

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: TECH SYSTEMS, INC. EMPLOYEE STOCK OWNERSHIP PLAN
1b Three-digit plan number (PN): 002
1c Effective date of plan: 01/01/2014
2a Plan sponsor's name (employer, if for a single-employer plan): TECH SYSTEMS
Mailing address (include room, apt., suite no. and street, or P.O. Box): 4942 SUMMER OAK DRIVE, BUFORD, GA 30158
2b Employer Identification Number (EIN): 58-1895929
2c Plan Sponsor's telephone number: 770-495-8700
2d Business code (see instructions): 541990

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	385
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)	376
	6a(2)	380
	6b	0
	6c	12
	6d	392
	6e	0
	6f	392
	6g(1)	352
6g(2)	390	
6h	13	
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 2I 3I

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

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

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

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

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

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

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

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

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

11c Enter the Receipt Confirmation Code for the 2024 Form M-1 annual report. If the plan was not required to file the 2024 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	<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 TECH SYSTEMS, 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 TECH SYSTEMS	D Employer Identification Number (EIN) 58-1895929

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	
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)	28438 55031
(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)	33879000	43224000
(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	33907438	43279031
Liabilities			
g Benefit claims payable.....	1g		
h Operating payables.....	1h		
i Acquisition indebtedness.....	1i		
j Other liabilities.....	1j	608821	561120
k Total liabilities (add all amounts in lines 1g through 1j).....	1k	608821	561120
Net Assets			
l Net assets (subtract line 1k from line 1f).....	1l	33298617	42717911

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)	598963	
(B) Participants.....	2a(1)(B)	1862	
(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)		600825
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)	1604	
(G) Total interest. Add lines 2b(1)(A) through (F).....	2b(1)(G)		1604
(2) Dividends:			
(A) Preferred stock.....	2b(2)(A)		
(B) Common stock.....	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A), (B), and (C).....	2b(2)(D)		0
(3) Rents.....	2b(3)		
(4) Net gain (loss) on sale of assets:			
(A) Aggregate proceeds.....	2b(4)(A)		
(B) Aggregate carrying amount (see instructions).....	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result.....	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets:			
(A) Real estate.....	2b(5)(A)		
(B) Other.....	2b(5)(B)	9345000	
(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		9947429

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	511242	
(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)		511242
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		16893
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		528135

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		9419294
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: **HLB GROSS COLLINS, PC**

(2) EIN: **58-1367012**

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		2000000
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.	OMB No. 1210-0110 2024 This Form is Open to Public Inspection.
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For calendar plan year 2024 or fiscal plan year beginning 01/01/2024 and ending 12/31/2024

A Name of plan <u>TECH SYSTEMS, 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>TECH SYSTEMS</u>	D Employer Identification Number (EIN) <u>58-1895929</u>	

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....

1		0
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2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):
 EIN(s): 58-1895929

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 _____.

**TECH SYSTEMS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN**

FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023

**TECH SYSTEMS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN**

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INDEPENDENT AUDITORS' REPORT

To the Trustee, Argent Trust Company, of

Tech Systems, Inc. Employee Stock Ownership Plan

Opinion on the Financial Statements

We have audited the accompanying financial statements of

TECH SYSTEMS, INC. EMPLOYEE STOCK OWNERSHIP PLAN

an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), which comprise the statements of net assets available for benefits as of December 31, 2024 and 2023, and the related statement of changes in net assets available for benefits for the year ended December 31, 2024, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Tech Systems, Inc. Employee Stock Ownership Plan as of December 31, 2024 and 2023, and the changes in its net assets available for benefits for the year ended December 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion on the Financial Statements

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tech Systems, 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.

Emphasis of Matter

As discussed in Note (8), the carrying value of the investment in the Plan Sponsor Company common stock is based upon an independent appraisal. The investment in this stock is exposed to various risks and is subject to changes that could occur in the near term. Such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits. Our opinion is not modified with respect to that matter.

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 Tech Systems, Inc. Employee Stock Ownership Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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

Auditors' 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 auditors' 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 auditing standards generally accepted in the United States of America 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 economic judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, 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 Tech Systems, Inc. Employee Stock Ownership Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tech Systems, Inc. Employee Stock Ownership Plan's ability to continue as a going concern for a reasonable period of time.

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

Supplemental 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, Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year) 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 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 auditing standards generally accepted in the United States of America.

In forming our opinion on Supplemental Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year), we evaluated whether Supplemental Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year), 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 Supplemental Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year), 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.

HLB GROSS COLLINS, P.C.

Atlanta, Georgia
October 9, 2025

**TECH SYSTEMS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN**

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2024 and 2023

ASSETS

	2024			2023		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
ASSETS						
Sponsor Company common stock, at fair value (Note 7)	\$ 21,529,874	\$ 21,694,126	\$ 43,224,000	\$ 15,187,617	\$ 18,691,383	\$ 33,879,000
Cash and cash equivalents	55,031	-	55,031	28,438	-	28,438
TOTAL ASSETS	21,584,905	21,694,126	43,279,031	15,216,055	18,691,383	33,907,438

LIABILITIES

NOTE PAYABLE (Note 9)	-	561,120	561,120	-	608,821	608,821
NET ASSETS AVAILABLE FOR BENEFITS	\$ 21,584,905	\$ 21,133,006	\$ 42,717,911	\$ 15,216,055	\$ 18,082,562	\$ 33,298,617

The accompanying Notes to Financial Statements are an integral part of these statements.

**TECH SYSTEMS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN**

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year Ended December 31, 2024

	Allocated	Unallocated	Total
ADDITIONS TO NET ASSETS ATTRIBUTED TO:			
INVESTMENT INCOME			
Net appreciation in estimated fair value of investments	\$ 4,189,270	\$ 5,155,730	\$ 9,345,000
Interest income	1,604	-	1,604
TOTAL INVESTMENT INCOME	4,190,874	5,155,730	9,346,604
EMPLOYER CONTRIBUTIONS	534,369	64,594	598,963
OTHER CONTRIBUTIONS	1,862	-	1,862
ALLOCATION OF 4,981 SHARES OF SPONSOR			
COMPANY STOCK AT FAIR VALUE	2,152,987	-	2,152,987
TOTAL ADDITIONS TO NET ASSETS	6,880,092	5,220,324	12,100,416
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:			
BENEFITS PAID TO PARTICIPANTS	511,242	-	511,242
INTEREST EXPENSE	-	16,893	16,893
ALLOCATION OF 4,981 SHARES OF SPONSOR			
COMPANY STOCK AT FAIR VALUE	-	2,152,987	2,152,987
TOTAL DEDUCTIONS FROM NET ASSETS	511,242	2,169,880	2,681,122
NET INCREASE IN PLAN ASSETS	6,368,850	3,050,444	9,419,294
NET ASSETS AVAILABLE FOR BENEFITS:			
BEGINNING OF YEAR	15,216,055	18,082,562	33,298,617
END OF YEAR	\$ 21,584,905	\$ 21,133,006	\$ 42,717,911

The accompanying Notes to Financial Statements are an integral part of these statements.

TECH SYSTEMS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023

(1) Description of the Plan

The following description of Tech Systems, Inc. Employee Stock Ownership Plan (the "Plan" or "ESOP") is provided for general information purposes only. Participants should refer to the Plan document for more complete information on the provisions of the Plan.

General - Tech Systems, Inc. (the "Plan Sponsor", "Sponsor" or "Company") established the Plan effective as of January 1, 2014. The Plan is designated as an "ESOP" and is therefore designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986, as amended ("IRC"), and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Plan is administered by the Benefits Committee (the "Committee") comprised of persons appointed by the Company's Board of Directors (the "Board"). Effective January 1, 2014, the Board appointed one officer of the Company to serve as Trustee of the Plan. The Plan entered into a Trustee Engagement Agreement, with a successor trustee, effective February 24, 2015. The Plan was amended effective January 1, 2022, for the diversification of the participants' investment in the Company's common stock. Effective September 1, 2022, the Plan was amended to include the employees of Securitronics Company, Inc., a company acquired by the Plan sponsor. The Plan allowed the service with Securitronics to count for eligibility, vesting and for purposes of applying any allocation conditions for Securitronics employees joining the Plan. The Plan was amended effective January 1, 2023 to interpret the distribution provisions of the Plan. The Plan was amended effective January 1, 2024 to insert a provision stating that if a participant terminates employment after June 30 of any plan year, the participant's account will be distributed beginning as soon as practicable in the following plan year; exclude residents of Puerto Rico from the Plan; increase the mandatory cash-out threshold from \$5,000 to \$7,000; and increase the "required beginning age" for required minimum distributions as prescribed by the SECURE Act 2.0 of 2022.

On July 31, 2015, the Company agreed to sell 100,000 authorized but unissued shares of the Company stock to the ESOP Trust in exchange for an ESOP loan, as discussed in Note (9). The stock is held in the Trust established under the Plan pursuant to a trust agreement with the Trustee. The ESOP loan has to be repaid over a period of 20 years through Company contributions to the trust. As the Plan makes each payment of principal and interest, an appropriate percentage of stock will be allocated to eligible participants' accounts in accordance with applicable regulations under the IRC.

The borrowing is collateralized by the unallocated shares of stock and is guaranteed by the Company. The lender has no rights against the shares once they are allocated under the provisions of the Plan. 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 (1) the accounts of participants with vested rights in allocated stock ("Allocated") and (2) common stock not yet allocated to participants ("Unallocated").

Eligibility - Employees of the Company are generally eligible to participate in the Plan after one year of service, provided they worked at least 1,000 hours during such Plan year, and have attained the age of 21. In addition, except in the case of death, disability, or retirement, a participant will share in the allocation of contributions and forfeitures only if the participant has worked at least 1,000 hours during the Plan year and is employed on the last day of the Plan year.

TECH SYSTEMS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023

(1) Description of the Plan (continued)

Contributions - The Company may make discretionary “matching” or “regular” contributions to the Plan as determined by the Company’s Board. Employees are not permitted to make contributions. All contributions may be paid to the Trust in cash or in whole shares of the Company stock. The Company’s contributions made for any taxable year may not, unless the Board specifies otherwise, exceed an amount equal to the maximum amount deductible by the Company on account of these contributions for federal income tax purposes for that taxable year.

Participant accounts - The Plan is a defined contribution retirement 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’s common stock released from the unallocated account, “recycled” shares attributable to the payment of terminated participants’ benefits with cash contributions by the Company, and forfeitures of terminated participants’ non vested accounts. Only those participants who are eligible employees of the Company as of the last day of the plan year will receive an allocation. Matching contributions are allocated to participants who made employer compensation deferral contributions under Tech Systems, Inc. 401(k) Plan. Allocations of regular contributions 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 with the Company ends for any reason other than retirement, permanent disability or death, the vested balances in the participants account will be based on total years of service with the Company. A participant's vested interest is determined in accordance with the following schedule: 20% vested after 1 year of vesting service, 40% after 2 years, 60% after 3 years, 80% after 4 years and 100% after 5 or more years. A participant is considered 100% vested if the participant has earned 5 years of vesting service, incurs disability while with the Company, or dies while employed with the Company.

Forfeitures - Forfeitures of terminated participants’ non-vested accounts may be used to reduce future Company contributions or to pay plan expenses, as determined by the Committee. Forfeitures of non-vested accounts are suspended and are reallocated to remaining participant accounts as though they were part of the contribution made by the Company in the Plan year in which they are released.

Payment of benefits - No distribution from the Plan will be made until a participant retires, dies (in which case, payment shall be made to his or her beneficiary or, if none, his or her legal representatives), or otherwise terminates employment with the Company with a vested benefit. Because the Company is an “S” Corporation, all benefits are paid in cash. Under the provisions of the Plan, the Company is obligated to repurchase distributed shares. Benefits are recorded when paid.

TECH SYSTEMS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023

(1) Description of the Plan (continued)

If a Participant terminates employment for any reason other than retirement on or after attaining normal retirement age, total and permanent disability or death, the Committee will direct the Trustee to distribute or commence distribution of the Participant's Account as follows:

- (i) if the Participant's vested account is \$7,000 or less, distribution will be made, with or without the Participant's consent, in a single sum as soon as practicable in the Plan Year in which the Participant terminates employment and may not be deferred.
- (ii) if the Participant's vested account exceeds \$7,000 on the date payment is to commence, the vested Account will be distributable, subject to the Participant's consent, as soon as practicable in the Plan Year in which the Participant terminates employment.

If the Participant terminates employment after June 30 of any Plan Year, the vested account will be distributed as soon as practicable in the following Plan Year.

The participant's account that is distributable will be made to or for the benefit of the participant, or in the event of his or her death, to or for the benefit of his or her beneficiary, according to the following schedule; provided, however, the Board may determine to accelerate installments in a nondiscriminatory manner if finances allow:

<u>Vested Account</u>	<u>Manner of Payment</u>
\$50,000 or less	Single sum
Greater than \$50,000 but no more than \$100,000	Two annual installments
Greater than \$100,000 but no more than \$200,000	Three annual installments
Greater than \$200,000 but no more than \$400,000	Four annual installments
Greater than \$400,000	Five annual installments

However, if the vested balance of the participant's company stock account, as of the accounting date immediately preceding the date distribution, exceeds \$1,380,000, the five-year installment period will be extended by one year for each \$275,000 (or fraction thereof) by which such account balance exceeds \$1,380,000, but not to exceed five additional years. The dollar limits in this subsection will be adjusted at the same time and in the same manner as adjustments under IRC §415(d) are required to be made.

Diversification - Each qualified participant who has attained age 55 and has at least ten years of participation in the Plan may elect during each year of the participant's "qualified election period" to diversify up to 25% of the qualified participant's ESOP stock account balance eligible for diversification. With respect to the last year of the qualified election period, 50% will be substituted for 25% in determining the amount subject to the diversification election. Qualified participants whose vested account are distributable (or currently in pay status) in any Plan Year may also elect to diversify their company stock account during such Plan Year as described in plan document.

TECH SYSTEMS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023

(1) Description of the Plan (continued)

Put option - Under Federal income tax regulations, the employer stock held by the ESOP that is not readily tradable on an established market, or is subject to trading limitations, includes a put option. The put option is the right to demand that the Company buy any shares of its stock distributed at a price equal to the fair market value of the stock. The put price is representative of the current appraised value of the stock. The purpose of the put option is to ensure that the participants have the ability to ultimately obtain their ESOP benefit in cash.

Plan termination - The Company intends to continue the Plan indefinitely for the benefit of its current participants but reserves the right to amend, modify, or terminate the Plan at any time or for any reason subject to the terms of ERISA. In the event the Plan is terminated, participants will become 100% vested in their accounts, and the Committee shall direct the trustee to pay all liabilities and expenses and sell any shares to the extent it determines such sale to be necessary in order to repay the loan.

Voting rights - Each participant is entitled to instruct the ESOP Trustee on the voting of shares allocated to his or her account with regard to the following: merger or consolidation of the Company; recapitalization or reclassification of the Company; liquidation; dissolution or sale of substantially all of the business assets of the Company. On all other matters, and with regard to unallocated shares, the Committee will instruct the Trustee. The Trustee is not permitted to vote any allocated shares for which instructions have not been given by a participant. The Trustee is required, however, to vote any unallocated shares on behalf of the collective best interest of Plan participants and beneficiaries.

(2) Summary of significant accounting policies

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

Estimates - The preparation of the financial statements in conformity with U.S. GAAP requires the Plan to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may 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.

Cash and cash equivalents - For purpose of the financial statements, liquid instruments with an original maturity of three months or less are considered cash equivalents. The Plan's cash deposits in a financial institution may at times exceed federally insured limits. The Plan's management ("Management") does not believe that the Plan is exposed to any significant credit risk in any such accounts.

TECH SYSTEMS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023

(2) Summary of significant accounting policies (continued)

Investment valuation and income recognition - The ESOP's investment in the Company's common stock is exposed to various risks such as interest rate, market, and credit risks, as well as valuation assumptions based on earnings and cash flows. The Company's common stock is stated at estimated fair value. The fair value is determined annually by the ESOP Trustee, in its discretion, after reference to an independent appraisal performed on behalf of the Trustee.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Investment income - Investment income consists of interest, dividends, unrealized appreciation (depreciation) in the estimated fair value of investments, which includes the Plan's gains (losses) in the change in value of the common stock during the Plan year.

Risks and uncertainties - The Plan's investments consist primarily of the Sponsor Company's common stock which is exposed to various risks, including interest rate, market, and credit risks, as well as valuation assumptions based on earnings and cash flows. Market risks include global events which could impact the value of the Company's common stock, such as a pandemic or international conflicts. Due to the level of risk associated with such investments and uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

Administrative expenses - All usual and reasonable expenses of the Plan, including expenses incurred by the Committee, may be paid in whole or in part by the Company, and any expenses not paid by the Company may be paid by the Trustee out of the principal or income of the trust. To the extent expenses are paid by the Trustee from the trust, the Committee may allocate those expenses to an individual Participant's account in accordance with nondiscriminatory rules established by the Committee and communicated to participants. All administrative expenses for the year ended December 31, 2024 were paid by the Company.

Payment of benefits - Benefits are recorded when paid.

(3) Tax status

The Plan received a favorable determination letter from the Internal Revenue Service ("IRS") on November 18, 2015. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan management and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC and therefore believe that the Plan is qualified and the related trust is tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

TECH SYSTEMS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023

(3) Tax status (continued)

U.S. GAAP requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain tax position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2024 and 2023, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

(4) Employer contributions

The Company is obligated to make cash contributions to the Plan which, when aggregated with the Plan's dividends and interest earnings, equal the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its note payable, as discussed in Note (9). In 2024, the Board approved a contribution of \$64,594 to pay the scheduled payment of principal and interest due on the note payable. In 2024, the Plan Sponsor made an additional contribution of \$534,369. The additional contribution received by the Plan was used to pay benefits payments during 2024 and fund segregation of accounts.

(5) Administration of the Plan assets

The Plan's assets are held by the Trustee of the Plan.

Company contributions are held and managed by the Trustee, which invests any cash received and makes distributions to participants. The trustee also administers the payment of interest and principal on the loan, which is reimbursed to the Trustee through contributions as determined by the Company. These transactions qualify as party-in-interest transactions.

Certain administrative functions are performed by the Committee and/or officers or employees of the Company. No such officer or employee receives compensation from the Plan.

Administrative expenses for the Trustee's fees are paid directly by the Plan Sponsor.

(6) Fidelity bond coverage

ERISA Code Section 412 requires the Company to maintain fidelity bond coverage in an amount equal to the lesser of 10% of the total funds in the Plan as of the preceding plan year or \$1,000,000. The Plan had sufficient bond coverage as of December 31, 2024 and 2023.

TECH SYSTEMS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023

(7) Investments

The ESOP's investments in the Plan Sponsor Company common shares as of December 31, 2024 and 2023 are as follows:

	2024		
	Allocated	Unallocated	Total
Investments in Plan Sponsor stock:			
Number of shares	49,810	50,190	100,000
Cost	\$ 498,100	\$ 501,900	\$ 1,000,000
Fair value	\$ 21,529,874	\$ 21,694,126	\$ 43,224,000
	2023		
	Allocated	Unallocated	Total
Investments in Plan Sponsor stock:			
Number of shares	44,829	55,171	100,000
Cost	\$ 448,290	\$ 551,710	\$ 1,000,000
Fair value	\$ 15,187,617	\$ 18,691,383	\$ 33,879,000

The fair market value per share, as determined by the Trustee was \$432.24 and \$338.79 as of December 31, 2024 and 2023, respectively. The initial purchase price per share at July 31, 2015 was \$10.00.

(8) Fair value measurements

FASB Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy under FASB ASC 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;
- 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.

TECH SYSTEMS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023

(8) Fair value measurements (continued)

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 methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2024 and 2023.

Cash and cash equivalents: These cash instruments are primarily money market funds. The Company considers all highly liquid financial instruments with an original maturity of 30 days or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value due to its short-term maturity.

Sponsor Company common stock: The fair value of the Company's common stock held by the ESOP is valued by the Trustee at estimated fair value based upon an annual independent appraisal. This appraisal was based upon a combination of the market and income valuation techniques. The market approach provides an objective indication of value based on comparison to similar companies or equity interests. Based on the income approach, the indicated value is the present value of future benefits (usually earnings, cash flows, or dividends). The income approach is based on the discounted cash flow method and projected financial results provided by management. The appraiser took into account historical and projected cash flow and net income, return on assets, return on equity, market comparables and estimated fair value of Company assets and liabilities. The fair value of the Sponsor Company common stock is based on unobservable inputs and is therefore classified as Level 3 of the fair value hierarchy. The investment in this stock is exposed to various risks, such as volatility in the security integration services industry and lack of marketability, and it is reasonably possible that changes in the value could occur in the near term and that such changes could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits.

The methods 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 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.

**TECH SYSTEMS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN**

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023

(8) Fair value measurements (continued)

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

	2024			
	Level 1	Level 2	Level 3	Total
Sponsor Company common stock	\$ -	\$ -	\$ 43,224,000	\$ 43,224,000
Total assets at fair value	\$ -	\$ -	\$ 43,224,000	\$ 43,224,000
	2023			
	Level 1	Level 2	Level 3	Total
Sponsor Company common stock	\$ -	\$ -	\$ 33,879,000	\$ 33,879,000
Total assets at fair value	\$ -	\$ -	\$ 33,879,000	\$ 33,879,000

During the year ended December 31, 2024, there were no purchases, sales or transfers into or out of the Level 3 asset.

(9) Note payable

As discussed in Note (1), the Company established the Plan effective as of January 1, 2014. Immediately following the Company's redemption of shares, the Company agreed to sell 100,000 shares of its common voting stock to the ESOP at a subscription price of \$10 per share, for an aggregate purchase price of \$1,000,000 in exchange for the extension of credit to the ESOP Trust, in the form of an ESOP Note. The ESOP Note (i) has a term of 20 years with a maturity date of December 31, 2034, (ii) bears annual interest at the fixed rate of 2.74%, (iii) requires level annual payments of principal and interest commencing on December 31, 2015 and each anniversary thereof, and (iv) is secured by the unallocated shares.

As loan payments are made, shares are released from collateral, and allocated to participants when principal and interest payments are made, based on the proportion of debt service paid. The number of shares released and allocated for the plan year ended December 31, 2024 was 4,981.

TECH SYSTEMS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2024 and 2023

(9) Note payable (continued)

Minimum debt obligation of the ESOP note payable is as follows as of December 31, 2024:

<u>Years ending December 31,</u>	<u>Amount</u>
2025	\$ 49,025
2026	50,385
2027	51,783
2028	53,220
2029	54,697
Thereafter	302,010
Total	<u>\$ 561,120</u>

(10) Related party and Party-in-interest transactions

The Plan invests in the Sponsor Company's common stock and has indebtedness guaranteed by the Company. These are related party and party-in-interest transactions. The Company also pays the expenses of the Plan. The Plan has other service providers. Such parties are parties-in-interest under ERISA.

(11) Subsequent events

Management has reviewed subsequent events through October 9, 2025, the date which the financial statements were available to be issued and determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

SUPPLEMENTAL SCHEDULE

**TECH SYSTEMS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN**

SUPPLEMENTAL SCHEDULE

December 31, 2024

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

EIN: 58-1895929, Plan Number: 002

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current Value
*	Sponsor Company	Common Stock - 100,000 Shares	\$ 1,000,000	\$ 43,224,000
	Total		<u>\$ 1,000,000</u>	<u>\$ 43,224,000</u>

* Tech Systems, Inc. is the Plan Sponsor and is therefore a party-in-interest as defined by ERISA.

SEE INDEPENDENT AUDITORS' REPORT.

**TECH SYSTEMS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN**

SUPPLEMENTAL SCHEDULE

December 31, 2024

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

EIN: 58-1895929, Plan Number: 002

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current Value
*	Sponsor Company	Common Stock - 100,000 Shares	\$ 1,000,000	\$ 43,224,000
	Total		<u>\$ 1,000,000</u>	<u>\$ 43,224,000</u>

* Tech Systems, Inc. is the Plan Sponsor and is therefore a party-in-interest as defined by ERISA.

SEE INDEPENDENT AUDITORS' REPORT.