

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 AI INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN
1b Three-digit plan number (PN) 002
1c Effective date of plan 01/01/2006
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) AI INDUSTRIES, INC. 1725 EAST BAYSHORE ROAD, SUITE 101 REDWOOD CITY, CA 94063
2b Employer Identification Number (EIN) 94-2932458
2c Plan Sponsor's telephone number 650-366-8855
2d Business code (see instructions) 332900

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	247
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)	120
	6a(2)	105
	6b	19
	6c	117
	6d	241
	6e	2
	6f	243
	6g(1)	245
6g(2)	242	
6h	12	
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	

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

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

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

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

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

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

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

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

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

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

Receipt Confirmation Code _____

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2024 This Form is Open to Public Inspection
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For calendar plan year 2024 or fiscal plan year beginning 01/01/2024 and ending 12/31/2024	
A Name of plan AI INDUSTRIES, 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 AI INDUSTRIES, INC.	D Employer Identification Number (EIN) 94-2932458

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

		(a) Beginning of Year	(b) End of Year
Assets			
a Total noninterest-bearing cash	1a	879	799
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)		
(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)	98032000	103262500
(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	98032879	103263299
Liabilities			
g Benefit claims payable.....	1g		
h Operating payables.....	1h		
i Acquisition indebtedness.....	1i	8126807	6217964
j Other liabilities.....	1j		
k Total liabilities (add all amounts in lines 1g through 1j).....	1k	8126807	6217964
Net Assets			
l Net assets (subtract line 1k from line 1f).....	1l	89906072	97045335

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)	2138210	
(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)		2138210
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)		
(B) U.S. Government securities.....	2b(1)(B)		
(C) Corporate debt instruments.....	2b(1)(C)		
(D) Loans (other than to participants).....	2b(1)(D)		
(E) Participant loans.....	2b(1)(E)		
(F) Other.....	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F).....	2b(1)(G)		0
(2) Dividends:			
(A) Preferred stock.....	2b(2)(A)		
(B) Common stock.....	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)	2341342	
(D) Total dividends. Add lines 2b(2)(A), (B), and (C).....	2b(2)(D)		2341342
(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)	5230500	
(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		9710052

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	2241402	
(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)		2241402
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		329307
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)	80	
(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)		80
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		2570789

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		7139263
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: HOOD & STRONG LLP

(2) EIN: 94-1254756

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>AI INDUSTRIES, 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>AI INDUSTRIES, INC.</u>	D Employer Identification Number (EIN) <u>94-2932458</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): 47-2401838

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 _____.

AI Industries, Inc. Employee Stock Ownership Plan

December 31, 2024 and 2023

Financial Statements and
Supplemental Schedule

Plan Sponsor: AI Industries, Inc.
Plan Sponsor EIN: 94-2932458
Plan Number: 002

AI Industries, Inc. Employee Stock Ownership Plan

Table of Contents

Independent Auditors' Report	1 - 3
Financial Statements	
Statements of Net Assets Available for Benefits	4
Statement of Changes in Net Assets Available for Benefits	5
Notes to the Financial Statements	6 - 16
Supplemental Schedule	
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)	17

Independent Auditors' Report

THE PLAN TRUSTEE
AI INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN
Redwood City, California

Opinion

We have audited the financial statements of **AI INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN (the Plan)**, an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), which comprise the statements of net assets available for benefits as of December 31, 2024 and 2023, 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.

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 Auditors' 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.

Emphasis of Matter – Investments

As discussed in Notes 2 and 3, the financial statements include an investment representing 99% of total assets as of December 31, 2024 and 2023 whose fair value has been estimated by an independent appraisal, in the absence of readily ascertainable fair values, with the assistance of management and approved by the trustee. Because of the inherent uncertainty of the valuation, the estimated value may differ significantly from the value that would have been used had a market for the investment existed, and the difference could be material. Our opinion is not modified with respect to this 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 the Plan's ability to continue as a going concern for one year from the date of this report.

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 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.

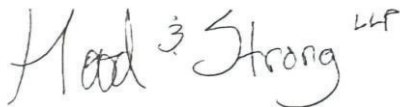
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplemental Schedule Required by ERISA

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental 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 (DOL'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 DOL'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 DOL's Rules and Regulations for Reporting and Disclosure under ERISA.



San Francisco, California
October 15, 2025

AI Industries, Inc. Employee Stock Ownership Plan

Statement of Net Assets Available for Benefits

December 31, 2024 and 2023

	December 31, 2024			December 31, 2023		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
Assets:						
Investment in AI Industries, Inc. common stock, at fair value	\$ 89,770,583	\$ 13,491,917	\$ 103,262,500	\$ 80,952,409	\$ 17,079,591	\$ 98,032,000
Cash (noninterest-bearing)	799		799	879		879
Total assets	89,771,382	13,491,917	103,263,299	80,953,288	17,079,591	98,032,879
Liabilities:						
Loans payable		6,217,964	6,217,964		8,126,807	8,126,807
Total liabilities	-	6,217,964	6,217,964	-	8,126,807	8,126,807
Net Assets Available for Benefits	\$ 89,771,382	\$ 7,273,953	\$ 97,045,335	\$ 80,953,288	\$ 8,952,784	\$ 89,906,072

See accompanying notes to the financial statements.

AI Industries, 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 fair value of investment	\$ 4,319,218	\$ 911,282	\$ 5,230,500
Dividend income	103,191	2,238,151	2,341,342
Employer contribution	2,138,210		2,138,210
Allocation of 23,962 shares of AI Industries, Inc. common stock, at fair value	4,498,957		4,498,957
Total additions	11,059,576	3,149,433	14,209,009
Deductions from Net Assets Attributed to:			
Benefits paid to participants	2,241,402		2,241,402
Interest expense		329,307	329,307
Allocation of 23,962 shares of AI Industries, Inc. common stock, at fair value		4,498,957	4,498,957
Administrative expenses	80		80
Total deductions	2,241,482	4,828,264	7,069,746
Net Increase (Decrease)	8,818,094	(1,678,831)	7,139,263
Net Assets Available for Benefits:			
Beginning of year	80,953,288	8,952,784	89,906,072
End of year	\$ 89,771,382	\$ 7,273,953	\$ 97,045,335

See accompanying notes to the financial statements.

AI Industries, Inc. Employee Stock Ownership Plan

Notes to the Financial Statements

Note 1 - Plan Description:

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

General

The Plan was adopted on January 1, 2006, and amended and restated effective January 1, 2014. The Plan is a stock bonus plan under Section 401(a) of the Internal Revenue Code of 1986 (Code), as amended, and an employee stock ownership plan under Section 4975(e)(7) of the Code and Section 407(d)(6) of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

The Plan is administered by the Plan's Trustee appointed by the Board of Directors of AI Industries, Inc. and its wholly owned subsidiaries AI Industries, LLC and AI-Lonestar, LLC (Company). The Plan document contains a leveraging provision to finance the acquisition of the Company's common stock.

On December 20, 2006, 550,000 shares were acquired by the Plan from the Company and former shareholders of the Company. Financed shares are initially credited to a loan suspense account and are referred to as unearned shares for financial reporting purposes. Shares of the loan suspense account are released for allocation to the Company stock accounts of participants as payments on the acquisition loan are made by the Trustee. The number of financed shares released from the unearned shares for allocation to participants' Company stock accounts is based upon a percentage; the numerator of the fraction shall be the amount of principal and interest payments paid with respect to the acquisition loan for the fiscal year ending, the denominator of the fraction shall be the sum of the numerator and remaining payments of principal and interest thereon.

Effective January 1, 2020, the Plan was amended in accordance with the CARES Act. Any minimum distributions required to be made under Code Section 401(a)(9) in calendar year 2020 were waived unless the participant elected to receive such payment.

On January 25, 2024, the Plan was amended to adopt various provisions of the SECURE Act and the SECURE 2.0 Act. Effective January 1, 2020, the Plan changed the age when capital accumulation will be distributed by replacing age 70 ½ to 72, beginning with individuals turning 70 ½ in the 2020 calendar year. Effective January 1, 2023, the age at which participants must begin taking the required minimum distributions increased from 72 to 73 years old and for participants who attain age 73 after December 31, 2032, age 73 will be increased to age 75. The Plan was also amended to change when capital accumulation will be distributed for required minimum distributions by replacing \$5,000 with \$7,000 as the minimum effective January 1, 2024.

AI Industries, Inc. Employee Stock Ownership Plan

Notes to the Financial Statements

Eligibility

Employees of the Company and its participating subsidiaries, excluding those covered by a collective bargaining agreement unless otherwise required by the agreement, leased employees, and nonresident aliens, who have completed 1,000 hours of service, are eligible to participate in the Plan. Employees become a participant on June 30th or December 31st coinciding with or next following the date of which the employee completes one full year of credited service, at least 1,000 hours of service.

Employees are eligible to share in the allocation of the Company's contributions and forfeitures for each plan year when they have worked 1,000 hours of service during the plan year and are employed by the Company on the last day of the plan year. A participant is also entitled to share in the allocation for the plan year of his/her retirement or if he/she dies while an employee.

Contributions

Participants are not allowed to make voluntary contributions to the Plan. Employer contributions are recorded when declared by the Company's Board of Directors. They may be paid in cash and/or in shares of the Company's common stock, as determined by the Board of Directors. Contributions are generally allocated among the Plan Participants' Accounts in proportion to their relative compensation.

Payment of Benefits

If a participant terminates service due to retirement, death or disability, the distribution of his/her vested account balance will begin in the plan year following the plan year in which the participant terminated in lump sum. If a participant terminates service for a reason other than retirement, death, or disability, distribution of his/her vested account balance will be offered to the participant beginning in the sixth plan year following the plan year in which the participant terminated. If a participant's vested account balance is valued at more than \$1,000, his/her consent is required for a distribution made before the participant reaches retirement (age 65). If consent is needed but a participant does not consent to a distribution when first eligible, the distribution of his/her vested account balance will be postponed until the earlier of (a) the plan year in which he/she later consents to a distribution; or (b) the plan year following the plan year in which the participant reached age 65. If a participant's vested account is valued at less than \$1,000, his/her consent to a distribution is not required and the participant's vested account balance will be distributed to the participant in cash as soon as practicable following his termination for any reason. Distributions are made in cash only.

There were no participant requests to withdraw from the Plan at December 31, 2024 and 2023 that had not been paid as of those dates.

AI Industries, Inc. Employee Stock Ownership Plan

Notes to the Financial Statements

Participant Accounts

The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participant's account is credited as of the last day of each Plan year with an allocation of shares of the Company's common stock released by the Trustee from the unallocated account and forfeitures of terminated participants' non-vested accounts. Only those participants who are eligible employees of the Company as of the last day of the Plan year will receive an allocation. Allocations are based on a participant's eligible compensation, relative to total eligible compensation. Plan earnings are allocated to each participant's account based on the ratio of the participant's account balance, as outlined in the Plan document.

Vesting

Company contributions vest over six years provided the participant meets the minimum 1,000 hours of service requirement per plan year. The participant's vested interest is as follows:

<u>Years of Credited Service</u>	<u>Percent of Accounts Vested</u>
Less than Two Years	0%
Two Years	20%
Three Years	40%
Four Years	60%
Five Years	80%
Six Years or More	100%

See Note 7 for further information on certain vesting provisions.

Forfeitures

Plan forfeitures are allocated to each participant's account based upon the relation of the participant's eligible compensation to total eligible compensation for the Plan year.

For the Plan years ended December 31, 2024 and 2023, stock forfeitures totaling 1,163 shares and 834 shares, respectively, were allocated to participants' accounts.

Notes Receivable from Participants

The Plan does not allow participant loans.

AI Industries, Inc. Employee Stock Ownership Plan

Notes to the Financial Statements

Voting Rights

With respect to any corporate matter which involves the voting on a merger, consolidation, recapitalization, reclassification, liquidation, dissolution, sale of substantially all assets of a trade or business or a similar transaction, each Participant is entitled to give confidential instructions to the Trustee as to the voting of shares of Company Stock attributable to the shares allocated to their account. The Trustee is permitted to vote on behalf of any allocated share for which instructions have not been given by a participant as well as any unallocated shares in the best interest of plan participants and beneficiaries.

Right of Refusal

The employer common stock that is held by the Plan and its participants is not readily tradable on an established market and is subject to trading limitations. Any shares of common stock distributed by the Trust is subject to a “right of refusal”, shares must be first offered to the Company for purchase, and then the Trust at fair market value. The put option permits participants to sell the common stock to the Company at any time during the option periods. The first put option period is for sixty days beginning on the date of distribution. The second put option period is for sixty days beginning after the new determination of fair market value in the following plan year.

Diversification

Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in the Company’s common stock into investments which are more diversified. Participants who are at least age 55 with at least 10 years of participation in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25 percent of their stock account balance and 50 percent in the sixth year. Participants who elect to diversify will receive their distribution in the form of lump sum cash or common stock.

Note 2 - Summary of Significant Accounting Policies:

Basis of Accounting

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

AI Industries, Inc. Employee Stock Ownership Plan

Notes to the Financial Statements

Allocations

The Plan holds the financed Company stock in a Loan Suspense Account. The number of financed shares to be released from the Loan Suspense Account for allocation to participants' Stock Accounts for each plan year is determined by multiplying the number of unallocated shares of the Company's stock remaining at the beginning of the plan year by a fraction. The numerator of the fraction consists of the principal and interest payments during the plan year. The denominator of the fraction is the sum of the numerator and the unallocated loan payable at the end of the plan year.

Investment Valuation and Income Recognition

The Plan's investments are directed and managed by the Plan's Trustee.

The shares of Company common stock are reported at fair value; see Note 4. The Statement of Net Assets Available for Benefits reflects investment in the Company's common stock at \$187.75 per share and \$178.24 per share as of December 31, 2024 and 2023, respectively. These values have been estimated with the assistance of an independent valuation specialist in the absence of a readily ascertainable market value. Because of the inherent subjectivity in any valuation, the estimated fair value may differ significantly from the value that would have been used had a ready market for the securities existed, and the difference could be material.

Dividends are recorded on the ex-dividend date. Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses from security transactions are reported on the average cost method. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Plan Administrator to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions in net assets during the reporting period. Actual results may differ from those estimates.

Payment of Benefits

Benefits are recorded when distributed.

Subsequent Events

The Plan has evaluated subsequent events from December 31, 2024 through October 15, 2025, the date the financial statements were available to be issued, and has determined that there were no material subsequent events that required recognition or disclosure in these financial statements.

AI Industries, Inc. Employee Stock Ownership Plan

Notes to the Financial Statements

Note 3 - Investments:

The Plan's investment at December 31:

	2024		2023	
	<u>Allocated</u>	<u>Unallocated</u>	<u>Allocated</u>	<u>Unallocated</u>
AI Industries, Inc. common stock:				
Number of shares	478,139	71,861	454,176	95,824
Cost	\$ 25,283,957	\$ 3,835,419	\$ 24,018,535	\$ 5,100,841
Estimated fair value	\$ 89,770,583	\$ 13,491,917	\$ 80,952,409	\$ 17,079,591

At December 31, 2024 and 2023, the investment in the Company's common stock of \$103,262,500 and \$98,032,000, respectively, is greater than 99% of the total assets of the Plan.

During 2024, the net appreciation in fair value of investments was as follows:

	<u>Allocated</u>	<u>Unallocated</u>	<u>Total</u>
AI Industries, Inc. common stock	\$ 4,319,218	\$ 911,282	\$ 5,230,500
	\$ 4,319,218	\$ 911,282	\$ 5,230,500

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 Financial Accounting Standards Board (FASB) Accounting Standards Codification (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

AI Industries, Inc. Employee Stock Ownership Plan

Notes to the Financial Statements

- 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value on a recurring basis and recognized in the accompanying Statement of Net Assets Available for Benefits, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no changes in the methodologies used at December 31, 2024 and 2023.

AI Industries, Inc. Common Stock: Valued at fair value based on an appraisal by an independent third party. This appraisal was based upon a combination of the merged and acquired companies and income valuation approach consistent with prior years. The appraiser took into account historical and projected cash flow and net income, return on assets, return on equity, market comparables, and fair value of Company assets and liabilities. Plan management has concluded that a market participant would also recognize a discount for lack of marketability.

The valuation process involves Plan management's selection of an independent appraiser each year. The Plan has used the same independent appraiser for the past several years. Plan management accumulates the data for the appraiser from the audited financial statements of the Company. The appraiser prepares a preliminary report which the Plan Trustee reviews in detail, discusses and approves.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation method 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.

AI Industries, Inc. Employee Stock Ownership Plan

Notes to the Financial Statements

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2024 and 2023. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement:

	<u>December 31 2024</u>		<u>December 31 2023</u>	
	<u>Total</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 3</u>
AI Industries, Inc. Common Stock	\$ 103,262,500	\$ 103,262,500	\$ 98,032,000	\$ 98,032,000
Investments, at fair value	\$ 103,262,500	\$ 103,262,500	\$ 98,032,000	\$ 98,032,000

Changes in Fair Value of Level 3 Assets and Related Gains and Losses

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

	<u>Level 3 Assets</u> <u>Year Ended</u> <u>December 31 2024</u>
Investment in AI Industries, Inc. Common Stock	
Balance, beginning of year	\$ 98,032,000
Unrealized appreciation in estimated fair value	5,230,500
Balance, end of year	\$ 103,262,500
The total net amount of gains for the period included in changes in net assets attributable to the change in unrealized gains relating to assets still held at the reporting date	\$ 5,230,500

AI Industries, Inc. Employee Stock Ownership Plan

Notes to the Financial Statements

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

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.

Description	2024 Fair Value	2023 Fair Value	Principal Valuation Techniques	Unobservable Inputs
AI Industries, Inc. Common Stock	\$103,262,500	\$98,032,000	Income	EBITDA Net income Weighted average cost of capital Discount rate Discount for lack of marketability
			Market	Public comparables Revenue multiple EBITDA multiple Discount for lack of marketability

Note 5 - Loans Payable:

In 2006, the Plan entered into \$29,119,376 loan agreements collectively with the Company and former shareholders, payable in annual installments with interest at 2.3% and 4.9% per annum, respectively, to purchase the common stock owned by the former shareholders and the Company. Unallocated shares of the Company's stock serve as collateral for the loan. The agreement provides for the loan to be repaid over ten years for two loans and twenty years for one loan by the Company's contributions to the Plan. As the Company makes contributions to the Plan and the Plan uses the contributions to repay its promissory note to the sellers, the loan amount is reduced accordingly. At December 31, 2024 and 2023, the total amount outstanding on the loan was \$6,217,964 and \$8,126,807, respectively.

Principal payments required to be made in future years, at December 31, 2024, are summarized as follows:

2025	\$ 1,947,868
2026	4,270,096
	\$ 6,217,964

AI Industries, Inc. Employee Stock Ownership Plan

Notes to the Financial Statements

Note 6 - Administrative Expenses:

The Plan document has provisions that allow for the Plan to pay all reasonable expenses of administering the Plan and Trust, unless paid by the Company. Certain administrative functions are performed by officers or employees of the Company and no such officer or employee receives compensation from the Plan. Certain other professional and administrative expenses are paid directly by the Company.

Note 7 - Plan Termination and Partial Plan Termination:

Although the Company has not expressed any intent to do so, it has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA; provided, however, that the Company has made a contractual commitment to make contributions to the Plan sufficient to allow the Plan to repay its loans from the Company. In the event of the Plan's termination, all affected Plan participants will become 100% vested in their accounts.

During 2023, the Company enacted layoffs of their workforce in excess of 20%, which resulted in a partial plan termination. The reduction in force affected 58 participants and as a result, they immediately became fully vested in their accounts as of the date of the partial termination.

Note 8 - Income Tax Status:

The Plan obtained its latest determination letter on October 21, 2014, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Code. The Plan Administrator believes the Plan is designed and being operated in compliance with the applicable requirements of the Code.

U.S. GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the organization has taken an uncertain position that is more likely than not would not be sustained upon examination. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management evaluated the Plan's tax positions and concluded that the Plan had maintained its tax-exempt status and had taken no uncertain tax positions that require recognition or disclosure in the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

AI Industries, Inc. Employee Stock Ownership Plan

Notes to the Financial Statements

Note 9 - Risk and Uncertainties:

The Plan investments consist primarily of the Company's common stock, which is exposed to various risks, such as interest rate, market, and credit risks, as well as valuation assumptions based on earnings, cash flows, and other such techniques. Due to the level of risk associated with the investment in the common stock and to uncertainties inherent in estimates and assumptions, it is at least reasonably possible that changes in the value of the common stock will occur in the near term and that such changes could materially affect the amounts reported in the Statement of the Net Assets Available for Benefits.

Note 10 - Company Dividends:

The Company paid a dividend to the Plan of \$2,341,342 for the year ended December 31, 2024 and \$1,830,231 was applied to debt service.

Note 11 - Related Party and Party-in-Interest Transactions:

The Plan invests in the Company common stock and has indebtedness guaranteed by the Company. These are related party and party-in-interest transactions. As described in Note 6, the Company pays for plan expenses. The Plan has a number of service providers. Such providers are parties-in-interest under ERISA.

Supplemental Schedule

AI Industries, Inc. Employee Stock Ownership Plan

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

Plan Sponsor: AI Industries, Inc.

Plan Sponsor EIN: 94-2932458

Plan Number: 002

(See Independent Auditors' Report)

December 31, 2024

	Number of Shares	Cost	Fair Value
AI Industries, Inc. Common Stock	550,000	\$ 29,119,376	\$ 103,262,500
Total		\$ 29,119,376	\$ 103,262,500

AI Industries, Inc. Employee Stock Ownership Plan

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

Plan Sponsor: AI Industries, Inc.

Plan Sponsor EIN: 94-2932458

Plan Number: 002

(See Independent Auditors' Report)

December 31, 2024

	Number of Shares	Cost	Fair Value
AI Industries, Inc. Common Stock	550,000	\$ 29,119,376	\$ 103,262,500
Total		\$ 29,119,376	\$ 103,262,500
