

Form 5500

Annual Return/Report of Employee Benefit Plan

OMB Nos. 1210-0110 1210-0089

2024

This Form is Open to Public Inspection

Department of the Treasury Internal Revenue Service

Department of Labor Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

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

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

Part I Annual Report Identification Information

For calendar plan year 2024 or fiscal plan year beginning 06/01/2024 and ending 05/31/2025

- A This return/report is for: a multiemployer plan, a multiple-employer plan, a single-employer plan, a DFE, the first return/report, the final return/report, an amended return/report, a short plan year return/report.
B This return/report is: the first return/report, the final return/report, an amended return/report, a short plan year return/report.
C If the plan is a collectively-bargained plan, check here.
D Check box if filing under: Form 5558, automatic extension, the DFVC program, special extension.
E If this is a retroactively adopted plan permitted by SECURE Act section 201, check here.

Part II Basic Plan Information—enter all requested information

1a Name of plan: TECOLOTE RESEARCH, INC. EMPLOYEE STOCK OWNERSHIP PLAN
1b Three-digit plan number (PN): 001
1c Effective date of plan: 01/01/1974
2a Plan sponsor's name, mailing address, city or town, state or province, country, and ZIP or foreign postal code.
2b Employer Identification Number (EIN): 95-2834773
2c Plan Sponsor's telephone number: 805-571-6366
2d Business code (see instructions): 541700

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	877
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)	666
	6a(2)	632
	6b	0
	6c	248
	6d	880
	6e	2
	6f	882
	6g(1)	819
6g(2)	874	
6h	0	
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	

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

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

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

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

a Pension Schedules

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

b General Schedules

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

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

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

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

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

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

Receipt Confirmation Code _____

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2024 This Form is Open to Public Inspection
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For calendar plan year 2024 or fiscal plan year beginning 06/01/2024 and ending 05/31/2025	
A Name of plan TECOLOTE RESEARCH, INC. EMPLOYEE STOCK OWNERSHIP PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 TECOLOTE RESEARCH, INC.	D Employer Identification Number (EIN) 95-2834773

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		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	5515990	6387501
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	14263	9205
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	3370373	2579786
(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)	311904224	336682986
(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	320804850	345659478
Liabilities			
g Benefit claims payable.....	1g		
h Operating payables.....	1h		
i Acquisition indebtedness.....	1i	28848240	27889881
j Other liabilities.....	1j		
k Total liabilities (add all amounts in lines 1g through 1j).....	1k	28848240	27889881
Net Assets			
l Net assets (subtract line 1k from line 1f).....	1l	291956610	317769597

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)	1290114	
(B) Participants.....	2a(1)(B)		
(C) Others (including rollovers).....	2a(1)(C)		
(2) Noncash contributions.....	2a(2)	6387501	7677615
(3) Total contributions. Add lines 2a(1)(A), (B), (C), and line 2a(2).....	2a(3)		
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)	127918	
(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)		127918
(2) Dividends:			
(A) Preferred stock.....	2b(2)(A)		
(B) Common stock.....	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A), (B), and (C).....	2b(2)(D)		0
(3) Rents.....	2b(3)		
(4) Net gain (loss) on sale of assets:			
(A) Aggregate proceeds.....	2b(4)(A)		
(B) Aggregate carrying amount (see instructions).....	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result.....	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets:			
(A) Real estate.....	2b(5)(A)		
(B) Other.....	2b(5)(B)	36138039	
(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		43943572

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	17798830	
(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)		17798830
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		331755
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		18130585

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		25812987
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: **BARTLETT, PRINGLE & WOLF, LLP**

(2) EIN: **95-2089835**

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 06/01/2024 and ending 05/31/2025

A Name of plan <u>TECOLOTE RESEARCH, INC. EMPLOYEE STOCK OWNERSHIP PLAN</u>	B Three-digit plan number (PN) ▶	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>TECOLOTE RESEARCH, INC.</u>	D Employer Identification Number (EIN) <u>95-2834773</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): 36-3046063 33-6134835

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 _____.

TECOLOTE RESEARCH, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
MAY 31, 2025 AND 2024
FINANCIAL STATEMENTS



BARTLETT, PRINGLE & WOLF, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

TECOLOTE RESEARCH, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1 - 4
Statement of Net Assets Available for Benefits	5
Statement of Changes in Net Assets Available for Benefits.....	6
Notes to Financial Statements.....	7 – 19
Supplemental Schedule:	
Form 5500 – Schedule H, Line 4i – Schedule of Assets (Held at End of Year).....	20



INDEPENDENT AUDITOR'S REPORT

**To the Plan Trustees
Tecolote Research, Inc.
Employee Stock Ownership Plan:**

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit

We have performed audits of the financial statements of the Tecolote Research, Inc. Employee Stock Ownership Plan (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statement of net assets available for benefits as of May 31, 2025 and 2024, and the related statement of changes in net assets available for benefits for the year ended May 31, 2025, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audits of the Plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audits need not extend to any statements or information related to assets held for investment of the Plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained a certification from a qualified institution as of May 31, 2025 and 2024, and for the year ended May 31, 2025, stating that the certified investment information, as described in Note 5 to the financial statements, is complete and accurate.

Opinion

In our opinion, based on our audits and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the Financial Statements section:

- The amounts and disclosures in the accompanying financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).
- The information in the accompanying financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Emphasis of Matter – Investments

As discussed in Note 4, the financial statements include an investment of \$336,682,986 and \$311,904,224 as of May 31, 2025 and 2024 (representing 97% of total assets in 2025 and 2024), 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 values may differ significantly from the values 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 U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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

Auditor's Responsibilities for the Audit Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Our audits did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of U.S. GAAP.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with U.S. GAAP.

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.

Other Matters-Supplemental Schedule Required by ERISA

The Form 5500 – schedule H, line 4i – schedule of assets (held at end of year) as of May 31, 2025 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the 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 included in the supplemental schedule, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. For information included in the supplemental schedule that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, other than the information agreed to or derived from the certified investment information, 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 form and content of the supplemental schedule, other than the information in the supplemental schedule that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.
- The information in the supplemental schedule related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Bartlett, Pringle & Wolf, LLP

Santa Barbara, California
March 12, 2026

TECOLOTE RESEARCH, INC. EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
May 31, 2025 and 2024

	2025			2024		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
<u>ASSETS</u>						
Investments, non participant directed, at fair value:						
Cash equivalents	\$ 2,579,786	\$ -	\$ 2,579,786	\$ 3,370,373	\$ -	\$ 3,370,373
Investment in Tecolote Research, Inc. common stock, at estimated fair value	258,697,803	77,985,183	336,682,986	239,505,036	72,399,188	311,904,224
Total investments, at fair value	261,277,589	77,985,183	339,262,772	242,875,409	72,399,188	315,274,597
Receivables:						
Employer contributions	6,387,501	-	6,387,501	5,515,990	-	5,515,990
Other receivables	9,205	-	9,205	14,263	-	14,263
Total receivables	6,396,706	-	6,396,706	5,530,253	-	5,530,253
Total assets	267,674,295	77,985,183	345,659,478	248,405,662	72,399,188	320,804,850
<u>LIABILITIES</u>						
Liabilities:						
Note payable	-	27,889,881	27,889,881	-	28,848,240	28,848,240
Total liabilities	-	27,889,881	27,889,881	-	28,848,240	28,848,240
<u>NET ASSETS</u>						
Net assets available for benefits	\$ 267,674,295	\$ 50,095,302	\$ 317,769,597	\$ 248,405,662	\$ 43,550,948	\$ 291,956,610

See accompanying notes

TECOLOTE RESEARCH, INC. EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended May 31, 2025

	2025		Total
	Allocated	Unallocated	
Additions to Net Assets Attributed to:			
Investment income:			
Interest	\$ 127,918	\$ -	\$ 127,918
Net appreciation in estimated fair value of Tecolote Research, Inc. common stock	27,432,637	8,705,402	36,138,039
Total investment income	27,560,555	8,705,402	36,265,957
Contributions:			
Employer contributions:			
Contributions in employer securities (443.7290 shares)	6,387,501	-	6,387,501
Allocation of employer securities (216.7000 shares)	3,119,407	-	3,119,407
Contributions in cash	-	1,290,114	1,290,114
Total employer contributions	9,506,908	1,290,114	10,797,022
Total contributions	9,506,908	1,290,114	10,797,022
Total additions	37,067,463	9,995,516	47,062,979
Deductions from Net Assets Attributed to:			
Interest expense	-	331,755	331,755
Benefits paid to participants	17,798,830	-	17,798,830
Allocation of employer securities (216.7000 shares)	-	3,119,407	3,119,407
Total deductions	17,798,830	3,451,162	21,249,992
Net increase	19,268,633	6,544,354	25,812,987
Net assets available for benefits:			
Beginning of year	248,405,662	43,550,948	291,956,610
End of year	\$ 267,674,295	\$ 50,095,302	\$ 317,769,597

See accompanying notes

TECOLOTE RESEARCH, INC. EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

Note 1 – Plan Description and Basis of Presentation

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

A) General

The Tecolote Research, Inc. Profit Sharing Plan was restated and amended in its entirety on June 1, 1988 to become the Tecolote Research, Inc. Employee Stock Ownership Plan (the Plan). The Plan was again restated effective June 1, 2008 and again restated on June 1, 2013. The Plan is a defined contribution plan covering all employees of Tecolote Research, Inc. (the Company) who work 1,000 hours or more in the Plan year, who have one year of service and are age twenty-one or older. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The June 1, 2013 restated plan included a modification to the definition of retirement defining the term to mean termination of service after attaining age 65 or, in the case of an employee who becomes a participant prior to June 1, 2014, attaining age 55 and completing at least ten years of service. On November 14, 2014, the Plan was amended in response to the request of the Internal Revenue Service for certain technical amendments as a condition for issuance of a favorable determination letter, effective June 1, 2013.

On March 14, 2018, effective April 1, 2018, the Plan was amended to modify the definition of Disability and to modify the Claims Procedures to be in compliance with the Department of Labor's final rule on disability claims procedures.

On May 27, 2020, the Company, the Plan, and the selling shareholders, entered into a Company Redemption and ESOP Stock Purchase Agreement, (the Stock Purchase Agreement). On May 28, 2020, the Plan purchased 6,501 shares of common stock (the shares) using proceeds of a loan from the Company (See Note 7) and holds the shares in a trust established under the Plan. The shares were purchased at a price of \$5,010 per share, for an aggregate purchase of \$32,570,010. As of May 31, 2020, there are no outstanding Company shares held outside the ESOP Trust.

The borrowing is collateralized by the unallocated shares of common stock and guaranteed by the Company. The Company has no rights against the shares once they allocate under the ESOP. Accordingly, the financial statements of the Plan present separately the assets and liabilities and changes therein pertaining to:

- a) The accounts of employees with vested rights in allocated shares (allocated), and
- b) shares not yet allocated to employees (unallocated)

On May 28, 2020, effective June 1, 2020, the Plan was amended to (i) reflect the Company's conversion to an "S" corporation for tax purposes, (ii) provide ESOP participants additional flexibility as to the timing of their benefit distributions, (iii) conform to applicable provisions of the SECURE Act and CARES Act, and (iv) conform to the extended deadline for certain actions contained in the Joint Notice of the Internal Revenue Service and the Department of Labor, issued April 28, 2020.

Effective June 1, 2020, the Company converted to an "S" Corporation status for tax purposes under Section 1361 of the Internal Revenue Code of 1986.

TECOLOTE RESEARCH, INC. EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

Note 1 – Plan Description and Basis of Presentation (Continued)

B) Eligibility

Employees of the Company are eligible to participate in the Plan on the entry date following one year of service providing they attain at least 1,000 hours of service during such Plan year and are age twenty-one or older. Entry dates are December 1 and June 1. Generally, participants who have less than 1,000 hours of service during the Plan year or are not employed on the last day of the Plan year are not eligible for an allocation of Company contributions for such year. Exceptions apply as defined in the Plan agreement for retirement, disability, and death.

C) Contributions

Company contributions to the Plan are discretionary and can be up to a maximum of 10 percent of participants' eligible compensation. For the year ended May 31, 2025, the Company elected to contribute 10 percent, of each participants' eligible compensation for each year excluding the following: overtime pay solely for employees who are exempt from the minimum wage and overtime provisions of the Fair Labor Standards Act, hiring bonuses, referral bonuses, reimbursements or other expense allowances, cash and noncash fringe benefits, moving expenses, deferred compensation and welfare benefits, annual leave redemption, and severance pay. For the Plan year 2025, the Company made contributions in stock and cash. The value of the stock for Plan year 2025, was based on May 31, 2025 stock valuation. The Company's cash contributions are invested in a portfolio of investments as directed by the Plan Trustee or the Fiduciary Investment Manager when one is appointed by the Plan Trustee. The ESOP Plan Committee may direct the Trustee as to the investments when a Fiduciary Investment Manager is not appointed.

There are no employee contributions.

D) Participant Accounts

The Plan is a defined contribution plan under which individual accounting is established for each participant. The Company's discretionary contribution is allocated among eligible participants based on eligible compensation received by participants for the Plan year. Allocations of the contribution are based on participant's eligible compensation relative to total eligible compensation of all participants eligible to share in the contribution under the terms of the Plan agreement. Each eligible participant's account, unless segregated after meeting distribution eligibility requirements under the Plan agreement, is credited as of the last day of each Plan year with an allocation of repurchased shares of the Company's common stock released by the Trustees from diversified and distributed participant accounts.

Prior to Plan year 2015, repurchased shares were allocated based on the participant's beginning cash balance before the allocation of contributions, interest, and expenses. Effective Plan year 2015, a change in administrative procedure was adopted to allocate repurchased shares based on the participant's cash balance after the allocation of contributions, interest, and expenses and prior to the transfer of segregated account balances for participants rehired in the Plan year.

TECOLOTE RESEARCH, INC. EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS

Note 1 – Plan Description and Basis of Presentation (Continued)

E) Vesting

All participants are 100 percent vested in their accounts.

F) Put Option

Under federal income tax regulations, the employer stock that is held by the Plan and its participants and is not readily tradable on an established market, or is subject to trading limitations, includes a put option. The put option is a right to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The put price is representative of the current appraised value of the stock. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash.

Given the Company's current Bylaws restrict the ownership of substantially all outstanding shares of Company stock to current employees and the Plan, the Plan provides that distribution of a participant's account may be made entirely in cash without granting the right to demand distribution in shares of Company stock. Further, the Plan provides Company stock may be distributed subject to the requirement that it be immediately resold to the Company.

G) Voting Rights

Generally, the Trustee of the Plan will vote all Company stock held by the Plan; however, participants are entitled to direct the Trustee to vote shares of Company stock allocated to their account with respect to the approval or disapproval of any corporate merger or consolidation, recapitalization, reclassification, liquidation, dissolution, sale of substantially all assets of a trade or business, or such similar transaction. The ESOP Plan Committee has the authority to direct the Trustee as to the voting of Company stock that would have been voted in the discretion of the Trustee.

H) Payment of Benefits

Except as set forth in I below (Diversification), no distributions from the Plan will be made until a participant retires, becomes disabled, dies, or otherwise terminates employment with the Company. Distributions are made in shares of Company stock, cash or a combination of both, as determined by the Company. Company stock may be distributed subject to the requirement that it be immediately resold to the Company. Distributions to retired, deceased or disabled participants are made as soon as administratively feasible after the end of the Plan year coinciding with or following a participant's retirement, death or disability. A participant who terminates employment prior to retirement shall receive their distribution as soon as administratively feasible after the end of the third Plan year following the end of the Plan year in which the participant's employment terminates. If a terminating participant's balance is less than \$1,000 he or she will receive a single lump sum distribution as soon as administratively feasible after the close of the Plan year in which the participant's employment is terminated.

TECOLOTE RESEARCH, INC. EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS

Note 1 – Plan Description and Basis of Presentation (Continued)

H) Payment of Benefits (Continued)

The Plan includes a provision for an exception to the waiting period in the case of the existence of a conflict of interest. The Administrator may, at the election of the participant, direct the Trustee to distribute a terminated participant's vested account to such terminated participant before expiration of the "3-Plan year" waiting period set forth above, if the Administrator determines, in its sole discretion, that the continued holding under the Plan of the terminated participant's account may cause to exist a conflict of interest under Section 208 of Title 18, United States Code concerning such terminated participant.

With respect to each participant who terminates service for any reason, effective as of the allocation date immediately preceding the Plan year in which distribution could first be made to the participant, the Plan Trustee may segregate the participant's balance into assets other than Company stock. Participants remaining in a segregated account after distribution could first be made are credited with a proportionate share of investment experience, including gains and losses (both realized and unrealized) and expenses of the segregated accounts. Segregated account balances are valued at six month intervals and participants in segregated accounts are offered an opportunity to take a lump sum distribution of their segregated account balance at each six month interval.

I) Diversification

Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company stock into other 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 the participant's stock balance, less any shares previously diversified. In the sixth year, the percentage changes to 50 percent.

J) Administrative Expenses

As provided in the Plan document, administrative expenses may be paid either by the Plan or by the Company. For Plan year May 31, 2025, the Company has paid substantially all operating expenses.

Note 2 – Summary of Significant Accounting Policies

A) Basis of Accounting

The financial statements of the Tecolote Research, Inc. Employee Stock Ownership Plan have been prepared under the accrual basis of accounting.

TECOLOTE RESEARCH, INC. EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (Continued)

B) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C) Allocations

The financial statements of the Plan present separately the assets and liabilities and changes therein pertaining to (a) the accounting 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.

D) Investment Valuation and Income Recognition

Investments held by the Plan, other than the common shares of the Company, are stated at fair value. The common shares of the Company are valued at estimated fair value. See Note 6 for discussion of fair value measurements. Dividend income is accrued 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.

E) Cash and Equivalents

Cash and cash equivalents are considered to be all highly liquid debt investments with maturity of three months or less.

F) Payment of Benefits

Benefits are recorded when paid.

Note 3 – Tax Status

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated November 4, 2014, that the Plan is tax-exempt, under the appropriate sections of the code. The determination is inclusive of the first amendment dated November 14, 2014. The Plan has since been modified as set forth under Note 1, Section A – General. The Plan Administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the code.

TECOLOTE RESEARCH, INC. EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

Note 3 – Tax Status (Continued)

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain 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 May 31, 2025, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions. On February 28, 2018, the Plan was selected for IRS examination for Plan year 2016. On June 25, 2019, the IRS examination concluded with no findings. The Plan is no longer subject to income tax examinations for years prior to 2022.

Note 4 – Investments

The fair market value of investments in Tecolote Research, Inc. common stock was determined by independent appraisals, as of May 31, 2025 and 2024 at \$14,395.05 and \$12,849.95 per share, respectively.

The Plan’s investment in Tecolote Research, Inc. common stock, at May 31, is presented in the following table:

	2025			2024		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
Shares of Tecolote Research, Inc. Common Stock	17,971.3028	5,417.5000	23,388.8028	18,638.5967	5,634.2000	24,272.7967
Cost	\$ 34,853,569	\$ 27,141,675	\$ 61,995,244	\$ 29,835,498	\$ 28,227,342	\$ 58,062,840
Estimated fair value	\$ 258,697,803	\$ 77,985,183	\$ 336,682,986	\$ 239,505,036	\$ 72,399,188	\$ 311,904,224

The Plan also held investments of \$2,579,786 and \$3,370,373 with a cost basis of \$2,579,786 and \$3,370,373 as of May 31, 2025 and 2024, respectively, in a money market fund. All investments held by the Plan are non-participant directed.

TECOLOTE RESEARCH, INC. EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

Note 5 – Information Certified by the Trustee

Greatbanc Trust Company serves as the Trustee and asset custodian of the Plan. In that capacity, Greatbanc Trust Company holds the Plan’s assets and executes transactions. The Plan Administrator has elected the method of compliance as permitted by ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the Plan Administrator has obtained certification from Greatbanc Trust Company that the following information as of May 31, 2025 and 2024, and for the years then ended is complete and accurate. At the request of the Plan Administrator, the Plan’s independent auditors did not perform auditing procedures with respect to this certified investment information, except for comparing such certified investment information to the related investment information included in the financial statements and ERISA-required supplemental schedule.

The following is a summary of the Plan’s asset information as of May 31, 2025 and 2024 that was certified by the Trustee and furnished to the Plan Administrator:

	2025			2024		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
Cash equivalents	\$ 2,579,786	\$ -	\$ 2,579,786	\$ 3,370,373	\$ -	\$ 3,370,373
Investment in Tecolote Research, Inc.						
common stock	258,697,803	77,985,183	336,682,986	239,505,036	72,399,188	311,904,224
Total Investment	261,277,589	77,985,183	339,262,772	242,875,409	72,399,188	315,274,597
Other receivables	9,205	-	9,205	14,263	-	14,263
Total certified assets	<u>\$ 261,286,794</u>	<u>\$ 77,985,183</u>	<u>\$ 339,271,977</u>	<u>\$ 242,889,672</u>	<u>\$ 72,399,188</u>	<u>\$ 315,288,860</u>

Greatbanc Trust Company certified to the completeness and accuracy of \$36,138,039 of net appreciation in fair value of investments and \$127,918 of interest and dividends related to the aforementioned investments for the year ended May 31, 2025.

Note 6 – Fair Value Measurements

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

- 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.

TECOLOTE RESEARCH, INC. EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS

Note 6 – Fair Value Measurements (Continued)

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no significant changes in the methodologies used at May 31, 2025 and 2024.

Investment Type	Valuation Methodology
Tecolote Research, Inc. Common Stock	Independent appraisal.
Cash and cash equivalents	Valued at amortized cost, which approximates fair value.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of May 31, 2025 and 2024.

	May 31, 2025			
	Total Fair Value	Level 1	Level 2	Level 3
Cash equivalents	\$ 2,579,786	\$ 2,579,786	\$ -	\$ -
Tecolote Research, Inc. common stock	336,682,986			336,682,986
Total assets in fair value hierarchy	339,262,772	2,579,786	-	336,682,986
Total investments at fair value	\$ 339,262,772	\$ 2,579,786	\$ -	\$ 336,682,986

TECOLOTE RESEARCH, INC. EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS

Note 6 – Fair Value Measurements (Continued)

	May 31, 2024			
	Total Fair Value	Level 1	Level 2	Level 3
Cash equivalents	\$ 3,370,373	\$ 3,370,373	\$ -	\$ -
Tecolote Research, Inc. common stock	311,904,224			311,904,224
Total assets in fair value hierarchy	315,274,597	3,370,373	-	311,904,224
Total investments at fair value	\$ 315,274,597	\$ 3,370,373	\$ -	\$ 311,904,224

Changes in Fair Value of Level 3 Assets

	2025
Investment in Tecolote Research, Inc. common stock	
Balance, beginning of year	\$ 311,904,224
Unrealized appreciation in estimated fair value	36,138,039
Contributions in stock (429.2616 shares)	5,515,990
Shares distributed and redeemed by the Company (1313.2555 shares)	(16,875,267)
Balance, end of year	\$ 336,682,986

The fair market value of Tecolote Research, Inc. common stock held by the Plan is estimated based on an independent appraisal. To estimate the value of the Company's equity, the appraisal considered generally accepted valuation methodology, including the Income Approach (Discounted Cash Flow Method) and Market Approach (Guideline Public Company Method). The indicated enterprise values from these methods were estimated on a controlling interest basis. The application of an appropriate discount for limited marketability for ESOP shares was assessed based on the Company's record of repurchasing shares, its financial ability to do so, and the existence of a mandatory repurchase (put) obligation.

TECOLOTE RESEARCH, INC. EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

Note 6 – Fair Value Measurements (Continued)

The valuation techniques and significant unobservable inputs are summarized in the following table.

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs
Plan sponsor company stock	\$ 336,682,986	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

The valuation process involves the Plan’s third party Independent Trustee’s (Greatbanc Trust Company) selection of an independent appraiser under contract annually. Company management accumulates the data for the appraiser from the reviewed financial statements of the Company and provides sales forecast projections. The appraiser prepares a preliminary report which the Plan’s Independent Trustee reviews in detail, discusses, and approves. The Independent Trustee’s review and approval process includes a due diligence review of the appraisal report conducted by the assigned Fiduciary Committee member who then presents their findings to the Fiduciary Committee members attending the formal valuation meeting. There are no Tecolote executives or employees on the Fiduciary Committee. The final ESOP block share value price is established by the Committee after all questions have been satisfactorily addressed by the appraiser.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable fair 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.

TECOLOTE RESEARCH, INC. EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

Note 7 – Loan Payable

On May 28, 2020, the Plan entered into a \$32,570,010 loan agreement with the Company. The proceeds of the loan were used to purchase Company common stock. Unallocated shares are collateral for the loan. Shares are released from collateral and allocated to participants as payments of principal and interest are made. The number of shares released in any year is the number of shares held as collateral, times the ratio of the current year payment divided by the total of this year’s plus all future years’ principal and interest payment. The agreement states interest and principal payments are made annually on May 31, with the first payment made on May 31, 2021. This resulted in 216.7000 shares being released and allocated for each of the Plan years ended May 31, 2025 and 2024. On September 2, 2020, the loan agreement was amended to correct a clerical error in the amortization schedule. The agreement provides for the loan to be paid over 30 years.

The loan’s interest rate is 1.15%. The scheduled amortization of the loan for the next 5 years, as amended on September 2, 2020, is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>	<u>Shares Allocated</u>
2026	\$ 969,380	\$ 320,734	\$ 1,290,114	216.7000
2027	980,528	309,586	1,290,114	216.7000
2028	990,987	299,127	1,290,114	216.7000
2029	1,003,201	286,913	1,290,114	216.7000
2030	1,014,737	275,377	1,290,114	216.7000
Thereafter	22,931,048	2,871,230	25,802,278	4,334.0000
	<u>\$ 27,889,881</u>	<u>\$ 4,362,967</u>	<u>\$ 32,252,848</u>	<u>5,417.5000</u>

Note 8 – Special Benefit Distribution Deferral Election Provision

Distributions of stock are subject to a mandatory put to the Company. On May 27, 2020, in Amendment 3 to the Plan, the Company established a special Benefit Distribution Deferral Election Provision. The provision provides Participants eligible for distribution based on the share value for the Plan years ending on May 31, 2020, May 31, 2021, or May 31, 2022, an opportunity to defer their distribution annually through the May 31, 2023 stock valuation. The special Benefit Distribution Deferral Election Provision expires not later than May 31, 2023. The provision terminates early if the Fair Market Value for a Plan year end prior to May 31, 2023 exceeds the “Adjusted Fair Market Value” as of May 31, 2020 which is \$5,690.00 per share. “Adjusted Fair Market Value” is defined as the Fair Market Value, adjusted so as not to take into account the cash financing used for the ESOP’s purchase of Company Stock in May 2020. The provision applies only to regular distributions due to termination, death or disability and does not apply to diversification distributions. The provision terminated at the Plan year end May 31, 2021 with the per share value exceeding the “Adjusted Fair Market Value”.

TECOLOTE RESEARCH, INC. EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

Note 9 – Related Party and Party in Interest Transactions

The Plan invests in Company common stock and has indebtedness with the Company. These are related party and party in interest transactions. As described in Note 1, the Company pays substantially all plan expenses. The Plan has a number of service providers, including GreatBanc Trust Company which serves as the independent Trustee and custodian of Plan investments. Such providers are parties in interest under ERISA.

On November 14, 2019, the Company appointed a Conversion Committee to assess, negotiate and approve transactions necessary or desirable to permit the Plan to become 100% owner of the stock of the Company and to convert the Company to an “S” corporation for tax purposes. On May 27, 2020, the Company, the Plan, and the selling shareholders, entered into a Company Redemption and ESOP Stock Purchase Agreement, (the Stock Purchase Agreement). The selling shareholders are Officers and Board members of the Company, participants of the Plan, and members of the ESOP Committee. The selling shareholders did not serve on the Conversion Committee and were recused from the Board votes regarding any matters associated with the sale of their shares held outside of the ESOP Trust, their compensation by the Company, and their employment terms with the Company.

Note 10 – Termination of the Plan

The Company reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon termination of the Plan, the Trustee will pay all liabilities and expenses of the ESOP and sell shares of financed (unallocated) common stock held as collateral to the extent it determines such sale to be necessary in order to repay the loan. Subsequently, the interest of each participant in the trust fund will be distributed to such participant or their beneficiary at the time prescribed by the Plan terms and the Internal Revenue Code (IRC).

Note 11 – Risk and Uncertainties

The Plan investments consist primarily of the Company’s 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 risks associated with the investment in common stock and to the uncertainties inherent in estimates and assumptions, it is at least reasonably possible that changes in the value of common stock will occur in the near term and that changes could materially affect the amounts reported in the statement of net assets available for benefits and the statement of changes in net assets available for benefits.

Other Plan investments consist of various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits and the statement of changes in net assets available for benefits.

TECOLOTE RESEARCH, INC. EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

Note 12 – Reconciliation to Form 5500

The Plan files a Form 5500 annually with the IRS. Differences can exist between financial statements prepared in accordance with accounting principles generally accepted in the United States and the IRS regulation governing the preparation of Form 5500.

The following are reconciliations of individual line items of the statement of changes in net assets available for benefits per the financial statements to the Form 5500 as of May 31, 2025:

Total additions to net assets per the financial statements	\$ 47,062,979
Allocation of 216.7000 shares of employer securities at market value during 2025	(3,119,407)
Total income per the 5500	<u>\$ 43,943,572</u>
Total deductions from net assets per the financial statements	\$ 21,249,992
Allocation of 216.7000 shares of employer securities at market value during 2025	(3,119,407)
Total expenses per the 5500	<u>\$ 18,130,585</u>

Note 13 – Subsequent Events

On November 14, 2025, effective January 1, 2026, the Plan was amended to (i) accelerate the offer of distributions to those Participants who terminate employment prior to retirement, disability or death from commencing following the close of the third year after the Plan year of termination of employment to commencing the first Plan year following the close of the Plan year of termination of employment, and (ii) to update the Plan for the expiration of the COVID-19 Outbreak Period, the timing of Required Minimum Distribution elections, and the timing of diversification elections in accordance with recent Internal Revenue Service guidance.

Subsequent events have been evaluated through March 12, 2026, the date the financial statements were available for issuance.

SUPPLEMENTAL SCHEDULE

TECOLOTE RESEARCH, INC. EMPLOYEE STOCK OWNERSHIP PLAN

Form 5500 – Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

Employer I.D. #: 95-2834773 Plan #: 001

May 31, 2025

<u>(a) (b) Identity of Issue</u>	<u>(c) Description of Investment</u>	<u>(d) Cost</u>	<u>(e) Current Value</u>
* Goldman Sachs FIN SQ Govt Fund Instl Shares #465	Money market mutual fund	\$ 2,579,786	\$ 2,579,786
* Tecolote Research, Inc.	Employer Common Stock	<u>61,995,244</u>	<u>336,682,986</u>
Total		<u>\$ 64,575,030</u>	<u>\$ 339,262,772</u>

* Party-in-interest to the Plan

TECOLOTE RESEARCH, INC. EMPLOYEE STOCK OWNERSHIP PLAN

Form 5500 – Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

Employer I.D. #: 95-2834773 Plan #: 001

May 31, 2025

<u>(a) (b) Identity of Issue</u>	<u>(c) Description of Investment</u>	<u>(d) Cost</u>	<u>(e) Current Value</u>
* Goldman Sachs FIN SQ Govt Fund Instl Shares #465	Money market mutual fund	\$ 2,579,786	\$ 2,579,786
* Tecolote Research, Inc.	Employer Common Stock	<u>61,995,244</u>	<u>336,682,986</u>
Total		<u>\$ 64,575,030</u>	<u>\$ 339,262,772</u>

* Party-in-interest to the Plan