Solutions, L.L.C. was sold on November 15, 2023. Therefore, employees of this subsidiary were not eligible for an allocation for the year ended December 31, 2023. The Sponsoring Employer and the Adopting Employers will be collectively referred to as the Employer. The Plan is administered by an ESOP Committee comprised of four persons appointed by the Board of Directors of Pala Group, Inc. For the years ended December 2024 and 2023, the Trustee of the Plan was Argent Trust Company.

On December 23, 2008, pursuant to a stock purchase agreement with the former members, the Plan purchased 1,000,000 shares of common stock from the former members of Pala Group, Inc. at a cost of \$39,700,000 or \$39.70 per share. These shares (company stock) represented 100% of the outstanding stock of Pala Group, Inc.

The Plan purchased the common shares using the proceeds of a borrowing from the sponsoring employer and holds the stock in a trust established under the Plan. The borrowing is to be repaid over a period of 20 years by employer contributions to the trust fund. As the Plan makes each loan payment, an appropriate percentage of stock will be allocated to eligible employees' accounts in accordance with applicable regulations under the Code and the Plan's provisions.

The borrowing is collateralized by the unallocated shares of stock. The lender has no rights against shares once they are allocated under 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 the accounts of employees with vested rights in allocated common stock (allocated) and stock not yet allocated to employees (unallocated).

Eligibility

Employees are generally eligible to participate in the Plan upon reaching age 21 and being credited with at least 1,000 hours of service during a consecutive 12-month computation period. Participants who have completed 1,000 hours of service during the allocation period shall be eligible for an allocation of employer contributions for such period. For purposes of eligibility to

receive a QNEC (qualified nonelective contribution), employees are eligible who are 21 years old and have completed six months of service.

Employer Contributions

The Employer is obligated to make contributions in cash to the Plan which equals the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its term loan. In addition, the Employer may contribute a QNEC in the amount of three percent (3%) of each eligible participant's compensation for the plan year. This contribution is the "safe harbor nonelective contribution" and may be made in cash or in shares of company stock, as determined by the Board of Directors of the Sponsoring Employer. For the years ended December 31, 2024 and 2023, the Company elected not to make the safe harbor nonelective contribution.

Payment of Benefits

Distributions from the Plan will be made when a participant retires, dies (in which case, payment shall be made to his or her beneficiary or, if none, his or her legal representatives). In addition, effective September 17, 2024, at the determination of the Employer, terminated employees with vested balances of \$7,000 or less may receive a mandatory distribution. Prior to the amendment, terminated employees with vested balances of \$5,000 or less may receive a mandatory distribution. Distributions may be made in Company common shares or cash or both as determined by the ESOP Committee. If Company Common Shares are distributed, they must be immediately put back to the Company or Plan. The Company or Plan will pay the participants the fair market value for the Company Common Shares. For the year ended December 31, 2024, the plan paid benefits to participants totaling \$4,219,191, which consisted of \$3,396,853 in cash distributions, previously recycled within the ESOP plan in 2023 through a segregation contribution, and cash distributions funded by the Company's contribution of \$822,338. This resulted in a total of 25,982 shares recycled within the ESOP plan.

Right of First Refusal

The Plan and the Employer will have a right of first refusal to repurchase the company common shares if the participant desires to sell such shares.

Voting Rights

Each participant is entitled to direct the Trustee as to the manner in which the company stock, which is entitled to vote and which is allocated to the company stock account of such participants, is to be voted. If the participant fails or refuses to give the Trustee timely instructions (or such instructions are invalidated for any reason) as to how to vote any company stock as to which the Trustee otherwise has the right to vote, the Trustee may not exercise its power to vote such company stock.

Plan Termination

The Sponsoring Employer reserves the right to terminate the Plan in whole or in part at any time in accordance with Plan provisions. Upon any such complete termination of the Plan, the interest of each participant in the trust fund will become fully vested and will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan terms. Upon a partial termination of the Plan, only a participant whose employment has been terminated because of the

event which causes the partial termination but who has not incurred five consecutive breaks in service will have a 100% vested interest in his or her unpaid participant account as of the date of partial termination. Any discontinuance of contributions without a notice of termination from the sponsoring employer to the administrator and trustee will not constitute a plan termination.

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 with an allocation of shares of the company common stock released by the Trustee from the unallocated account and forfeitures of terminated participants' nonvested accounts. Those participants who are eligible employees during the allocation period will receive an allocation, as defined in the Plan's provisions. Allocations are based on a participant's eligible compensation, relative to total eligible compensation. Plan earnings are allocated to each participant's account based on the ratio of the participant's beginning of the year account balance to all participants' beginning of the year account balances.

Vesting

If a participant's employment ends for any reason other than retirement, permanent disability or death, he or she will vest in the balances in his or her account based on total years of service in accordance with the following schedule:

<u>Years of Service</u>	<u>Vested Percent</u>
1 year	0 %
2 years	20
3 years	40
4 years	60
5 years	80
6 years	100

On the occurrence of death, disability, retirement, or Plan termination, a participant becomes fully vested in employer contributions and related earnings. Participants are 100% vested in the qualified nonelective contributions.

Put Option

Under Federal income tax regulations, if the company stock that is held by the Plan is not readily tradable on an established market at the time it is distributed to a participant, then the participant will have a right to require the employer to repurchase such stock under a fair valuation formula in accordance with the Plan provisions. The price at which a put option must be exercised is the value of the stock determined by an independent appraiser as of the valuation date. The Employer can pay for the purchase with interest over a period of time in accordance with the Plan provisions. 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 stock into investments which are more diversified. Participants whose company stock accounts exceed \$500 and 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 six-year period. In each of the first five years, a participant may diversify up to 25 percent of the total number of shares of company stock

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 distribution in cash and/or company stock.

Account Segregation

Effective November 29, 2023, the distribution policy was restated to allow for the segregation of Company Stock. All shares of Company Stock allocated to the account of a participant who terminates employment may be liquidated by the Company at fair market value as of the accounting date which immediately precedes the liquidation date. The liquidated shares will be invested by the trustee in a money market account until the participant elects to take a distribution. For the year ended December 31, 2023, the Company contributed \$5,000,000 to fund the account segregation and 171,115.6748 shares of stock held in terminated participants' accounts were converted to cash. These shares were recycled to the accounts of participants eligible to share in the recycling and cash was transferred to the segregated investment account. For the year ended December 31, 2024, \$3,396,853 of segregated cash was distributed to terminated employees.

Forfeitures

Plan forfeitures are used to pay administrative expenses incurred by the Plan. The portion of Plan forfeitures that is not used to pay administrative expenses will be used to restore previous forfeiture of participants' accounts. Any remaining forfeitures will then be allocated to participants' accounts in the same manner as employer contributions. For the year ended December 31, 2024, 6,919 shares were forfeited from participant accounts. The forfeited shares were reallocated to participants as outlined in the Plan's provisions.

Note 2 - Summary of Significant Accounting Policies -

Basis of Accounting

The financial statements of the Plan are prepared using the accrual method of accounting.

Use of Estimates

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

Risks and Uncertainties

The Plan investments consist primarily of the Company's common stock and segregated accounts held in a money market fund, which are exposed to various risks such as interest rate, market, and credit risks, as well as valuation assumptions based on earnings, cash flows and/or other such techniques. Due to the level of risk associated with these investments, it is at least reasonably possible that changes in the value of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets (deficit) available for benefits.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's shares of common stock are valued at estimated fair value determined by an independent appraiser. Net appreciation (depreciation) in fair value of investments includes the gains and losses on investments sold as well as held during the year. See Note 6 for a discussion of fair value measurements.

Administrative Expenses

As provided in the Plan agreement, administrative expenses may be paid either by the Plan or by the Employer.

Subsequent Events

The Plan evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through October 3, 2025, the date which the financial statements were available to be issued.

Note 3 - Tax Status -

The Internal Revenue Service has determined and informed the Employer that the Plan is qualified under the applicable sections of the Internal Revenue Code (IRC) and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is currently designed, and being operated, in compliance with the applicable requirements of the IRC.

U.S. generally accepted accounting principles 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 the Internal Revenue Service. The plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. With few exceptions, the Plan is no longer subject to income tax examinations for years prior to 2021.

Note 4 - Administration of Plan Assets -

The Plan's assets, which consist of Pala Group, Inc. common shares and segregated accounts held in a money market fund, are held by the Trustee of the Plan.

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

Certain administrative functions are performed by officers or employees of the Employer. No officer or employee receives compensation from the Plan. Administrative expenses for the fees for the Trustee and for the third-party administrator are paid directly by the Employer.

Note 5 - Investments in Common Stock-

The following is a detail of investments in Pala Group, Inc. Common Stock as of December 31, 2024 and 2023:

	2024		2023	
	Allocated	Unallocated	Allocated	Unallocated
Pala Group, Inc. Common Shares:				
Number of Shares	<u>892,395</u>	<u>23,773</u>	<u>852,130</u>	<u>64,038</u>
Cost	<u>\$ 35,428,082</u>	<u>\$ 943,788</u>	<u>\$33,829,561</u>	<u>\$2,542,309</u>
Estimated Fair Value	<u>\$ 27,905,184</u>	<u>\$ 743,396</u>	<u>\$26,969,932</u>	<u>\$2,026,792</u>

As of December 31, 2024 and 2023, the total number of Pala Group, Inc. Common Shares held by the Plan was 916,168.

Note 6 - Fair Value Measurements -

The fair value measurement accounting literature provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs to the valuation methodology consist of unadjusted quoted prices for identical assets in active markets that the Plan has the ability to access. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and/or based on inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are unobservable and are based on assumptions market participants would utilize in pricing the assets.

The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The asset'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. When available, valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024 and 2023.

Level 1 - The fair value of the money market fund is valued based on preserving the net asset value of \$1 with underlying investments in a federated money market fund.

Level 3 - The fair value of the company stock is determined by an independent appraiser and is based upon a combination of the market and income techniques with adjustments for the present value of the tax benefits from the Sponsoring Employer's (Pala) implementation of the ESOP, Pala's interest bearing indebtedness, and other factors including marketability.

The Plan's investment is reported at fair value in the accompanying statements of net assets (deficit) available for benefits. The methods used to measure fair value may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation 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.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value:

Assets at Fair Value as of December 31, 2024				
	Level 1	Level 2	Level 3	Total
Money Market Fund	\$ 1,853,003	\$ -	\$ -	\$ 1,853,003
Pala Group, Inc. Common Stock	-	-	28,648,580	28,648,580
	<u>\$ 1,853,003</u>	<u>\$ -</u>	<u>\$ 28,648,580</u>	<u>\$ 30,501,583</u>

Assets at Fair Value as of December 31, 2023				
	Level 1	Level 2	Level 3	Total
Money Market Fund	\$ 5,003,633	\$ -	\$ -	\$ 5,003,633
Pala Group, Inc. Common Stock	-	-	28,996,724	28,996,724
	<u>\$ 5,003,633</u>	<u>\$ -</u>	<u>\$ 28,996,724</u>	<u>\$ 34,000,357</u>

The following tables reconcile the beginning and ending balances of fair value measurements using significant unobservable inputs (Level 3) of the Pala Group, Inc. Common Stock for the years ended December 31, 2024 and 2023:

	Pala Group, Inc Common Stock
<u>December 31, 2024:</u>	
Balance at Beginning of Year	\$ 28,996,724
Unrealized Depreciation	<u>(348,144)</u>
Balance at End of Year	<u>\$ 28,648,580</u>
<u>December 31, 2023:</u>	
Balance at Beginning of Year	\$ 28,295,234
Unrealized Appreciation	2,226,424
Repurchase of Shares	<u>(1,524,934)</u>
Balance at End of Year	<u>\$ 28,996,724</u>

Note 7 - Loan Payable -

In 2008, the Plan entered into a \$39,700,000 term loan agreement with the Sponsoring Employer. The proceeds of the loan were used to purchase the Company's common stock. Unallocated shares are collateral for the loan. The agreement provides for the loan to be repaid over 20 years at a 4.45% interest rate. As of December 31, 2024 and 2023, the loan payable was \$1,212,565 and \$3,197,565 respectively. The scheduled amortization of the loan for the next remaining year is as follows:

2025	<u><u>\$ 1,212,565</u></u>
------	----------------------------

Note 8 - Related Party and Party in Interest Transactions -

The Plan invests in the Company's common stock and has indebtedness to the Sponsoring Employer (Note 7). These are related party and party-in-interest transactions. As described in Notes 1 and 4, the Trustee is also considered a party-in-interest under ERISA.

SUPPLEMENTAL INFORMATION

PALA GROUP, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

SCHEDULE OF REPORTABLE TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2024

EIN: 72-0932277; PN: 002

(a) Identity of party involved	(b) Description of asset (include interest rate and maturity in case of a loan)	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Expense Incurred with Transaction	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain or (Loss)
Argent Trust	Fidelity Treasury Portfolio	\$ -	\$3,396,853	n/a	n/a	\$ 3,396,853	\$ 3,396,853	\$ -

See independent auditor's report.

PALA GROUP, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

SCHEDULE OF ASSETS (HELD AT END OF YEAR)

AS OF DECEMBER 31, 2024

EIN: 72-0932277; PN: 002

<u>Issuer</u>	<u>Investment Description</u>	<u>Cost</u>	<u>Current Value</u>
Fidelity	Money Market Fund	\$ 1,853,003	\$ 1,853,003
*Pala Group, Inc.	916,168 Common Shares	\$ 36,371,870	<u>28,648,580</u>
	Total Assets Held For Investment		<u><u>\$ 30,501,583</u></u>

*Indicates party-in-interest to the Plan.

See independent auditor's report.