

Form 5500

Annual Return/Report of Employee Benefit Plan

OMB Nos. 1210-0110 1210-0089

Department of the Treasury Internal Revenue Service

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).

2024

Department of Labor Employee Benefits Security Administration

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

Pension Benefit Guaranty Corporation

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 THE COOL HARDWARE COMPANY, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST
1b Three-digit plan number (PN) 001
1c Effective date of plan 01/01/2021
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) THE COOL HARDWARE COMPANY, INC. 1734 14TH ST NW WASHINGTON, DC 20009
2b Employer Identification Number (EIN) 86-2603669
2c Plan Sponsor's telephone number 202-903-5242
2d Business code (see instructions) 444130

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	187
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)	157
	6a(2)	198
	6b	0
	6c	32
	6d	230
	6e	0
	6f	230
	6g(1)	187
6g(2)	181	
6h	21	
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	

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

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.	<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 THE COOL HARDWARE COMPANY, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 THE COOL HARDWARE COMPANY, INC.	D Employer Identification Number (EIN) 86-2603669

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	10349
b Receivables (less allowance for doubtful accounts):		
(1) Employer contributions	1b(1) 0	12095
(2) Participant contributions	1b(2)	
(3) Other	1b(3)	
c General investments:		
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	
(2) U.S. Government securities	1c(2)	
(3) Corporate debt instruments (other than employer securities):		
(A) Preferred	1c(3)(A)	
(B) All other	1c(3)(B)	
(4) Corporate stocks (other than employer securities):		
(A) Preferred	1c(4)(A)	
(B) Common	1c(4)(B)	
(5) Partnership/joint venture interests	1c(5)	
(6) Real estate (other than employer real property)	1c(6)	
(7) Loans (other than to participants)	1c(7)	
(8) Participant loans	1c(8)	
(9) Value of interest in common/collective trusts	1c(9)	
(10) Value of interest in pooled separate accounts	1c(10)	
(11) Value of interest in master trust investment accounts	1c(11)	
(12) Value of interest in 103-12 investment entities	1c(12)	
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)	
(15) Other	1c(15)	

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities.....	1d(1)	6031232	6409239
(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	6031232	6431683
Liabilities			
g Benefit claims payable.....	1g		
h Operating payables.....	1h		
i Acquisition indebtedness.....	1i	1625000	1150000
j Other liabilities.....	1j		
k Total liabilities (add all amounts in lines 1g through 1j).....	1k	1625000	1150000
Net Assets			
l Net assets (subtract line 1k from line 1f).....	1l	4406232	5281683

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)	210393	
(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)		210393
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)	475000	
(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)		475000
(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)	378007	
(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		1063400

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	187949	
(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)		187949
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
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		187949

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		875451
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: **FRAZIER AND DEETER, LLC**

(2) EIN: **58-1433845**

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>THE COOL HARDWARE COMPANY, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST</u>	B Three-digit plan number (PN) ▶	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>THE COOL HARDWARE COMPANY, INC.</u>	D Employer Identification Number (EIN) <u>86-2603669</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): 86-2603669

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 _____.

**THE COOL HARDWARE COMPANY, INC.
EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST**

FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

THE COOL HARDWARE COMPANY, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

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December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Trustees
The Cool Hardware Company, Inc. Employee
Stock Ownership Plan and Trust

Opinion

We have audited the financial statements of The Cool Hardware Company, Inc. Employee Stock Ownership Plan and Trust (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 accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the 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 (U.S. GAAP).

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 within one year after the date that the financial statements are available to be issued. Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the Plan, and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplemental Schedule Required by ERISA

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2024 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS.

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

October 10, 2025
Tampa, Florida

Frazier + Decker, LLC

THE COOL HARDWARE COMPANY, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

Statement of Net Assets Available for Benefits - December 31, 2024

	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>
Assets:			
Investments, at fair value:			
Non-interest bearing cash	\$ 10,349	\$ -	\$ 10,349
Common stock of The Cool Hardware Company, Inc.	5,066,442	1,342,797	6,409,239
Employer contribution receivable	<u>12,095</u>	<u>-</u>	<u>12,095</u>
Total assets	<u>5,088,886</u>	<u>1,342,797</u>	<u>6,431,683</u>
Liabilities:			
Loan payable	<u>-</u>	<u>1,150,000</u>	<u>1,150,000</u>
Total liabilities	<u>-</u>	<u>1,150,000</u>	<u>1,150,000</u>
Net Assets Available for Benefits	<u>\$ 5,088,886</u>	<u>\$ 192,797</u>	<u>\$ 5,281,683</u>

See notes to financial statements.

THE COOL HARDWARE COMPANY, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

Statement of Net Assets Available for Benefits - December 31, 2023

	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>
Assets:			
Investments, at fair value:			
Common stock of The Cool Hardware Company, Inc.	\$ 4,245,709	\$ 1,785,523	\$ 6,031,232
Total assets	<u>4,245,709</u>	<u>1,785,523</u>	<u>6,031,232</u>
Liabilities:			
Loan payable	<u>-</u>	<u>1,625,000</u>	<u>1,625,000</u>
Total liabilities	<u>-</u>	<u>1,625,000</u>	<u>1,625,000</u>
Net Assets Available for Benefits	<u>\$ 4,245,709</u>	<u>\$ 160,523</u>	<u>\$ 4,406,232</u>

See notes to financial statements.

THE COOL HARDWARE COMPANY, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

Statement of Changes in Net Assets Available for Benefits

For the Year Ending December 31, 2024

	<i>Allocated</i>	<i>Unallocated</i>	<i>Total</i>
Additions to net assets attributed to:			
Investment income:			
Net appreciation in fair value of investments	\$ 266,099	\$ 111,908	\$ 378,007
Dividends	-	475,000	475,000
Allocation of common stock	554,634	-	554,634
Employer cash contributions	210,393	-	210,393
Total additions	1,031,126	586,908	1,618,034
Deductions from net assets attributed to:			
Benefits paid to participants	187,949	-	187,949
Allocation of common stock	-	554,634	554,634
Total deductions	187,949	554,634	742,583
Net increase	843,177	32,274	875,451
Net Assets Available for Benefits:			
Beginning of year	4,245,709	160,523	4,406,232
End of year	\$ 5,088,886	\$ 192,797	\$ 5,281,683

See notes to financial statements.

THE COOL HARDWARE COMPANY, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

Notes to Financial Statements

December 31, 2024 and 2023

Note 1 - Description of plan:

The following description of The Cool Hardware Company, Inc. Employee Stock Ownership Plan and Trust (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan sponsor is The Cool Hardware Company, Inc. (the Company, Plan Sponsor, or Plan Administrator). The Company established the Plan effective January 1, 2021. The Plan operates as a leveraged employee stock ownership plan (ESOP) and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986 (the Code), as amended, and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is administered by the Company. Michael Staton is designated as the Trustee of the Plan.

On April 30, 2023, the Company acquired Smith Brothers Hardware, Inc. (Smith Brothers). In 2023, the Company dissolved twelve wholly owned subsidiaries and merged their operations into The Cool Hardware Company, Inc. In 2024, the Company dissolved wholly owned subsidiary, Smith Brothers, and merged its operations into The Cool Hardware Company, Inc. The Plan covers substantially all employees of the Company.

On January 1, 2021, the Plan purchased 300,000 Class A Preferred Stock shares of the Company common stock using proceeds from a \$5,000,000 note from the Company. On April 30, 2023, in conjunction with the reorganization of the Company and acquisition of Smith Brothers, 37,506 shares of Class A Preferred Stock were issued to the Employee Stock Ownership Plan. The Plan owned 337,506 shares of Class A Preferred Stock of the Company at December 31, 2023 to maintain 30% ownership percentage in the Company. The stock is held in a trust established under the Plan. As the Plan makes each payment of principal and interest, shares are released and allocated to eligible participants' accounts in accordance with applicable regulations under the Code.

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

THE COOL HARDWARE COMPANY, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

Notes to Financial Statements - Continued

December 31, 2024 and 2023

Note 1 - Description of plan - continued:

Participation

All employees are eligible to participate in the Plan once they have attained age 18 and completed a year of service, as defined in the Plan document, in which they are credited with at least 1,000 hours of service. Plan entry dates are the first of January or July coinciding with or next following the date the eligibility requirements are satisfied.

Contributions

The Company makes contributions each year to fund the required loan repayments. Participants who have completed at least 1,000 hours of service during the Plan year and who are employed by the Company on the last day of the Plan year share in the allocation of Company contributions. The Company contributions for each year must be paid to the trust fund no later than the due date (including extensions) for filing the Company's federal income tax return for that year.

The Company is obligated to make contributions in cash to the Plan, which, when aggregated with the Plan's dividends and interest earnings, if any, will equal the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its loans payable (Note 7).

Participant accounts

Individual accounts are maintained for each participant. Each participant's account is credited with the allocations of the Company's contributions, Plan earnings or losses, and forfeited balances of terminated participants' non-vested accounts. All contribution and forfeiture allocations to individual participants are made in the same proportion that each eligible participant's annual compensation bears to the total annual compensation of all eligible participants. Plan earnings or losses are allocated based on participant's account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

THE COOL HARDWARE COMPANY, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

Notes to Financial Statements - Continued

December 31, 2024 and 2023

Note 1 - Description of plan - continued:

Put option

Under federal income tax regulations, the Company stock that is held by the Plan and its participants and is not readily tradable on an established market, 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. The put price is representative of the fair market value of the stock at the point of sale. The Company can pay for the purchase with interest over a period of five years. The purpose of the put option is to ensure the participant has the ability to ultimately obtain cash.

Vesting

Participants become vested in Company contributions in accordance with the following schedule:

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

Participants are immediately vested upon termination of the Plan, upon reaching normal retirement age of 65, or upon death or total and permanent disability while an employee of the Plan Sponsor. If a participant is 0% vested when the participant terminates employment, the participant's account balance is immediately forfeited. Forfeitures of terminated participants' non-vested accounts are allocated to remaining participants in the same proportion that each participant's annual eligible compensation bears to the total annual eligible compensation of all participants. During the year ended December 31, 2024, \$322,969 in forfeiture amounts were allocated to participants' accounts. As of December 31, 2024 and 2023, there was no balance in the forfeited non-vested account.

THE COOL HARDWARE COMPANY, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

Notes to Financial Statements - Continued

December 31, 2024 and 2023

Note 1 - Description of plan - continued:

Voting rights

Participants may instruct the Trustee to vote the shares of Company stock allocated to their Company stock accounts with respect to the approval or disapproval of certain corporate mergers or consolidations and the recapitalization or reclassification of Company stock. In addition, participants may instruct the Trustee to vote the shares allocated to their Company stock accounts with regards to the liquidation, dissolution, or sale of substantially all of the assets of the Company. The Trustee, as determined in his discretion (subject to fiduciary obligations under ERISA), may vote the shares of Company stock on all other matters. Also, the Trustee votes shares of Company stock for which no instructions have been received, shares with respect to which instructions were not received in a timely or proper manner, and shares which have not been allocated to Company stock accounts.

Payment of benefits

A participant is entitled to receive a distribution of stock or cash in an amount equal to the vested value of his or her account upon termination, retirement at age 65, or as a result of total or permanent disability or death. Benefits will be distributed in annual installments and distributions will commence as soon as administratively feasible in the first Plan year following the Plan year in which the participant terminates employment. Installments will be paid over five years or less, unless the vested balance of the participant's account exceeds \$1,330,000, in which case the installment period may be extended, not to exceed five additional years.

Participants with balances of \$1,000 or less will receive a lump-sum distribution of their vested balance as soon as administratively feasible. Participants with balances between \$1,001 and \$5,000 may elect to rollover their account balance to an IRA or an eligible retirement plan or elect to receive a lump-sum distribution, and without election will automatically rollover their account balance to an IRA designated by the Plan Administrator. If the participant balance is greater than \$5,000 and the participant terminates employment for reasons other than normal retirement, total or permanent disability or death, distributions shall be payable over a five year period commencing the plan year following the year in which the participant terminates employment, or as determined by management. Due to the loan payable (see Note 7), except for a participant who terminates employment on or after reaching age 65, or due to death or total and permanent disability, payment of shares attributable to the loan will not be made until the plan year following the plan year in which the loan is repaid. If the participants balance is greater than \$5,000 on the date payment is to be made and the participant has not reached age 65 or died, he or she may elect to defer payment until any date

THE COOL HARDWARE COMPANY, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

Notes to Financial Statements - Continued

December 31, 2024 and 2023

Note 1 - Description of plan - continued:

Payment of benefits - continued

before reaching age 65 by withholding consent for the distribution. After reaching age 65, the vested account will be distributed as soon as administratively feasible following the close of the Plan year in which age 65 was attained.

Notes receivable from participants

The plan does not allow participant loans.

ESOP diversification

Participants who have reached the age of 55 with at least 10 years of participation in the Plan may elect to diversify a portion of their ESOP accounts. Diversification is offered to each eligible participant over a six year period. Participants who elect to diversify may elect to receive a distribution directly from the Plan or to roll over the diversified balance into another eligible retirement plan. There were no benefit payments related to diversification for the year ended December 31, 2024. Management has determined that there is no potential diversification liability as of December 31, 2024 for potential diversifications in 2025.

Administrative expenses

The Company pays most of the Plan's administrative expenses. The Company reserves the right to elect to pay, or have the Plan pay, administrative costs in the future.

Note 2 - Summary of significant accounting policies:

Basis of accounting

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

THE COOL HARDWARE COMPANY, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

Notes to Financial Statements - Continued

December 31, 2024 and 2023

Note 2 - Summary of significant accounting policies - continued:

Investment valuation and income recognition

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

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

Payment of benefits

Benefits are recorded when paid.

Use of estimates

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

Allocations

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

Related party and party-in-interest transactions

The Plan invests in Company common stock and has loans from the Company. These are related party and party-in-interest transactions. As described in Note 1, the Company pays most plan expenses. The Plan has a number of service providers. Such providers are also parties in interest under ERISA.

THE COOL HARDWARE COMPANY, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

Notes to Financial Statements - Continued

December 31, 2024 and 2023

Note 2 - Summary of significant accounting policies - continued:

Risks and uncertainties

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

Recent legislative developments

The SECURE 2.0 Act of 2022 was signed into law on December 29, 2022. This legislation includes a vast array of provisional changes to retirement plans, becoming effective in 2023 and beyond. Plan management adopted mandatory provisions effective for the years ended December 31, 2024 and 2023. Plan management continues to evaluate the impact of the optional provisions of SECURE 2.0 and is awaiting additional regulatory guidance from the Internal Revenue Service (IRS) and Department of Labor. The application of SECURE 2.0 Act did not have a material effect on the Plan's financial statements for the plan years ended December 31, 2024 and 2023.

Subsequent events

The Plan has evaluated subsequent events through October 10, 2025, which is the date these financial statements were available to be issued. All subsequent events, if any, requiring recognition as of December 31, 2024, have been incorporated into these financial statements.

THE COOL HARDWARE COMPANY, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

Notes to Financial Statements - Continued

December 31, 2024 and 2023

Note 3 - Investments:

The Plan's investment in The Cool Hardware Company, Inc. Common Stock as of December 31, 2024 and 2023 is as follows:

	2024	2023
Number of shares:		
Allocated	266,795	237,589
Unallocated	70,711	99,917
Total shares	337,506	337,506
Cost	\$ 5,670,232	\$ 5,670,232
Market value	\$ 6,409,239	\$ 6,031,232

Note 4 - Fair value measurements:

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB Accounting Standards Codification No. 820 are described as follows:

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

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;

THE COOL HARDWARE COMPANY, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

Notes to Financial Statements - Continued

December 31, 2024 and 2023

Note 4 - Fair value measurements - continued:

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

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

- Shares of Company common stock are valued at fair value, which is determined by an annual independent appraisal. This appraisal is based upon a combination of a Discounted Cash Flow (DCF) analysis and a selected public company analysis. Plan management has concluded that a market participant would also recognize a discount for lack of marketability. The valuation process involves the Trustee's selection of an independent appraiser. Plan management accumulates the data for the appraiser from the audited financial statements of the Company. The appraiser prepares a preliminary report which plan management, along with the Trustee, reviews in detail, discusses, and approves.

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

THE COOL HARDWARE COMPANY, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

Notes to Financial Statements - Continued

December 31, 2024 and 2023

Note 4 - Fair value measurements - continued:

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

	Assets at Fair Value as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Company common stock	\$ -	\$ -	\$ 6,409,239	\$ 6,409,239
Total assets at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,409,239</u>	<u>\$ 6,409,239</u>

	Assets at Fair Value as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Company common stock	\$ -	\$ -	\$ 6,031,232	\$ 6,031,232
Total assets at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,031,232</u>	<u>\$ 6,031,232</u>

There were no purchases or sales of Level 3 investments during the years ended December 31, 2024 and 2023.

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

Instrument	Fair Value	Principal Valuation Techniques	Unobservable Inputs	Rate Applied
Company Common Stock as of December 31, 2024	\$ 6,409,239	Discounted Cash Flow	Weighted average cost of capital	14.9%
			Long-term revenue growth rate	3.5%
			Discount for lack of marketability	5%
		Market Comparable Companies	EBITDA multiple	5x
			Discount for lack of marketability	5%

THE COOL HARDWARE COMPANY, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

Notes to Financial Statements - Continued

December 31, 2024 and 2023

Note 4 - Fair value measurements - continued:

Instrument	Fair Value	Principal Valuation Techniques	Unobservable Inputs	Rate Applied
Company Common Stock as of December 31, 2023	\$ 6,031,232	Discounted Cash Flow	Weighted average cost of capital Long-term revenue growth rate Discount for lack of marketability	15.7% 4% 5%
		Market Comparable Companies	EBITDA multiple Discount for lack of marketability	5x 5%

Note 5 - Plan termination:

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

Note 6 - Tax status:

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated October 31, 2022, stating that the Plan is qualified under Section 401(a) of the Code and; therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Sponsor believes the Plan is being operated in compliance with the applicable requirements of the Code and; therefore, believes that the Plan is qualified and the related trust is tax-exempt.

U.S. GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan Administrator has analyzed tax positions taken by the Plan, and has concluded that as of December 31, 2024 and 2023, there are no uncertain positions taken or expected to be taken that would require

THE COOL HARDWARE COMPANY, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

Notes to Financial Statements - Continued

December 31, 2024 and 2023

Note 6 - Tax status - continued:

recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Note 7 - Loan payable:

In July 2021, the Plan entered into a term loan agreement with the Company for \$5,000,000. The proceeds of the loan were used to purchase 300,000 shares of Company stock. A portion of unallocated shares are collateral for the loan. The loan is payable in annual installments of principal only of \$350,000 to be paid in full no later than December 31, 2030. The current loan payable balance reflects a lump sum principal payment of \$1.5 million in 2021, principal payments of \$750,000 in 2021 and 2022, a principal payment of \$700,000 in 2023, and a principal payment of \$475,000 in 2024. The loan balance at December 31, 2024 and 2023 was \$1,150,000 and \$1,625,000, respectively.

Future maturities for the loan payable as of December 31, 2024, are as follows:

<u>Year Ended December 31,</u>	
2025	\$ 350,000
2026	350,000
2027	350,000
2028	<u>100,000</u>
	<u>\$ 1,150,000</u>

SUPPLEMENTAL INFORMATION

THE COOL HARDWARE COMPANY, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

EIN 86-2603669

Plan Number - 001

December 31, 2024

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

(a)	(b)	(c)	(d)	(e)
<u>Identity of Issuer, Borrower, Lessor, or Similar Party</u>	<u>Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value</u>	<u>Cost</u>	<u>Current Value</u>	
* The Cool Hardware Company, Inc.	Common Stock, 337,506 shares	\$ 5,670,232	\$ 6,409,239	

*Indicates a party-in-interest to the Plan, as defined by ERISA.

THE COOL HARDWARE COMPANY, INC. EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

EIN 86-2603669

Plan Number - 001

December 31, 2024

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

(a)	(b)	(c)	(d)	(e)
	Identity of Issuer, Borrower, Lessor, or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Cost	Current Value
*	The Cool Hardware Company, Inc.	Common Stock, 300,000 shares	\$ 5,000,000	\$ 6,409,239

*Indicates a party-in-interest to the Plan, as defined by ERISA.
