



PO Box 157
Maiden, NC 28650-0157
(828) 428-9911

February 3, 2026

Dear Shareholder:

We have completed the fourth quarter ending December 31, 2025.

Earnings for the quarter and YTD vs. the prior year are shown below.

	Q-4 2025	Q-4 2024	YTD 2025	YTD 2024
Net Income/(Loss)	\$ (83,733)	\$ (43,605)	\$ 641,538	\$ (137,064)

The comments below are based on the results for the full year of 2025.

- During 2025, we were successful in closing the sale of the remaining office/warehouse property in Maiden, NC which generated a gain of \$956,023. In addition to the sale proceeds, this transaction will reduce operating and capital expense in the future.
- Our investment/equity portfolio generated a gain of \$225,229 during 2025 compared to a gain of \$518,850 for 2024.
- A combination of increased revenue and cost reductions helped the Textile Division post a profit of \$85,866 in 2025 versus a loss of \$45,218 during 2024.
- Other income in 2024 benefitted from one-time Employee Retention Credits (COVID-19) refunds in the net amount of \$71,000. There were no such credits during 2025.

Included with this letter are summary financial statements as of December 31, 2025.

Thank you for your continued support.

A handwritten signature in black ink that reads "Bryan E. Beal".

Bryan E. Beal
President and CEO

CAROLINA MILLS, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS	12/31/2025	12/31/2024	LIABILITIES AND EQUITY	12/31/2025	12/31/2024
CURRENT ASSETS:					
Cash & marketable securities	\$ 5,406,948	\$ 4,634,240	Accounts Payable	7,872	46,223
Accounts receivable	76,108	52,299		<u>7,872</u>	<u>46,223</u>
Inventories	807,416	1,058,050	Accrued expenses:		
Prepaid expenses	15,847	18,505	Wages	71,526	-
TOTAL CURRENT ASSETS	<u>6,306,319</u>	<u>5,763,094</u>	Retirement plans	349,680	349,680
NET PROPERTY & EQUIPMENT	<u>871</u>	<u>205,379</u>	Other	<u>11,726</u>	<u>11,726</u>
OTHER ASSETS				<u>432,932</u>	<u>361,406</u>
Investment in Trans Insight TopCo L.P.	8,500,000	8,500,000	TOTAL CURRENT LIABILITIES	<u>440,804</u>	<u>407,629</u>
Other long-term investments	120,000	120,000	Long-term retirement liability	1,524,036	1,655,183
	<u>8,620,000</u>	<u>8,620,000</u>	TOTAL LIABILITIES	<u>1,964,840</u>	<u>2,062,812</u>
TOTAL ASSETS	<u>\$ 14,927,190</u>	<u>\$ 14,588,473</u>	STOCKHOLDERS' EQUITY	<u>12,962,350</u>	<u>12,525,661</u>
			TOTAL LIABILITIES & EQUITY	<u>\$ 14,927,190</u>	<u>\$ 14,588,473</u>

CAROLINA MILLS, INC.
CONSOLIDATED INCOME STATEMENT

	Q-4 2025	Q-4 2024	Year-to date 2025	Year-to date 2024
SALES	\$ 207,164	\$ 230,891	\$ 1,304,091	\$ 1,211,987
COST OF SALES	150,540	155,402	960,174	925,672
GROSS PROFIT	\$ 56,624	\$ 75,489	\$ 343,917	\$ 286,315
OVERHEAD:				
Employee compensation & benefits	90,963	145,246	489,264	581,924
Long-term retirement benefits	47,636	46,927	190,887	187,675
Legal & professional	21,730	23,336	84,030	95,234
Commercial insurance	8,734	14,125	41,665	51,498
Depreciation	423	8,700	13,565	38,579
Other overhead expense	43,223	38,254	158,584	165,024
	212,709	276,588	977,995	1,119,934
OTHER INCOME (EXPENSES)				
Gain/(Loss) on securities portfolio	58,438	90,008	225,229	518,850
Gain on sale of assets	-	(2,501)	956,023	(2,501)
Other income	13,914	69,987	94,364	180,206
	72,352	157,494	1,275,616	696,555
INCOME (LOSS) BEFORE TAXES	(83,733)	(43,605)	641,538	(137,064)
INCOME TAX EXPENSE	-	-	-	-
NET INCOME (LOSS)	\$ (83,733)	\$ (43,605)	\$ 641,538	\$ (137,064)