

MESTEK, INC.

260 North Elm Street
Westfield MA 01085
413-568-9571
www.mestek.com
InvestorRelations@Mestek.com

SIC Code: 3434

QUARTERLY REPORT

For the period ending **September 30, 2024** (the “Reporting Period”)

OUTSTANDING SHARES

The number of shares outstanding of our Common Stock was:

7,545,858 as of September 30, 2024

7,545,858 as of December 31, 2023

SHELL STATUS

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company’s shell status has changed since the previous reporting period:

Yes: No:

Change in Control

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: No:

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

Mestek, Inc.

Current State and Date of Incorporation or Registration Pennsylvania, 11/21/1898

Standing in this Jurisdiction: Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

None

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

The address(es) of the issuer's principal executive office:

260 North Elm St, Westfield MA 01085

The address(es) of the issuer's principal place of business:

Principal executive office and principal place of business are the same address.

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: Yes: Please provide additional details below:

2) Security Information

Transfer Agent

Name: Computershare Investor Services
Phone: 781-575-2000
Email: www.computershare.com/investor
Street Address: 150 Royall St., Canton MA 02021
Mailing Address: PO Box 43023 Providence RI 02940-3023

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	<u>MCKK</u>
Exact title and class of securities outstanding:	<u>Common shares</u>
CUSIP:	<u>590829305</u>
Par or stated value:	<u>\$0.05</u>
Total shares authorized:	<u>20,000,000</u> as of date: <u>6/30/24</u>
Total shares outstanding:	<u>7,545,858</u> as of date: <u>6/30/24</u>
Total number of shareholders of record:	<u>182</u> as of date: <u>6/30/24</u>

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

The Company has one class of common stock with one vote per share.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

The Company has no preferred stock.

3. Describe any other material rights of common or preferred stockholders.

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

3) **Issuance History**

A. Changes to the Number of Outstanding Shares

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: Yes: (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date <u>12-31-21</u> Common: <u>7,578,568</u> Preferred: <u>0</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance ?	Individual/ Entity Shares were issued to.	Reason for share issuance (e.g. for cash or debt conversion) - OR - Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>10/25/22</u>	<u>Treasury share purchase</u>	<u>(7,484)</u>	<u>Common</u>	<u>\$39.50</u>	<u>Yes, ISO</u>	<u>Mgmt.</u>	<u>ISO Exercise</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>05/17/23</u>	<u>Treasury share purchase</u>	<u>(2,542)</u>	<u>common</u>	<u>\$39.50</u>	<u>Yes ISO</u>	<u>Mgmt.</u>	<u>ISO exercise</u>	<u>unrestricted</u>	<u>Rule 144</u>
<u>07/25/23</u>	<u>Treasury share purchase</u>	<u>(6,684)</u>	<u>common</u>	<u>\$39.50</u>	<u>Yes ISO</u>	<u>Mgmt.</u>	<u>ISO exercise</u>	<u>unrestricted</u>	<u>Rule 144</u>
<u>09/13/23</u>	<u>Treasury share purchase</u>	<u>(6,000)</u>	<u>common</u>	<u>\$39.50</u>	<u>Yes ISO</u>	<u>Mgmt.</u>	<u>ISO exercise</u>	<u>unrestricted</u>	<u>Rule 144</u>
<u>11/03/23</u>	<u>Treasury share purchase</u>	<u>(10,000)</u>	<u>common</u>	<u>\$39.50</u>	<u>Yes ISO</u>	<u>Mgmt.</u>	<u>ISO exercise</u>	<u>unrestricted</u>	<u>Rule 144</u>
Shares Outstanding on Date of This Report: <u>Ending Balance:</u> Date <u>9/30/2024</u> Common: <u>7,545,858</u> Preferred: <u>0</u>									

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer’s equity securities:

No: Yes: (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. *You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

Use the space below to provide any additional details, including footnotes to the table above:

N/A

4) Issuer’s Business, Products and Services

The purpose of this section is to provide a clear description of the issuer’s current operations. (Please ensure that these descriptions are updated on the Company’s Profile on www.otcmarkets.com).

A. Summarize the issuer’s business operations (If the issuer does not have current operations, state “no operations”)

Manufacturer of Heating, Ventilating and Air Conditioning equipment, Metal Forming Equipment, and Skylights

B. List any subsidiaries, parent company, or affiliated companies.

See Exhibit A at the End of this report.

C. Describe the issuers’ principal products or services.

The Company manufactures its HVAC equipment and metal forming equipment at twelve factory locations and sells through established distributor, dealer, and manufacturer’s representative channels, primarily in the United States and Canada.

5) Issuer’s Facilities

See Exhibit A at the End of this report.

6) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more that 5% of any class of the issuers securities, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
<u>Stewart B. Reed</u>	<u>Chairman of the Board and CEO</u>	<u>Westfield, MA</u>	<u>5,458,476</u>	<u>Com</u>	<u>71.95%</u>	
<u>J. Nicholas Filler</u>	<u>Vice Chairman of the Board</u>	<u>Isle Le Haut, ME</u>	<u>0</u>	<u>Com</u>		
<u>Daniel P. Boyle</u>	<u>Director</u>	<u>Longmeadow, MA</u>	<u>413,508</u>	<u>Com</u>	<u>5.45%</u>	
<u>Christopher Chivetta</u>	<u>Director</u>	<u>St Louis, MO</u>	<u>0</u>	<u>Com</u>		
<u>David M. Kelly</u>	<u>Director</u>	<u>Vero Beach, FL</u>	<u>16,676</u>	<u>Com</u>	<u>0.22%</u>	
<u>R B Dewey</u>	<u>President</u>	<u>Westfield, MA</u>	<u>14,532</u>	<u>Com</u>	<u>0.19%</u>	
<u>Stephen Shea</u>	<u>Executive Vice President and CFO</u>	<u>Northfield, MA</u>	<u>86,801</u>	<u>Com</u>	<u>1.14%</u>	
<u>Timothy D. Markel</u>	<u>Executive Vice President and President DPRCG</u>	<u>Southwick, MA</u>	<u>15,026</u>	<u>Com</u>	<u>0.20%</u>	N/A
<u>Mark C. Harrington</u>	<u>Executive Vice President Engineering</u>	<u>Westfield, MA</u>	<u>10,026</u>	<u>Com</u>	<u>0.13%</u>	N/A
<u>Steven Olearcek</u>	<u>Sr Vice President, General Counsel & Secretary</u>	<u>Somers, CT</u>	<u>5,013</u>	<u>Com</u>	<u>0.07%</u>	N/A
<u>Joanne F. Berwald</u>	<u>Sr Vice President</u>	<u>West Springfield, MA</u>	<u>0</u>	<u>Com</u>		N/A
<u>James Boland</u>	<u>Sr Vice President</u>	<u>Feeding Hills, MA</u>	<u>5,013</u>	<u>Com</u>	<u>0.07%</u>	N/A
<u>Robert S. Dietz</u>	<u>Sr Vice President</u>	<u>Northampton, MA</u>	<u>0</u>	<u>Com</u>		N/A
<u>Brian Hannigan</u>	<u>Sr Vice President</u>	<u>Blandford, MA</u>	<u>0</u>	<u>Com</u>		N/A
<u>Kenneth M. Longo</u>	<u>Sr Vice President</u>	<u>Granby, MA</u>	<u>0</u>	<u>Com</u>		N/A
<u>Robert Flanagan</u>	<u>Vice President</u>		<u>0</u>	<u>Com</u>		N/A
<u>Emerson W. Hobgood</u>	<u>Sr. Vice President</u>	<u>Greenville, NC</u>	<u>0</u>	<u>Com</u>		N/A

<u>Jeanne Moriarty</u>	<u>Vice President</u>	<u>Southwick, MA</u>	<u>0</u>	<u>Com</u>		N/A
<u>Michael Nihill</u>	<u>Vice President</u>	<u>Westfield, MA</u>	<u>0</u>	<u>Com</u>		N/A
<u>Kevin O'Rourke</u>	<u>Vice President</u>		<u>0</u>	<u>Com</u>		N/A
<u>Charles L. Perry, Jr</u>	<u>Vice President</u>	<u>Oklahoma City, OK</u>	<u>0</u>	<u>Com</u>		N/A
<u>Kurt S. Shea</u>	<u>Vice President</u>	<u>Southwick, MA</u>	<u>0</u>	<u>Com</u>		N/A
<u>Timothy J. Zambelli</u>	<u>Vice President</u>	<u>Easthampton, MA</u>	<u>0</u>	<u>Com</u>		N/A

7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

None

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

None

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

None

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

None

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

None

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

See Note 8 of the Annual Report.

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Securities Counsel

Firm: Troutman Pepper Law
Address 1: 875 3rd St
Address 2: New York NY
Phone: 212-704-6052

Accountant or Auditor

Firm: RSM US
Address 1: 80 City Square
Address 2: Boston MA 02129
Phone: 617-902-9000

9) Disclosure & Financial Statements

- A. The following financial statements were prepared by (name of individual)²:

Name: Stephen M. Shea
Title: Executive Vice President-Finance, CFO
Relationship to Issuer: Principal Financial Officer

- B. The following financial statements were prepared in accordance with:

- IFRS
 U.S. GAAP

- C. The financial statements for this reporting period were prepared by (name of individual):

Name: Stephen M Shea
Title: Exec VP Finance
Relationship to Issuer: Principal Financial Officer

Describe the qualifications of the person or persons who prepared the financial statements:

Over 45 years of extensive experience in accounting, auditing, finance and financial reporting in a variety of roles.

Please see the 2023 Annual Report for complete, audited financial statements.

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Stewart B. Reed, certify that:

1. I have reviewed this 3rd Quarter, 2024 Disclosure Statement for Mestek, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 7, 2024

/s/STEWART B. REED

Principal Financial Officer:

I, Stephen M. Shea certify that:

1. I have reviewed this 3rd Quarter, 2024 Disclosure Statement for Mestek, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 7, 2024

/s/STEPHEN M. SHEA

Exhibit A - Mestek, Inc. Subsidiaries

Name	Location	Jurisdiction of Formation
Mestek, Inc. ⁽¹⁾⁽²⁾⁽⁴⁾	Westfield, MA	Pennsylvania
Advanced Thermal Hydronics, Inc. ⁽⁶⁾	New Berlinville, PA	Delaware
Airtherm, LLC ⁽⁶⁾	Westfield, MA	Delaware
Arrow Transport, LLC ⁽⁶⁾	Westfield, MA	Pennsylvania
AWV, LLC ⁽⁶⁾	Westfield, MA	Delaware
Boyertown Foundry Company ⁽¹⁾⁽²⁾⁽³⁾	New Berlinville, PA	Pennsylvania
Ductshop Machinery, LLC ⁽⁶⁾	Westfield, MA	Delaware
Linel, LLC ⁽¹⁾⁽²⁾	Westfield, MA	Delaware
Linel Properties, LLC ⁽⁶⁾	Westfield, MA	Delaware
Linel Transport, LLC ⁽⁶⁾	Westfield, MA	Delaware
Mestek Architectural Group LLC ⁽⁶⁾	Westfield, MA	Delaware
Mestek Canada, Inc ⁽¹⁾⁽²⁾⁽⁵⁾	Mississauga, Ontario	Canada
Transom Corporation ⁽¹⁾⁽²⁾⁽⁵⁾	Barrie, Ontario	Canada
Mestek Energy Park, LLC ⁽⁶⁾	Westfield, MA	Delaware
Mestek Europe, SA ⁽¹⁾⁽⁵⁾⁽⁶⁾	Villars Sur Glane	Switzerland
Mestek Machinery, Inc ⁽¹⁾⁽²⁾	Westfield, MA	Delaware
Formtek, Inc. ⁽¹⁾⁽²⁾	Westfield, MA	Ohio
Met-Coil Systems, LLC ⁽⁶⁾	Westfield, MA	Delaware
Mestek Securities Corporation ⁽⁶⁾	Westfield, MA	Massachusetts
Newport Industrial Fabrication, LLC ⁽¹⁾⁽²⁾⁽⁴⁾	Westfield, MA	Delaware
North Elm, LLC ⁽⁶⁾	Westfield, MA	Delaware
Ohio Independent Laboratories, LLC ⁽¹⁾	Westfield, MA	Delaware
Radiant Advantage Designs, LLC ⁽⁶⁾	Westfield, MA	Delaware
Westcast, Inc. ⁽¹⁾⁽³⁾	Westfield, MA	Massachusetts

All facilities are in good condition.

- (1) Office
- (2) Manufacturing
- (3) Owned
- (4) Leased by related party
- (5) Leased
- (6) These entities provide various support only to Mestek group and do not utilize physical offices.

MESTEK, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2024	December 31, 2023
(Dollars in thousands)		
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 24,143	\$ 54,820
Short-Term Investments	96,410	21,491
Accounts Receivable - less allowances of \$1,452 and \$1,481, respectively	61,845	51,999
Inventories - net	98,158	97,708
Property Held for Sale	2,327	2,327
Commodity Investments	122,227	97,059
Other Current Assets	<u>9,352</u>	<u>9,226</u>
Total Current Assets	414,462	334,630
Property and Equipment - net	41,905	43,222
Right-of-use Assets - net	14,481	16,635
Other Assets - net	13,953	14,291
Goodwill	<u>43,222</u>	<u>43,225</u>
Total Assets	<u>\$ 528,023</u>	<u>\$ 452,003</u>
LIABILITIES		
Current Liabilities		
Current Portion of Long Term Debt	\$ -	\$ 500
Accounts Payable	11,654	10,740
Accrued Payroll and Related Expenses	23,614	17,467
Customer Deposits and Deferred Revenue	31,860	28,082
Current Portion of Environmental Reserves	116	116
Current Portion of Operating Lease Obligations	5,667	5,846
Warranty Reserve	2,691	2,757
Other Accrued Liabilities	<u>20,811</u>	<u>16,426</u>
Total Current Liabilities	96,413	81,934
Environmental Reserves - long term	2,976	3,019
Operating Lease Obligations - long term	8,813	10,790
Deferred Tax Liabilities - net	1,452	1,449
Long-Term Debt, net of current portion	7,738	7,767
Other Liabilities	<u>4,123</u>	<u>4,116</u>
Total Liabilities	121,515	109,075
SHAREHOLDERS' EQUITY		
Common Stock, no par, stated value \$0.05 per share, 20,000,000 shares authorized, 8,473,288 shares issued	422	422
Paid in Capital	5,779	5,779
Retained Earnings	415,262	351,202
Treasury Shares, at cost (927,430 common shares)	(13,175)	(13,175)
Accumulated Other Comprehensive Loss	<u>(2,769)</u>	<u>(2,187)</u>
Total Mestek, Inc. Shareholders' Equity	405,519	342,041
Non-controlling Interest	<u>989</u>	<u>887</u>
Total Shareholders' Equity	<u>406,508</u>	<u>342,928</u>
Total Liabilities and Shareholders' Equity	<u>\$ 528,023</u>	<u>\$ 452,003</u>

MESTEK, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
	(Dollars and Shares in thousands, except Earnings per common share)			
Net Sales	\$ 101,833	\$ 108,983	\$ 291,524	\$ 313,283
Cost of Goods Sold	70,081	76,241	200,975	224,182
Gross Profit	31,752	32,742	90,549	89,101
Commodity Trading Income (Loss)	37,354	(3,318)	58,206	3,652
Operating Expenses:				
Selling Expense	11,050	11,229	32,759	32,606
General and Administrative Expense	5,798	5,831	17,570	17,850
Engineering Expense	4,787	4,562	13,827	13,533
Other Operating Expense	72	175	296	387
Total Operating Expenses	21,707	21,797	64,452	64,376
Operating Profit	47,399	7,627	84,303	28,377
Interest Income - net	1,308	747	3,237	1,170
Other (Expense) Income - net	(2)	61	(68)	47
Income Before Income Taxes	48,705	8,435	87,472	29,594
Provision for Income Taxes	12,581	2,522	23,309	8,647
Net Income	36,124	5,913	64,163	20,947
Less: Net Income - Non-controlling Interests	28	48	102	113
Net Income Attributable to Mestek, Inc.	\$ 36,096	\$ 5,865	\$ 64,061	\$ 20,834
Basic and Diluted Earnings Per Common Share	\$ 4.78	\$ 0.78	\$ 8.49	\$ 2.75
Basic and Diluted Weighted Average Shares Outstanding	7,546	7,560	7,546	7,568

MESTEK, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended September 30,
(Unaudited)

	2024	2023
	(Dollars in thousands)	
Cash Flows from Operating Activities:		
Net Income	\$ 64,163	\$ 20,947
Adjustments to Reconcile Net Income to Net Cash Provided by		
Operating Activities:		
Depreciation and Amortization of Intangibles	5,253	5,155
Operating Lease Amortization	4,411	4,232
Unrealized (Gain) Loss on Trading Securities	(25,813)	16,536
Change in Losses on Accounts Receivable, net of write offs and recoveries	(25)	(43)
Loss on Sale of Property and Equipment	85	112
Proceeds from Sale (Purchases) of Trading Securities, net	645	(14,907)
Change in Assets and Liabilities:		
Accounts Receivable	(9,956)	(622)
Inventories	(835)	(56)
Accounts Payable	938	(10,031)
Customer Deposits	3,779	3,413
Environmental Reserves	(43)	(58)
Operating Leases	(4,411)	(4,232)
Other Assets and Liabilities, net	9,790	5,491
Net Cash Provided by Operating Activities	<u>47,981</u>	<u>25,937</u>
Cash Flows from Investing Activities:		
Purchases of Short-Term Investments	(74,919)	(7,864)
Capital Expenditures	(3,764)	(3,232)
Proceeds from Sale of Fixed Assets	60	187
Net Cash Used in Investing Activities	<u>(78,623)</u>	<u>(10,909)</u>
Cash Flows from Financing Activities:		
Purchases of Treasury Stock	-	(615)
Dividend Paid on Minority Interest	-	(136)
Net Borrowings under Revolving Credit Agreements	(29)	(4,474)
Net Cash Used in Financing Activities	<u>(29)</u>	<u>(5,225)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(30,671)	9,803
Exchange Rate Effect on Cash and Cash Equivalents	(6)	(316)
Cash and Cash Equivalents - Beginning of Period	<u>54,820</u>	<u>17,913</u>
Cash and Cash Equivalents - End of Period	<u>\$ 24,143</u>	<u>\$ 27,400</u>

MESTEK, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

(Dollars in thousands)	Common Stock Shares Outstanding	Common Stock	Paid In Capital	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Loss	Non- Controlling Interests	Total
Balance - January 1, 2024	7,545,858	\$ 422	\$ 5,779	\$ 351,202	\$ (13,175)	\$ (2,187)	\$ 887	\$ 342,928
Net Income				9,819			69	9,888
Translation Adjustment						(815)		(815)
Balance - March 31, 2024	7,545,858	\$ 422	\$ 5,779	\$ 361,021	\$ (13,175)	\$ (3,002)	\$ 956	\$ 352,001
Net Income				18,145			5	18,150
Translation Adjustment						(477)		(477)
Balance - June 30, 2024	7,545,858	\$ 422	\$ 5,779	\$ 379,166	\$ (13,175)	\$ (3,479)	\$ 961	\$ 369,674
Net Income				36,096			28	36,124
Translation Adjustment						710		710
Balance - September 30, 2024	7,545,858	\$ 422	\$ 5,779	\$ 415,262	\$ (13,175)	\$ (2,769)	\$ 989	\$ 406,508

(Dollars in thousands)	Common Stock Shares Outstanding	Common Stock	Paid In Capital	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Loss	Non- Controlling Interests	Total
Balance - January 1, 2023	7,571,084	\$ 422	\$ 5,779	\$ 314,293	\$ (12,227)	\$ (2,649)	\$ 810	\$ 306,428
Net Income				9,131			68	9,199
Translation Adjustment						(320)		(320)
Balance - March 31, 2023	7,571,084	\$ 422	\$ 5,779	\$ 323,424	\$ (12,227)	\$ (2,969)	\$ 878	\$ 315,307
Net Income				5,839			(3)	5,836
Translation Adjustment						(46)		(46)
Purchases of Treasury Shares	(2,542)				(103)			(103)
Balance - June 30, 2023	7,568,542	\$ 422	\$ 5,779	\$ 329,263	\$ (12,330)	\$ (3,015)	\$ 875	\$ 320,994
Net Income				5,865			48	5,913
Translation Adjustment						(167)		(167)
Purchases of Treasury Shares	(12,684)				(512)			(512)
Dividend Paid on Minority Interest				(136)				(136)
Balance - September 30, 2023	7,555,858	\$ 422	\$ 5,779	\$ 334,992	\$ (12,842)	\$ (3,182)	\$ 923	\$ 326,092

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1. SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Mestek, Inc. and its subsidiaries (the “Company”) operate primarily in two manufacturing business segments: heating, ventilating, and air conditioning equipment (“HVAC”) including architectural products, and metal forming equipment. In addition, the Company operates a commodity trading business segment as more fully explained in Commodity Trading Segment below. The Company manufactures its HVAC equipment and metal forming equipment at twelve factory locations and sells through established distributor, dealer, and manufacturer’s representative channels, primarily in the United States and Canada.

Basis of Presentation

The Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiaries and certain partially owned entities over which it has a controlling financial interest. The Company manufactures products in two wholly-owned subsidiaries in Canada and one 85% owned subsidiary in Hebei Province, Peoples Republic of China, and also operates a 99% owned sales company based in Fribourg, Switzerland. All material inter-company accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The most significant estimates and assumptions relate to revenue recognition, realization of accounts receivable, inventory, goodwill, recoverability of intangible assets, warranty costs, product liability costs, environmental reserves, workers compensation claims reserves, health care claims reserves, post-retirement obligations, valuation of investments and commodities, recoverability of property held for sale, accounting for income taxes and the realization of deferred tax assets. Actual amounts could differ significantly from these estimates.

Revenue Recognition

The Company recognizes revenue in accordance with “Financial Accounting Standards Board (“FASB”) Accounting Standards codification (“ASC”) 606, Revenue from Contracts with Customers. Results for the nine months ended September 30, 2024 and 2023 are presented under ASC 606.

Cash Equivalents and Short-term Investments

The Company considers all highly liquid investments with a maturity of 90 days or less at the time of purchase to be cash equivalents. Cash equivalents include investments in an institutional money market fund, which invests in U.S. Treasury bills, notes and bonds, and/or repurchase agreements, backed by such obligations.

The Company classifies its investments depending on its intent and the nature of the investment. The Company’s short-term investments consist of certificates of deposit and treasury bills, with near term maturities of twelve months or less.

Commodity Trading Segment

The Company operates a commodity trading business through a brokerage account for speculative commodities purchases and related investments which is included in Commodity Trading Income in the accompanying consolidated financial statements. These investments carry market risk and are classified as trading and are recorded

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at their fair values using the specific identification method. The investments include actual physical quantities of precious metals maintained in the broker's name at financial institutions by an established commodities broker.

Accounts Receivable

Accounts and notes receivable are reduced by an allowance for amounts that may become uncollectible in the future. The accounts receivable allowance for uncollectible amounts is based primarily on management's analyses of accounts in the receivable portfolio and historical write-off experience. Recoveries of receivables previously written off are recorded when cash is received.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost of inventories is principally determined by the last-in, first-out ("LIFO") method. The Company provides an allowance for excess, obsolete, and damaged inventory based on historical usage.

Property and Equipment

Property and equipment are carried at cost. Depreciation and amortization are computed using the straight-line and accelerated methods over the estimated useful lives of the assets or, for leasehold improvements, the life of the lease, if shorter. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to operations as incurred; significant improvements are capitalized. Property is classified as held-for-sale when its carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable. Assets designated as held for sale are held at the lower of carrying amount or a designation of fair value less costs to sell. Depreciation is not charged against property held for sale.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the cost of a business acquired in a business combination over the fair value of the net assets acquired and liabilities assumed. The Company accounts for goodwill in accordance with FASB ASC 350-20, "Goodwill and Other Intangible Assets" ("ASC 350-20"). The Company does not amortize goodwill and intangible assets with indefinite useful lives, rather such assets are required to be tested for impairment at least annually or sooner whenever events or changes in circumstances indicate that the assets may be impaired. If the carrying amount of a reporting unit is less than its fair value, no impairment exists and no further action is required. If the carrying amount of a reporting unit exceeds its fair value, the Company will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value. The fair value of a reporting unit is determined using a guideline comparable company market approach. The Company did not recognize any impairment charges related to goodwill during the nine months ended September 30, 2024 and 2023.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable or that the useful lives of these assets are no longer appropriate. Triggering events that could indicate the carrying value of long-lived assets is not fully recoverable may include the loss of significant customers, adverse changes to volumes and/or profitability in specific markets and changes in the Company's business strategy that result in a significant reduction in cash flows generated in a specific operation. Management also performs an annual assessment of the useful lives of the contract rights and accelerates amortization, if necessary. If it is determined that the carrying value of the assets is not recoverable, the Company would write down the long-lived assets by the amount by which the carrying value exceeds fair value. With respect to all long lived assets, the Company determined there were no triggering events to test for impairment of long-lived assets during the nine months ended September 30, 2024 or 2023.

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Advertising Expense

Advertising costs are charged to operations as incurred. Such charges are included in Selling Expense in the accompanying consolidated statements of income.

Product Warranty

The Company provides warranties on certain products which range from one year to longer term warranties. The estimated cost of product warranties are included in the Warranty Reserve, determined primarily from historical information, at the time product revenue is recognized. Should actual product failure warranties differ from the Company's estimates, revisions to the estimated warranty liability would be recorded.

Research and Development Expense

Research and development expenses are charged to operations as incurred. Such charges are included in Engineering Expense in the accompanying consolidated statements of income.

Treasury Shares

Common stock held in the Company's treasury has been recorded at cost. If treasury stock is re-issued, proceeds in excess of cost are credited to paid-in-capital.

Earnings per Common Share

Basic earnings per share have been computed using the weighted average number of common shares outstanding. Common stock options of the Company, as more fully described in Note 7, were considered in the computation of diluted earnings per share, except when such effect would be anti-dilutive.

Currency Translation

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at exchange rates prevailing on the balance sheet dates. The Statements of Income are translated at weighted-average exchange rates in effect during the year. Adjustments resulting from the translation of financial statements are excluded from the determination of income and are recorded in Accumulated Other Comprehensive Loss as a separate component of Shareholders' Equity. Transaction gains and losses are included in other expense and were not material in either the nine months ended September 30, 2024 or 2023.

Other Comprehensive Income

In accordance with accounting standards, the Company is required to report in its financial statements, in addition to its net income, comprehensive income, which includes all changes in equity during a period from non-owner sources, including foreign currency translation adjustments.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets and liabilities are recorded net as long term. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date.

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Fair Value of Financial Instruments, Concentration of Credit and other Risk and Significant Customers

The Company maintains most of its cash in bank deposits, nearly all of which are not insured by the Federal Deposit Insurance Company. However, the Company does not believe it is exposed to any material risk of loss with respect to its cash deposits given the financial condition of its banking partners.

The Company also maintains cash in accounts outside of the United States. These amounts are not insured by the Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

The carrying values of cash, cash equivalents, brokerage accounts, investments, accounts receivable, accounts payable, accrued expenses and short-term bank debt approximate fair market value due to the short-term nature of these financial instruments. The carrying value of long-term debt approximates fair market value, which is based on quoted market prices or on rates available to the Company for debt with similar terms and maturities. Financial instruments that potentially subject the Company to concentrations of credit risk are principally accounts receivable. The Company's brokerage account, as noted above, subjects the Company to market risk. The Company also invests in United States and Canadian government securities which are reflected in the accompanying financial statements under Short-Term Investments.

The Company has no significant off-balance sheet or concentration of credit risk exposure such as foreign exchange contracts or option contracts. The Company maintains its cash and cash equivalents with established financial institutions. Certain cash in foreign institutions may be subject to temporary withdrawal restrictions. Concentration of credit risk with respect to accounts receivable is limited to certain customers to whom the Company makes substantial sales. To reduce its credit risk, the Company routinely assesses the financial strength of its customers. The Company maintains an allowance for potential credit losses but historically has not experienced any significant losses related to individual customers or groups of customers beyond what is provided for in the allowance. No individual customer accounted for more than 10% of revenues in the nine months ended September 30, 2024 or 2023. No individual customer accounted for more than 10% of the Company's accounts receivable at September 30, 2024 or 2023.

Fair Value Measurements

Accounting for *Fair Value Measurements* 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 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 Company has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the assets or liability; and
- 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.

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

The Company has investments in gold, and other precious metals that are Level 1 financial instruments and are recorded based upon listed gold and other precious metals prices. These are presented as investments in precious metals and are recorded in Commodity Investments in the accompanying consolidated balance sheets.

The Company has open trading contracts that are Level 1 financial instruments and are recorded based on the difference in market price of the underlying precious metal of the open trading contracts between the date when the contracts are entered and the balance sheet date. These are presented as positions in open contracts and are recorded in Commodity Investments in the accompanying consolidated balance sheets.

The Company had investments in US Treasury securities as of September 30, 2024 that are Level 1 financial instruments, which are recorded based on quoted market prices, and are included in Short-term Investments in the accompanying consolidated balance sheets.

Reclassifications

Certain amounts in the prior years' consolidated financial statements have been reclassified to conform to the current year's presentation without any change in net income or total assets.

Labor Force

Certain of the Company's personnel are represented by labor unions. The Company has contracts with each union which are generally renewed for 3- to 4-year terms. The concentration of employees under union contracts represented approximately 19% and 19% of the Company's workforce as of September 30, 2024 and December 31, 2023, respectively.

2. DEBT

Revolving Loan Agreement

On May 25, 2018, the Company entered into a new five year, \$60,000,000, committed, secured, multi-bank revolving loan and letter of credit facility (the "Facility"), led by Santander N.A, replacing a prior five-year credit agreement entered into on December 30, 2014. Prior to maturity on May 25, 2023 the Facility was extended by a Third Amendment on May 15, 2023 and was further amended on August 21, 2023 and December 14, 2023 as a result of which the Facility was reduced to \$50,000,000 and extended through August 21, 2028. Borrowings under the extended Facility bear interest, at the Company's election, at a floating rate based on the lenders' prime or base rate or, for short term borrowings, at a rate based upon the Secured Overnight Financing Rate (SOFR) which replaced Libor during the five-year term of the Facility. Borrowings outstanding under the Facility were \$0 and \$0, respectively as of September 30, 2024 and December 31, 2023.

The Facility contains affirmative and negative covenants typical of such financing transactions, and specific financial covenants which require the Company to maintain a minimum cash flow coverage ratio and a maximum cash flow leverage ratio. As of September 30, 2024 and December 31, 2023, the Company was in compliance with all of the financial covenants required under the Facility, except for the timely delivery of financial statements, which had no effect on the consolidated financial statements. The credit agreement relating to the Facility also contains restrictions regarding the creation of indebtedness, the occurrence of mergers or consolidations, the sale of subsidiary stock and the payment of dividends. The availability of borrowings under the loan agreement is reduced by outstanding letters of credit. Borrowing availability under the Facility was \$41,981,872 and \$41,837,000 as of September 30, 2024 and December 31, 2023, respectively.

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3. INCOME TAXES

The provision for income taxes for the nine-months ended September 30, 2024 and 2023 are estimated based on historical income tax expenses adjusted for changes in applicable statutory rates.

4. LEASES AND RELATED PARTY TRANSACTIONS

Leases are recorded under ASC 842, Leases, where the Company determines if an arrangement is a lease obligation at the inception of the contract. The Company enters into operating lease commitments primarily for its manufacturing and office space that expire on various dates over the next 5 years, some of which include one or more options to extend the lease for up to 5 years.

An analysis of the Company's lease population indicates that they qualify as operating leases. The Company's operating lease ROU assets and corresponding lease liabilities with contract terms greater than 12 months are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. In determining the present value of future lease payments, the Company utilizes the Company's expected long-term secured borrowing rate of 5%. In addition, the calculation may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The Company recognizes its operating lease expense for lease payments on a straight-line basis over the lease term which is included in General and Administrative Expense in the accompanying consolidated statements of income. Variable lease costs are not included in fixed lease payments and as a result, are excluded from the measurement of the ROU assets and lease liabilities. The Company expenses all variable lease costs as incurred, which were not material for the nine months ended September 30, 2024 or 2023.

Related Party Leases

The Company leases various manufacturing facilities and equipment from companies owned by certain officers and directors of the Company, either directly or indirectly, or through affiliates. The leases generally provide that the Company will bear the cost of property taxes and insurance. Rent expense for operating leases, including those with related parties, for the nine months ended September 30, 2024 was consistent with the rent expense for the year ended December 31, 2023, adjusted for inflation.

5. EMPLOYEE BENEFIT PLANS

The Company maintains a qualified non-contributory profit-sharing plan ("Profit-Sharing Plan") covering all eligible employees. The Company maintains a retirement savings plan ("Retirement Savings Plan") qualified under Internal Revenue Code Section 401(k) for employees covered under certain collective bargaining agreements

The Company maintains a separate qualified 401(k) plan ("401(k) Plan") for salaried employees not covered by a collective bargaining agreement who choose to participate.

6. COMMITMENTS AND CONTINGENCIES

Indemnifications

The Company is obligated under Indemnity Agreements ("Indemnity Agreements") executed on behalf of 18 of the Company's officers and directors. Under the terms of the Indemnity Agreements, the Company is contingently liable for costs which may be incurred by the officers and directors in connection with claims arising by reason of these individuals' roles as officers and directors of the Company.

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Contingencies

Letters of Credit

As of September 30, 2024, the Company had outstanding approximately, \$8.0M in standby letters of credit, including \$5.6M in connection with the TCE PI Trust, and \$2.4M issued principally in connection with its commercial insurance programs.

Insurance

The Company retains significant obligations under its commercial general liability insurance policies for product liability and other losses. For losses occurring in the policy years ending October 1, 2014 through October 1, 2024, the Company maintains commercial general liability insurance, retaining liability for the first \$2,000,000 per occurrence of commercial general liability claims (including products liability claims), subject to an agreed aggregate. In addition, the Company retains liability for the first \$250,000 per occurrence of workers compensation coverage, subject to an agreed aggregate. The Company records an accrual for estimated incurred but not recorded claims including health insurance, based on an analysis of claim history, claim lag periods and any current known claims.

Litigation

The Company is subject to several legal actions and proceedings in which various monetary claims are asserted. Management, after consultation with its corporate legal department and outside counsel, does not anticipate that any ultimate liability arising out of all such litigation and proceedings will have a material adverse effect on the financial condition of the Company except as set forth below.

Environmental Litigation and Remediation Reserves

The Company maintains an environmental reserve related to the settlement of litigation in 2004 connected with the Company's Lisle, IL manufacturing facility. The environmental reserve covers the Company's obligations to perform certain soil and ground water remediation procedures at the Lisle facility and the Company's related obligation to fund a trust (the "TCE PI Trust") established in connection with the settlement for the purpose of administering future personal injury claims relating to the Lisle facility.

These reserves have been established in accordance with FASB ASC 450, "Contingencies". They represent management's best estimate of these liabilities and are based upon known or anticipated claims estimated by various legal, scientific and economic experts. There is no assurance that these reserves will be adequate to meet all potential personal and property claims arising from the environmental contamination at the Lisle, IL site, however, claim activity has been lower to date than originally forecasted.

The Company has substantially completed the remediation of the Lisle, IL facility, pursuant to a work plan for the site and has received approval from the Illinois Environmental Protection Agency ("IEPA") of the ground water remedial standards to be achieved by the work plan, as well as the methodology for ground water remediation. Accordingly, the Company believes that future remediation costs at the site will be *de minimus*.

Annually the Company reviews the existing third-party claim and remediation cost estimates and determines based on actual claim data whether an updated analysis is necessary. Given the level of expenses to date the Company believes that the existing analysis remains appropriate as of September 30, 2024 and will revise its reserves in future periods as a result of actual activity.

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Other Claims Alleging Releases of Hazardous Materials or Asbestos Related Liability

As of September 30, 2024, the Company is a party to approximately 60 asbestos-related lawsuits, many in Texas where numerous asbestos-related actions have been filed against numerous defendants. The lawsuits previously pending against the Company in Illinois have all been resolved by plaintiffs' dismissals without payment.

Almost all of these suits seek to establish liability against the Company as successor to companies that may have manufactured, sold or distributed asbestos-related products, and who are currently in existence and defending thousands of asbestos related cases, or because the Company currently sells and distributes boilers, an industry that has been historically associated with asbestos-related products. The Company believes it has valid defenses to all of the pending claims and vigorously contests that it is a successor to companies that may have manufactured, sold or distributed any product containing asbestos materials. However, the results of asbestos litigation have been unpredictable, and accordingly, an adverse decision or adverse decisions in these cases, individually or in the aggregate, could materially adversely affect the financial position and results of operation of the Company and could expose the Company to substantial additional asbestos related litigation and the defense costs thereof, which defense costs, because of the sheer number of asbestos claimants and the historical course of the litigation process in this area has the potential to become substantial, though these costs are not capable of estimation at this time. The total requested damages of these cases are over \$3 billion.

To date this year the Company has had approximately 2 asbestos- related cases dismissed without any payment and has settled no asbestos-related case for a *de minimus* value. However, there can be no assurance the Company will be able to successfully defend or settle any pending litigation.

In addition to the Lisle, IL site, the Company has been named or contacted by state authorities and/or the IEPA regarding the Company's asserted liability or has otherwise determined it may be required to expend funds for the remediation of certain other sites in North Carolina, Connecticut and Pennsylvania.

The Company continues to investigate all of these matters. Given the information presently known, no estimation can be made of any liability which the Company may have with respect to these matters. There can be no assurance, but based on the information presently available, the Company does not believe that the outcome of any of these matters will be material to the Company's financial position or results of operations.

7. SHAREHOLDERS' EQUITY

Mestek has authorized common stock of 20,000,000 shares with no par value, and a stated value of \$0.05 per share. As of September 30, 2024, the Estate of John E. Reed, and Stewart B. Reed, Chairman and CEO of Mestek, together beneficially own a majority of the outstanding shares of Mestek's common stock.

8. STOCK OPTION PLAN

In 2011, the Company adopted a stock option plan (the "Plan") that provides for the granting of qualified (also known as incentive stock options) and nonqualified stock options to Company directors, officers, employees, and consultants. A total of 300,000 shares of the Company's common stock were issuable under the Plan. The qualified options vest after a five-year period.

As of September 30, 2024, there were no stock options outstanding and 127,000 shares remain available for future grants and/or the Plan.

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9. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through November 7, 2024, the date on which the financial statements issued and no additional disclosures or adjustments were required.