

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 2025 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2025 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021	
A	This return/report is for: ☐ a multiemployer plan ☒ a single-employer plan ☐ a multiple-employer plan (Filers checking this box must provide participating employer information in accordance with the form instructions.) ☐ 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: ☒ 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 PARAGON SPACE DEVELOPMENT CORPORATION EMPLOYEE STOCK OWNERSHIP AND 401(K) PLAN
1b	Three-digit plan number (PN) ▶ 002
1c	Effective date of plan 01/01/2008
2a	Plan sponsor's name (employer, if for a single-employer plan) 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) PARAGON SPACE DEVELOPMENT CORPORATION 3400 E BRITANNIA DR TUCSON, AZ 85706
2b	Employer Identification Number (EIN) 86-0734347
2c	Plan Sponsor's telephone number 520-903-1000
2d	Business code (see instructions) 541990

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

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

SIGN HERE	Filed with authorized/valid electronic signature.	08/20/2026	NINA GRIGSBY
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address ☒ 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	5 244
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) 215 6a(2) 190 6b 53 6c 28 6d 271 6e 1 6f 272 6g(1) 6g(2) 243 6h 28
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 Characteristic Codes in the instructions:

2E 2H 2J 2K 2O

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

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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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 2025 Form M-1 annual report. If the plan was not required to file the 2025 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 C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2025
		This Form is Open to Public Inspection.
For calendar plan year 2025 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021		
A Name of plan PARAGON SPACE DEVELOPMENT CORPORATION EMPLOYEE STOCK OWNERSHIP AND 401(K) PLAN		B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 PARAGON SPACE DEVELOPMENT CORPORATION		D Employer Identification Number (EIN) 86-0734347

Part I

Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1

Information on Persons Receiving Only Eligible Indirect Compensation

- a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. ☐ Yes ☒ No
- b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

MASS MUTUAL

1295 STATE STREET
SPRINGFIELD, MA 01111

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15	SERVICE PROVIDER	48688	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	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
		2025
		This Form is Open to Public Inspection

For calendar plan year 2025 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021		
A Name of plan PARAGON SPACE DEVELOPMENT CORPORATION EMPLOYEE STOCK OWNERSHIP AND 401(K) PLAN	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 PARAGON SPACE DEVELOPMENT CORPORATION	D Employer Identification Number (EIN) 86-0734347	

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

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	1200201	13662
(2) Participant contributions	1b(2)	0	1153
(3) Other	1b(3)	0	25247
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	19436	19496
(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)	27091	71961
(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)	7970518	11435260
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)	806	0

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	1876077	4210714
(2) Employer real property	1d(2)		
1e Buildings and other property used in plan operation	1e		
1f Total assets (add all amounts in lines 1a through 1e)	1f	11094129	15777493

Liabilities

1g Benefit claims payable	1g		
1h Operating payables	1h		
1i Acquisition indebtedness	1i		
1j Other liabilities	1j	18020	18020
1k Total liabilities (add all amounts in lines 1g through 1j)	1k	18020	18020

Net Assets

1l Net assets (subtract line 1k from line 1f)	1l	11076109	15759473
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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)	385923	
(B) Participants	2a(1)(B)	1652426	
(C) Others (including rollovers)	2a(1)(C)	656157	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		2694506
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	64	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)	3310	
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)	1166	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		4540
(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)	24080	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		24080
(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)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(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)		1469816
c Other income	2c		1134642
d Total income. Add all income amounts in column (b) and enter total	2d		5327584

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	595524	
(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)		595524
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses:			
(1) Salaries and allowances	2i(1)		
(2) Contract administrator fees	2i(2)	48688	
(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)	8	
(12) Total administrative expenses. Add lines 2i(1) through (11)	2i(12)		48696
j Total expenses. Add all expense amounts in column (b) and enter total	2j		644220

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		4683364
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: **BEACHFLEISCHMAN PLLC**

(2) EIN: **86-0683059**

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.)		☒	
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.)		☒	
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.)		☒	
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.)		☒	
e Was this plan covered by a fidelity bond?	☒		650000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		☒	
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?		☒	
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?		☒	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	☒		
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.)		☒	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		☒	
l Has the plan failed to provide any benefit when due under the plan?		☒	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		☒	
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 _____.

Paragon Space Development Corporation Employee Stock Ownership and 401(K) Plan

Years Ended December 31, 2022
and 2021

Paragon Space Development Corporation Employee Stock Ownership and 401(K) Plan

Years Ended December 31, 2022 and 2021

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Independent Auditors' Report

Trustee and Management
Paragon Space Development Corporation Employee Stock Ownership and 401(K) Plan
Tucson, Arizona

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

We have performed audits of the financial statements of Paragon Space Development Corporation Employee Stock Ownership and 401(K) 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 statements of net assets available for benefits as of December 31, 2022 and 2021, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audits of Paragon Space Development Corporation Employee Stock Ownership and 401(K) 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 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 Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained certifications from qualified institutions as of December 31, 2022 and 2021 and for the years then ended, 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 Auditors' Responsibilities for the Audit of the Financial Statements section—

- the amounts and disclosures in the financial statements referred to above, 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.
- the information in the financial statements referred to above 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 institutions that management determined meet 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. 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 Paragon Space Development Corporation Employee Stock Ownership and 401(K) 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.

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. 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 Paragon Space Development Corporation Employee Stock Ownership and 401(K) Plan's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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

Auditors' Responsibilities for the Audit of the 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 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Paragon Space Development Corporation Employee Stock Ownership and 401(K) 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 Paragon Space Development Corporation Employee Stock Ownership and 401(K) 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 certifications, 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 accounting principles generally accepted in the United States of America.

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 accounting principles generally accepted in the United States of America.

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 Matter - Supplemental Schedules Required by ERISA

The supplemental schedules of assets (held at end of year) as of December 31, 2022 and 2021 are presented for purposes of additional analysis and are not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedules, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards. For information included in the supplemental schedules 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 schedules, we evaluated whether the supplemental schedules, other than the information agreed to or derived from the certified investment information, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion:

- the form and content of the supplemental schedules, other than the information in the supplemental schedules that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- the information in the supplemental schedules related to assets held by and certified to by qualified institutions agrees to, or is derived from, in all material respects, the information prepared and certified by institutions that management determined meet the requirements of ERISA Section 103(a)(3)(C).

BeachFleischman PLLC

Tucson, Arizona
March 2, 2026

Paragon Space Development Corporation Employee Stock Ownership and 401(K) Plan

Statements of Net Assets Available for Benefits

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets:		
Investments, at fair value:		
Interest-bearing cash (nonparticipant directed)	\$ 37,037	\$ 19,496
Paragon Space Development Corporation common stock (nonparticipant directed)	3,211,281	3,076,073
Pooled separate accounts (participant directed)	<u>12,144,731</u>	<u>11,435,261</u>
	<u>15,393,049</u>	<u>14,530,830</u>
Receivables:		
Employer contributions (participant directed)	14,856	13,662
Participant contributions (participant directed)	1,188	1,153
Employer stock receivable (nonparticipant directed)	1,192,243	1,134,642
Dividends (nonparticipant directed)	7,686	25,246
Notes receivable from participants (participant directed)	<u>199,868</u>	<u>71,961</u>
Total receivables	<u>1,415,841</u>	<u>1,246,664</u>
Total assets	<u>16,808,890</u>	<u>15,777,494</u>
Liabilities:		
Other (participant directed)	<u>9</u>	<u>18,020</u>
Net assets available for benefits	<u>\$ 16,808,881</u>	<u>\$ 15,759,474</u>

Paragon Space Development Corporation Employee Stock Ownership and 401(K) Plan

Statements of Changes in Net Assets Available for Benefits

Years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Additions to net assets attributed to:		
Investment income:		
Net appreciation (depreciation) in fair value of investments (participant directed)	\$ (2,437,051)	\$ 963,115
Net appreciation in fair value of investments (nonparticipant directed)	192,810	-
Dividends (participant directed)	602,028	506,701
Dividends (nonparticipant directed)	<u>-</u>	<u>24,144</u>
Net investment income (loss)	<u>(1,642,213)</u>	<u>1,493,960</u>
Interest income on notes receivable from participants (participant directed)	<u>6,050</u>	<u>3,310</u>
Return of shares adjustment (nonparticipant directed)	<u>-</u>	<u>1,135,808</u>
Contributions:		
Employer (participant directed)	652,619	385,923
Participants' (participant directed)	2,012,625	1,652,426
Rollover (participant directed)	<u>717,475</u>	<u>656,153</u>
Total contributions	<u>3,382,719</u>	<u>2,694,502</u>
Total additions	<u>1,746,556</u>	<u>5,327,580</u>
Deductions from net assets attributed to:		
Benefits paid to participants (participant directed)	659,137	595,524
Administrative expenses (participant directed)	<u>38,012</u>	<u>48,691</u>
Total deductions	<u>697,149</u>	<u>644,215</u>
Net increase	1,049,407	4,683,365
Net assets available for benefits:		
Beginning of year	<u>15,759,474</u>	<u>11,076,109</u>
End of year	<u>\$ 16,808,881</u>	<u>\$ 15,759,474</u>

See notes to financial statements.

Paragon Space Development Corporation Employee Stock Ownership and 401(K) Plan

Notes to Financial Statements

Year Ended December 31, 2022 and 2021

1. Description of plan:

The following description of the Paragon Space Development Corporation Employee Stock Ownership and 401(K) Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General:

Paragon Space Development Corporation (Sponsor or Company) established the Plan in January 2008. The Plan operates as a stock bonus and profit sharing plan under Internal Revenue Code (IRC) Section 401(a). The Plan also operates as an employee stock ownership plan (ESOP) under IRS Section 4975(e)(7) and regulations thereunder with 401(k) provisions and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan covers employees of the Sponsor who are at least 18 years of age.

Participants' contributions:

Under the 401(k) provisions of the Plan, the participants may elect to defer up to 100% of their compensation, not to exceed the statutory annual limit established by the Internal Revenue Service (IRS). The Plan permits participants to make additional voluntary contributions of qualified rollovers from other retirement plans. An employee may make rollover contributions after becoming a participant in the Plan. The ESOP provisions do not allow for participant contributions.

Employer contributions:

Under the 401(k) provisions of the Plan, the employer may make discretionary matching or non-elective contributions to the Plan. Employees must have worked 500 hours during the Plan year and be employed at the end of the Plan year to be eligible for any employer contributions. Employer contributions are invested in the same funds and increments as directed by the participant for the participant's contributions.

Under the ESOP provisions, the Company may make contributions of cash or shares of Company stock in such amounts as may be determined by the Company's Board of Directors, provided total employer contributions do not exceed the maximum amounts deductible under the IRC. Shares of contributed Company stock are valued at their fair market value as of the end of the Plan year.

Paragon Space Development Corporation Employee Stock Ownership and 401(K) Plan

Notes to Financial Statements (continued)

Year Ended December 31, 2022 and 2021

1. Description of plan (continued):

Participants' accounts:

Each participant's 401(k) account is credited with the participant's elective deferral, rollover contributions, employer contributions, actual earnings thereon, and charged with an allocation of administrative expenses. The basis for allocations is defined in the Plan document. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Each participant's ESOP account is credited as of the last day of each Plan year with allocations of common stock at fair value, employer contributions, Plan earnings and forfeitures of other participants' non-vested account balances, and charged with an allocation of Plan expenses. Common stock, employer contributions and Plan forfeitures are allocated based on the ratio of the participant's eligible compensation, relative to total eligible compensation for the Plan year. Plan earnings and expenses are allocated to each participant's account based on the ratio of the participant's beginning of the year account balance to all participants' beginning of year account balances.

Vesting:

Participants are immediately vested in their elective deferral pre-tax and rollover contributions made to the Plan, plus actual earnings thereon. Vesting in the employer's discretionary matching, non-elective contribution and Company stock account portions of the participants' accounts, plus actual earnings thereon, is based on years of vested service. Participants vest at 25% annually, beginning with the completion of their first year and are fully vested after four years of credited service, or upon the normal retirement date. The Plan defines a year of credited service to be a 12-consecutive-month period beginning on an employee's hire date with at least 1,000 hours of service. Upon death or total disability of a participant prior to retirement, the participant's account balance shall become fully vested.

Investment options:

Upon enrollment in the Plan, a participant may direct 401(k) contributions in any increment into any of several investment options. Participants may change their investment options at any time.

Payment of benefits:

Upon termination of service due to death, disability, retirement or other reasons, a participant whose vested 401(k) account balance does not exceed \$5,000 may elect to receive a lump-sum payment equal to the value of their vested account balance within a reasonable period following the date of termination. Participants with account balances that exceed \$5,000 may receive a distribution of their vested account balance in a lump-sum or installments within a reasonable period following the date of termination. The Plan requires distributions under the Plan of greater than \$1,000 be automatically rolled over to an IRA established on behalf of the participants who do not affirmatively consent to receive their distribution. In-service distributions are permitted as provided for in the Plan document for participants aged 59 1/2 or older.

Paragon Space Development Corporation Employee Stock Ownership and 401(K) Plan

Notes to Financial Statements (continued)

Year Ended December 31, 2022 and 2021

1. Description of plan (continued):

Payment of benefits (continued):

With respect to a participant's ESOP account, no distributions from the Plan are made until a participant retires, dies, is disabled, or otherwise terminates employment with the Company. Normal retirement age is 65. Distributions can be made in cash or, at the discretion of the Plan administrator, in stock which must be immediately sold to the Company at fair value. The participant shall not have any right to receive shares of the Company's stock.

Distributions based upon death, disability or retirement will commence no later than one year after the close of the Plan year following the event. Distributions for other separations from service commence in the fifth Plan year following the separation from service. The amount to be distributed is based on the immediately preceding valuation date. A participant whose vested account balance exceeds \$1,000, but who has not attained normal retirement age, must consent in writing to receive a distribution.

If the participant's account is less than \$1,000, regardless of the reason for separation from service, a lump sum distribution will occur as soon as administratively feasible in the Plan year following the separation from service. Distributions for participants whose account value exceeds \$1,230,000 shall be paid over five years plus one year for every \$245,000 in excess of \$1,230,000. These limits are adjusted annually.

Hardship withdrawals:

If approved by the Plan Administrator, a participant may withdraw any portion of his/her vested 401(k) account balance to satisfy any of the following immediate and heavy financial needs: unreimbursed medical expenses for qualified persons, purchase of a principal residence, to prevent eviction from or foreclosure on a principal residence, to pay for tuition and related educational expenses for qualified persons, funeral expenses, for expenses that qualify as a casualty deduction under the IRC, or for any other event the IRS recognizes as a safe harbor hardship.

Diversification:

Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company stock into investments which are more diversified. Participants 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% of the number of shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50%. Participants who elect to diversify receive a cash distribution.

Paragon Space Development Corporation Employee Stock Ownership and 401(K) Plan

Notes to Financial Statements (continued)

Year Ended December 31, 2022 and 2021

1. Description of plan (continued):

Participant loans:

The Plan allows participants to obtain loans from their 401(k) account within the Plan. All loans cannot exceed 50% of the vested portion of the participant's account (or \$50,000, if less), and must be a minimum of \$1,000. The loan must be repaid within five years unless the proceeds are used for purchase of a principal residence, in which case the loan may be repaid over a 20 year period. All loans will provide for the repayment of interest at rates commensurate with local prevailing rates, as determined by the Plan Administrator, on the date of the loan. Loans will be considered in default if any scheduled repayments are not made by the end of the calendar quarter following the calendar quarter in which the missed payment was due. Upon default, death, disability or termination of employment, the entire outstanding principal and accrued interest shall be immediately due and payable. Because the participant's account collateralizes the loan in its entirety, the credit quality of the participant is not assessed by the Plan Administrator. Unpaid loans will be treated as a taxable distribution from the Plan.

For financial reporting purposes, participant loans are included in the statement of net assets available for benefits as notes receivable from participants.

Forfeitures:

Forfeited balances of terminated participants' non-vested 401(k) accounts may be used to pay administrative fees or reduce employer contributions for the Plan Year following the Plan Year they were incurred.

The non-vested portion of terminated participants' ESOP accounts remains in the Plan, with no additional contributions or forfeitures allocated to it. Upon the earlier of the distribution of the vested portion of the participant account or completion of a break-in-service of five or more consecutive years, the non-vested portion of the account is forfeited. The forfeited amounts are then reallocated to the ESOP accounts of remaining Plan participants at the end of the Plan year in which the forfeiture occurs, or if later, the date of the break-in service. Forfeitures are reallocated to eligible participants in the same way as employer contributions.

Voting rights:

For extraordinary corporate transactions, such as a merger, consolidation or sale of the Company, each participant is entitled to exercise voting rights attributable to the shares allocated to their ESOP account and is notified by the Trustee prior to the time that such rights are to be exercised. The Trustee will vote for allocated shares for which voting directions are not provided on behalf of the collective best interests of Plan participants and beneficiaries. The Trustee will vote all shares in all non-extraordinary corporate matters.

Paragon Space Development Corporation Employee Stock Ownership and 401(K) Plan

Notes to Financial Statements (continued)

Year Ended December 31, 2022 and 2021

1. Description of plan (continued):

Put option:

The Company stock that is held by the Plan and its participants is subject to a put option. In the event that a participant receives a distribution in Company stock which is not immediately repurchased by the Company, the participant will be offered the option. The put option grants the participant the right for a sixty day period after the stock is distributed to require the Company to purchase stock included in the participant's account at fair market value. If the put option is not exercised within the first sixty days, the participant will have an additional sixty days in the following Plan year. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash.

2. Summary of significant accounting policies:

Basis of accounting:

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

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment valuation and income recognition:

The Plan's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

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

Net appreciation (depreciation) in the fair value of investments includes both realized and unrealized gains and losses on investments bought and sold as well as held during the year.

Notes receivable from participants:

Notes receivable from participants are measured at their unpaid principal balance, plus any accrued but unpaid interest. Delinquent notes receivable from participants are recorded as a distribution based upon the terms of the Plan document. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred.

Payments of benefits:

Benefits paid to participants are recorded when paid.

Paragon Space Development Corporation Employee Stock Ownership and 401(K) Plan

Notes to Financial Statements (continued)

Year Ended December 31, 2022 and 2021

2. Summary of significant accounting policies (continued):

Expenses:

Certain expenses of maintaining the Plan are paid by the Plan unless otherwise paid for by the Sponsor. Investment related expenses are included in the net appreciation (depreciation) in fair value of investments.

Subsequent events:

The Plan has evaluated the events that have occurred subsequent to December 31, 2022 through March 2, 2026, the date that the financial statements were available to be issued. The Plan has no responsibility to update these financial statements for events and circumstances occurring after this date.

3. Federal income tax status:

The Internal Revenue Service has determined and informed the Plan by a letter dated April 22, 2016, that the Plan and related Trust are designed in accordance with applicable sections of the IRC. Although the Plan has been amended since receiving the opinion letter, the Trustee and Sponsor believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

4. Fair value measurements:

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB 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.

Paragon Space Development Corporation Employee Stock Ownership and 401(K) Plan

Notes to Financial Statements (continued)

Year Ended December 31, 2022 and 2021

4. 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 or active markets that the Plan does not have access to;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

The asset 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 maximize the use of observable inputs and minimize the use of unobservable inputs.

At December 31, 2022, the fair value of assets measured on a recurring basis is as follows:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments in the fair value hierarchy:				
Interest-bearing cash	\$ 37,037	\$ -	\$ 37,037	\$ -
Paragon Space Development Corporation common stock	3,211,281	-	-	3,211,281
Pooled separate accounts	<u>12,144,731</u>	<u>-</u>	<u>12,144,731</u>	<u>-</u>
	<u>\$ 15,356,012</u>	<u>\$ -</u>	<u>\$ 12,144,731</u>	<u>\$ 3,211,281</u>

At December 31, 2021, the fair value of assets measured on a recurring basis is as follows:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments in the fair value hierarchy:				
Interest-bearing cash	\$ 19,496	\$ -	\$ 19,496	\$ -
Paragon Space Development Corporation common stock	3,076,073	-	-	3,076,073
Pooled separate accounts	<u>11,435,261</u>	<u>-</u>	<u>11,435,261</u>	<u>-</u>
	<u>\$ 14,530,830</u>	<u>\$ -</u>	<u>\$ 11,454,757</u>	<u>\$ 3,076,073</u>

Paragon Space Development Corporation Employee Stock Ownership and 401(K) Plan

Notes to Financial Statements (continued)

Year Ended December 31, 2022 and 2021

4. Fair value measurements (continued):

The assets in the preceding table were measured primarily using the market approach. Following is a description of the valuation methodologies used for assets measured at fair value:

Paragon Space Development Corporation common stock: Investments are valued on an annual basis by an independent valuation analyst using generally accepted valuation approaches and level 3 inputs. The appraisal was based on the income valuation technique as illustrated in the following table:

<i>Instrument</i>	<i>Principal Valuation Technique</i>	<i>Unobservable Inputs</i>
Paragon Space Development Corporation common stock	Income	Adjusted EBITDA Cash-free net working capital Weighted average cost of capital Long-term growth rate Discount rate Discount for lack of marketability

The valuation process involves the selection of an appraiser under an annual contract. Plan management accumulated the data for the appraiser from historical financial information of the Company. The appraiser prepares a preliminary report that the ESOP Committee, along with the Trustee, reviews in detail, discusses, and approves.

Interest-bearing cash: Consists of a bank deposit account that generates interest income. The carrying value of interest-bearing cash is its fair value.

Pooled separate accounts: These accounts' assets are invested and reinvested primarily in mutual funds. Investments are valued using pricing data provided by outside valuation service providers. The value is based on the quoted price of the underlying mutual fund which is then adjusted to apply an expense factor. The value of the accounts' units is determined daily.

The preceding methods 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 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.

Paragon Space Development Corporation Employee Stock Ownership and 401(K) Plan

Notes to Financial Statements (continued)

Year Ended December 31, 2022 and 2021

5. Investments:

Certain information related to participant directed investments in the accompanying financial statements and supplemental schedules, including investments held at December 31, 2022 and 2021, and net appreciation (depreciation) in fair value of investments and dividends for the year ended December 31, 2022 and 2021, was obtained or derived from information supplied to the Plan Administrator and certified as complete and accurate by Empower Annuity Insurance Company of America (2022) and Great-West Life & Annuity Insurance Company (2021), the insurance companies.

6. Related party and party in interest transactions:

Participant directed plan investments are managed by Empower Retirement, LLC (Empower). The Plan paid expenses to Empower during 2022 and 2021, related to plan administration and investment activity. These transactions qualify as exempt party in interest transactions under ERISA.

Expenses that are paid directly by the Sponsor are excluded from these financial statements. Employees of the Sponsor perform certain accounting and administrative functions for the Plan. However, no employee receives compensation from the Plan.

7. Plan termination:

Although it has not expressed any intent to do so, the Sponsor has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become 100% vested in their accounts and the Trustee will be directed to pay all liabilities and expenses of the ESOP and to sell shares of financed common stock held as collateral to the extent it determines such sale to be necessary in order to repay the loan. Upon such termination, the interest of each participant will be distributed to them or their beneficiary at the time prescribed by the Plan terms and applicable regulations.

Paragon Space Development Corporation Employee Stock Ownership and 401(K) Plan

Notes to Financial Statements (continued)

Year Ended December 31, 2022 and 2021

8. Reconciliation of financial statements to Form 5500:

The following is a reconciliation of investment and other income per the financial statements to the Form 5500 for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Per the financial statements:		
Net appreciation (depreciation) in fair value of investments (participant directed)	\$ (2,437,051)	\$ 963,115
Dividends (participant directed)	602,028	506,701
Dividends (nonparticipant directed)	-	24,144
Return of shares adjustment (nonparticipant directed)	<u>-</u>	<u>1,135,808</u>
	<u>\$ (1,835,023)</u>	<u>\$ 2,629,768</u>
Per the Form 5500:		
Interest: interest-bearing cash	\$ 4	\$ 64
Interest: other	-	1,166
Dividends: registered investment company shares	1,254	24,080
Net investment loss from pooled separate accounts	(1,047,878)	-
Net investment loss from registered investment companies	(788,198)	1,469,816
Other income	(201)	1,134,642
Rounding	<u>(4)</u>	<u>-</u>
	<u>\$ (1,835,023)</u>	<u>\$ 2,629,768</u>

In addition, the financial statements present the stock receivable from the Company separate from the common stock held in the Company. The 5500 includes both amounts as employer securities.

9. Risks and uncertainties:

The Plan invests in various investment securities that are exposed to risks such as interest rate, market, and credit risks. The Plan also invests in the common stock of a single entity, and as a result, will be exposed to risks such as interest rate, market conditions, 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 certain investment securities and to uncertainties inherent in estimates and assumptions used to value common stock, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

Paragon Space Development Corporation Employee Stock Ownership and 401(K) Plan

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

EIN: 86-0734347 PLAN #002

December 31, 2022

a)	b) Identity of issue, borrower, lessor or similar party	c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	d) Cost	e) Current value
		Interest-bearing cash	<u>\$ 37,037</u>	<u>\$ 37,037</u>
*	Paragon Space Development Corporation	Receivable, common stock, 168,396 shares, no par value	<u>\$ 1,134,642</u>	<u>\$ 1,192,243</u>
*	Paragon Space Development Corporation	Common stock, 453,571 shares, no par value	<u>\$ 1,598,486</u>	<u>\$ 3,211,281</u>
*	Empower Annuity Insurance Company of America	Pooled separate accounts (participant directed):		
		ALLSPRING SPECIAL SMALL CAP VALUE R6		\$ 180,262
		AMERICAN FUNDS 2015 TRGT DATE RETIRE R6		45,406
		AMERICAN FUNDS 2020 TRGT DATE RETIRE R6		182,136
		AMERICAN FUNDS 2025 TRGT DATE RETIRE R6		366,517
		AMERICAN FUNDS 2030 TRGT DATE RETIRE R6		498,690
		AMERICAN FUNDS 2035 TRGT DATE RETIRE R6		888,303
		AMERICAN FUNDS 2040 TRGT DATE RETIRE R6		338,944
		AMERICAN FUNDS 2045 TRGT DATE RETIRE R6		696,750
		AMERICAN FUNDS 2050 TRGT DATE RETIRE R6		737,130
		AMERICAN FUNDS 2055 TRGT DATE RETIRE R6		1,150,413
		AMERICAN FUNDS 2060 TRGT DATE RETIRE R6		205,162
		AMERICAN FUNDS AMCAP R6		486,005
		AMERICAN FUNDS CAPITAL INCOME BLDR R6		167,531
		DFA EMERGING MARKETS CORE EQUITY I		323,601
		EATON VANCE ATLANTA CAPITAL SMID-CAP R6		636,925
		INVESTCO BALANCED-RISK COMMODITY STRAT R6S3311B		144,308
		INVESTCO DIVERSIFIED DIVIDEND R6		558,078
		ISHARES US AGGREGATE BOND INDEX K		211,632
		JPMORGAN US GOVERNMENT MMKT INSTL		669,872
		MFS GOVERNMENT SECURITIES R6		78,742
		NEUBERGER BERMAN SUSTAINABLE EQ R6		258,765
		PIMCO HIGH YIELD INSTL		180,981
		PIMCO TOTAL RETURN INSTL		13,759
		VANGUARD 500 INDEX ADMIRAL		1,288,841
		VANGUARD MID CAP INDEX ADMIRAL		316,872
		VANGUARD SMALL CAP INDEX ADM		986,126
		VANGUARD TOTAL INTL STOCK INDEX ADMIRAL		<u>532,980</u>
				<u>\$ 12,144,731</u>
		Interest at 4.25% to 7.25%, collateralized by vested account balances.	<u>\$ 0</u>	<u>\$ 199,868</u>

* Participant loans

* Represents a party in interest

Paragon Space Development Corporation Employee Stock Ownership and 401(K) Plan

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

EIN: 86-0734347 PLAN #002

December 31, 2021

a)	b) Identity of issue, borrower, lessor or similar party	c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	d) Cost	e) Current value
		Interest-bearing cash	<u>\$ 19,496</u>	<u>\$ 19,496</u>
*	Paragon Space Development Corporation	Receivable, common stock, 168,396 shares, no par value	<u>\$ 1,134,642</u>	<u>\$ 1,134,642</u>
*	Paragon Space Development Corporation	Common stock, 453,571 shares, no par value	<u>\$ 1,598,486</u>	<u>\$ 3,076,073</u>
*	Great-West Life and Annuity Company	Pooled separate accounts (participant directed):		
		ALLSPRING SPECIAL SMALL CAP VALUE R6		\$ 179,707
		AMERICAN FUNDS 2010 TRGT DATE RETIRE R6		16,148
		AMERICAN FUNDS 2015 TRGT DATE RETIRE R6		29,454
		AMERICAN FUNDS 2020 TRGT DATE RETIRE R6		68,573
		AMERICAN FUNDS 2025 TRGT DATE RETIRE R6		322,079
		AMERICAN FUNDS 2030 TRGT DATE RETIRE R6		263,510
		AMERICAN FUNDS 2035 TRGT DATE RETIRE R6		877,802
		AMERICAN FUNDS 2040 TRGT DATE RETIRE R6		215,423
		AMERICAN FUNDS 2045 TRGT DATE RETIRE R6		599,520
		AMERICAN FUNDS 2050 TRGT DATE RETIRE R6		414,856
		AMERICAN FUNDS 2055 TRGT DATE RETIRE R6		1,107,167
		AMERICAN FUNDS 2060 TRGT DATE RETIRE R6		137,699
		AMERICAN FUNDS AMCAP R6		675,192
		AMERICAN FUNDS CAPITAL INCOME BLDR R6		158,779
		DFA EMERGING MARKETS CORE EQUITY I		355,331
		EATON VANCE ATLANTA CAPITAL SMID-CAP R6		746,381
		INVESCO BALANCED-RISK COMMODITY STRAT R6S3311B		120,268
		INVESCO DIVERSIFIED DIVIDEND R6		509,688
		ISHARES US AGGREGATE BOND INDEX K		259,496
		JPMORGAN US GOVERNMENT MMKT INSTL		326,018
		MFS GOVERNMENT SECURITIES R6		75,726
		NEUBERGER BERMAN SUSTAINABLE EQ R6		241,651
		PIMCO HIGH YIELD INSTL		180,597
		PIMCO TOTAL RETURN INSTL		105,691
		VANGUARD 500 INDEX ADMIRAL		1,448,015
		VANGUARD MID CAP INDEX ADMIRAL		344,026
		VANGUARD SMALL CAP INDEX ADM		1,095,850
		VANGUARD TOTAL INTL STOCK INDEX ADMIRAL		<u>560,614</u>
				<u>\$ 11,435,261</u>
*	Participant loans	Interest at 4.25% to 5.75% collateralized by vested account balances	<u>\$ 0</u>	<u>\$ 71,961</u>

* Represents a party in interest

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection.
For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021		
A Name of plan PARAGON SPACE DEVELOPMENT CORPORATION EMPLOYEE STOCK OWNERSHIP AND 401(K) PLAN		B Three-digit plan number (PN) ► 002
C Plan sponsor's name as shown on line 2a of Form 5500 PARAGON SPACE DEVELOPMENT CORPORATION		D Employer Identification Number (EIN) 86-0734347
Part I	Distributions	
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
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): 04-6748530 86-0734347		
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
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.)	
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	
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.	
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 contributed more than 5% of total contributions to the plan during the plan year (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: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....

14a

b The plan year immediately preceding the current plan year. ☐ 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. ☐ 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) through (c)

a Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

- 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 _____

[illegible]