

Understanding Our ESOP



We're proud to be employee-owned !

Our company founder chose to transition 100% of the company's ownership to an Employee Stock Ownership Plan (ESOP) in 2023. Our ESOP is a long-term retirement savings benefit that holds stock in Sands Wall Systems. Employee accounts receive allocations of stock in personalized accounts after the end of each year they work with us. — starting with an extra contribution retroactively provided for 2022. The size of the ESOP benefit that employees enjoy is tied to the number of years you stay and the long-term performance of our company. Our ESOP brings advantages for both our company and our employees.

For Employees

Receive a benefit that you DO NOT pay for out of your pocket.

Share in the value that our business generates over time.

Grow long-term wealth through the quality work that each employee does every day.

For Our Company

Sustain our great team and company culture for many more years into the future.

Offer a unique retirement benefit that rewards valued employees for company success.

Stabilize future company ownership in a way that promotes healthy company growth in the future.

Steps to Building ESOP Rewards



*As employee owners,
we do not pay for the
stock in our ESOP
accounts.*

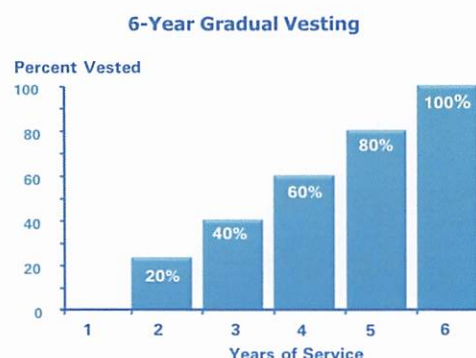
*The longer you stay,
the more years you
can receive
contributions and
growth in value.*

Below are steps to building value in our ESOP. As a participant, you receive an individual annual statement and our ESOP's Summary Plan Description (SPD). The ***italicized terms*** below will help you find the details on this step in your SPD.

1) Enter the plan. You don't have to take action or sign up for our ESOP, it is earned by working for Sands Wall Systems. Eligible employees join our ESOP when they meet the criteria for ***eligibility*** : 1) 12 months of service in which you worked at least 1,000 hours and 2) being at least 18 years old. Once you are eligible, you enter the plan on the January 1 before meeting both criteria. If had already met these criteria by 1/1/22, you became a participant on that day.

2) Earn contributions. Your share of company contributions is determined by our plan's ***allocation*** formula based on your annual compensation (W-2) as a percentage of total eligible compensation. Be aware that employees must work at least 1,000 hours in a calendar year and be an active employee on 12/31 to receive that year's allocation.

3) Become fully vested. Like most retirement benefits, our ESOP requires that you work a period of years to earn the right to take your value with you after you leave. You gradually earn ***vesting*** in your account over six years of Vested Service. Every year in which you work at least 1,000 hours after 1/1/22 counts as one year. You are credited with 1 additional year of Vested Service for every three years you worked for our company before 1/1/22.



4) Grow stock value.

Each year there is an independent appraisal of the Sands Wall Systems stock in the ESOP. Every employee's actions impact the long-term health of the business and whether the ***valuation*** of our ESOP stock grows over time.

5) Receive a distribution. As a participant, you will receive the fair market value of your account after you retire or otherwise leave employment. The specific timing and payment schedule of your distribution can be impacted by several factors, including: when you leave employment, your age and the dollar value of your ***distribution***.

Common Questions About Our ESOP

How does my account grow?

There are two ways your ESOP account grows: 1) annual company contributions to your ESOP account and 2) any increase in the value of the stock. It's worth noting the value of the stock can go up or down depending on our company's performance. Our company's value will only change one time a year.

Who watches over the ESOP?

Our ESOP stock is held in a trust fund. This means that employee owners are the beneficiaries of the ESOP trust. Our ESOP's independent trustee — First International Bank & Trust (FBIT) — is responsible for operating the ESOP solely for the benefit of participants, acting as the shareholder on routine matters and ensuring that a qualified appraiser establishes a fair value for the stock.



What happens to my ESOP benefits if I die?

Your account will be paid to your named beneficiary in the event of your death. You will be asked to fill out a beneficiary form for your account.

When can I receive the value of my account?

You receive the value after you leave employment. If you leave on or after Normal Retirement Age, you die, or you become permanently disabled, your active account becomes 100% vested and your distribution begins in the year after you retire or otherwise leave employment. Normal Retirement Age is defined as age 65 with at least 5 years in the ESOP, whichever is later. Participants who leave employment for any other reason will receive the vested portions of their account. If you leave before retirement, there could be a waiting period of up to the 6th year after you leave. Smaller amounts are paid in a lump sum; larger amounts in equal installments over five years.

Can I borrow from my ESOP account?

No, you cannot borrow from your ESOP account.

How is a 100% ESOP business managed?

Just like any other corporation, our strategic direction is set by our company's board of directors. Our company's executive management team is responsible for running the business and growing shareholder value. Each team member is responsible for doing his or her part to reach our business goals. It is these actions on the job that grow the long-term value of our ESOP benefit.

Is an ESOP taxable to employees?

Employees do not report or pay taxes on this benefit while it is held in the ESOP. Distributions from the plan are taxable similar to a 401(k). The taxes on ESOP distributions can be deferred if the proceeds are rolled over into a Traditional Individual Retirement Account (IRA) or another qualified plan.

Being Part of an ESOP Has Advantages!

Sands Wall Systems is part of a unique group of companies that share ownership with employees through an Employee Stock Ownership Plan (ESOP). About 6,500 U.S. companies have ESOPs. The facts below show how ESOP companies in general tend to be better in terms of performance, stability, and outcomes for employees.

Everyone's work matters. You and your co-workers have a stake in our company's long-term success. We all benefit from:



- Helping each other succeed
- Working safely
- Suggesting ideas that solve problems
- Thinking about the long-term effects of our actions
- Providing great customer service
- Conducting business with integrity
- Working efficiently
- Using our time wisely
- Sharing what's great about our company with others

More long-term wealth. Participants in U.S. companies with an ESOP are likely to have 2.5 times as much in retirement savings as employees in non-ESOP firms. This is probably because of the fact that an ESOP is often in addition to other wealth building like your savings in our 401(k).

Stable even in tough times. Employee owners are less likely to be laid off during an economic downturn and fared much better compared to workers at non-ESOP companies during the last two recessions. This is good for employees and good for local economies in which these companies operate.

Advantages well before retirement. Even for employees who are decades away from retirement, working for a company with an ESOP has advantages. A recent study found that workers between the ages of 28-34 at ESOP companies tended to enjoy higher income levels, better benefits, more job stability, and more wealth compared to workers at a non-ESOP business.