

Anderson Automotive Enterprises, LLC and Subsidiaries

Consolidated Financial Statements
December 31, 2023

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Members
Anderson Automotive Enterprises, LLC and Subsidiaries

We have reviewed the accompanying consolidated financial statements of Anderson Automotive Enterprises, LLC and Subsidiaries, (the "Company"), which comprise the consolidated balance sheet as of December 31, 2023, and the related consolidated statements of operations and comprehensive income, changes in equity, and cash flow for the year then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements"). A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes 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.

Accountants' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Basis for Qualified Conclusion

As disclosed in Note A to these financial statements, accounting principles generally accepted in the United States of America require that all leases are accounted for in accordance with FASB ASC 842, Leases. Management has informed us that the Company's operating leases have been expensed with no resulting balance sheet impact, and that the effects of this departure from accounting principles generally accepted in the United States of America on the accompanying financial statements have not been determined.

Qualified Conclusion

Based on our reviews, except for the effect of the matter described in the Basis for Qualified Conclusion paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The accompanying supplementary information included on pages 21 through 32 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. We have not audited, reviewed, or compiled such information and accordingly do not express an opinion, a conclusion, nor provide any assurance on it.

A handwritten signature in black ink that reads "Koen & Miller, PC". The signature is fluid and cursive, with "Koen & Miller" on the top line and "PC" on the bottom line.

Corinth, Texas
June 24, 2024

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEET
 DECEMBER 31, 2023

ASSETS	2023
CURRENT ASSETS	
Cash and cash equivalents	\$ 72,496,726
Receivables, net	22,024,998
Receivables - related parties	160,193
Notes receivable - member	691,556
Inventory, net	176,951,778
Rental vehicles, net	9,284,144
Prepaid expenses	2,150,040
TOTAL CURRENT ASSETS	283,759,435
OTHER ASSETS	
Property and equipment, net of accumulated depreciation	22,025,100
Notes receivable - members, less current portion	2,214,337
Goodwill	282,933,880
Other noncurrent assets	1,587,839
TOTAL OTHER ASSETS	308,761,156
TOTAL ASSETS	\$ 592,520,591
LIABILITIES AND EQUITY	
CURRENT LIABILITIES	
Floor plan notes payable	\$ 68,571,459
Accounts payable	20,275,726
Accounts payable - related parties	10,061
Accrued expenses	19,899,692
Current portion of long-term debt	20,336,000
Current portion of notes payable- rental vehicles	1,720,134
Current portion of allowance for contract liabilities	5,828,131
Current portion of allowance for contingent charges	4,339,304
Notes payable - related parties	1,300,000
Notes payable - members	1,700,000
TOTAL CURRENT LIABILITIES	143,980,507
OTHER LIABILITIES	
Long-term debt, less current portion	169,504,705
Notes payable - rental vehicles, less current portion	2,548,757
Allowance for contract liabilities, less current portion	24,272,953
Allowance for contingent charges, less current portion	5,362,366
TOTAL OTHER LIABILITIES	201,688,781
TOTAL LIABILITIES	345,669,288
EQUITY	246,851,303
TOTAL LIABILITIES AND EQUITY	\$ 592,520,591

See accompanying notes and independent accountants' review report.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
 CONSOLIDATED STATEMENT OF OPERATIONS
 YEAR ENDED DECEMBER 31, 2023

	2023
REVENUE	
New vehicle	\$ 857,293,399
Used vehicle	529,495,586
Parts and service	215,192,133
Finance, insurance, warranty, net	<u>42,628,990</u>
TOTAL REVENUE	<u>1,644,610,108</u>
COST OF SALES	
New vehicle	770,631,990
Used vehicle	506,023,756
Parts and service	<u>100,392,155</u>
TOTAL COST OF SALES	<u>1,377,047,901</u>
GROSS PROFIT FROM SALES	<u>267,562,207</u>
EXPENSES	
Variable	49,009,535
Advertising	9,507,707
Floor plan interest	628,593
Personnel	63,221,931
Semi-fixed	29,740,558
Fixed	27,077,489
Management fees	21,650,988
Goodwill impairment	<u>8,500,000</u>
TOTAL EXPENSES	<u>209,336,801</u>
INCOME FROM OPERATIONS	<u>58,225,406</u>
OTHER INCOME (EXPENSE)	
Interest income	1,657,458
Interest expense	(8,953,775)
Other deductions	<u>23,173,270</u>
TOTAL OTHER INCOME (EXPENSE)	<u>15,876,953</u>
NET INCOME	<u>\$ 74,102,359</u>
Net income attributable to non-controlling interest	<u>\$ 8,666,921</u>
Net income to members	<u>\$ 65,435,438</u>

See accompanying notes and independent accountants' review report.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 YEAR ENDED DECEMBER 31, 2023

	Members' Capital	Non-Controlling Interest	Total
BALANCE, DECEMBER 31, 2022	\$ 157,289,215	\$ 49,079,098	\$ 206,368,313
Net income	65,435,438	8,666,921	74,102,359
Contributions	3,505,000	4,014,356	7,519,355
Distributions	(27,237,966)	(13,900,758)	(41,138,724)
BALANCE, DECEMBER 31, 2023	<u>\$ 198,991,687</u>	<u>\$ 47,859,617</u>	<u>\$ 246,851,303</u>

See accompanying notes and independent accountants' review report.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
 CONSOLIDATED STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 74,102,359
Adjustments to reconcile net income to net cash from operating activities:	
Depreciation	4,967,069
Change in allowance for contract liability	5,410,580
Change in allowance for contingent charges	1,763,590
Gain on disposal of property and equipment	(393,083)
Goodwill impairment	8,500,000
Change in operating assets and liabilities:	
Receivables	(12,454,241)
Receivables - related parties	(160,193)
Inventory	(105,110,439)
Prepaid expenses	(694,664)
Other noncurrent assets	(1,587,839)
Floor plan notes payable	50,115,287
Accounts payable	14,063,361
Accounts payable - affiliates	(5,949,450)
Accounts payable - related parties	10,061
Accrued expenses	9,027,884
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>41,610,282</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(25,660,054)
Proceeds from disposal of property and equipment	5,910,946
Issuance of notes receivable - members	(3,835,549)
Purchase of goodwill	(202,300,000)
NET CASH USED IN INVESTING ACTIVITIES	<u>(225,884,657)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from long-term debt	208,500,000
Principal payments on long-term debt	(18,659,295)
Principal payments on notes payable - rental vehicles	(3,552,919)
Proceeds from notes payable - related parties	1,300,000
Proceeds from notes payable - members	1,700,000
Contributions	7,519,355
Distributions	(40,209,068)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>156,598,073</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS, BEGINNING	<u>100,173,028</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 72,496,726</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the year for interest	\$ 9,422,935
Non-cash distributions	\$ (1,171,262)
Non-cash payments on notes receivable - members	\$ 929,656
Rental vehicles financed through notes payable	\$ 5,309,475

See accompanying notes and independent accountants' review report.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

Anderson Automotive Enterprises, LLC and Subsidiaries (the “Company”) is primarily engaged in retail sales of new and used automobiles, automotive parts, vehicle servicing and related finance, insurance, and service contracts.

Anderson Automotive Enterprises, LLC owns 100% of AAG 55, LLC and AAG 87, LLC, both holding companies. All dealership subsidiaries are majority owned by AAG 55, LLC and AAG 87, LLC.

The following entities are included within the consolidation:

- Anderson Automotive Enterprises, LLC, AAG 55, LLC and AAG 87, LLC, holding companies;
- AAG Asheville, LLC is a Nissan dealership located in Asheville, North Carolina;
- AAG Asheville Subie, LLC is a Subaru dealership located in Asheville, North Carolina;
- AAG Greer, LLC is a Nissan dealership located in Greer, South Carolina;
- AAG Raleigh, LLC is a Nissan dealership located in Raleigh, North Carolina;
- Anderson Asheville, LLC is a Toyota dealership located in Asheville, North Carolina;
- Anderson Charleston, LLC is a Toyota dealership located in Charleston, South Carolina;
- Anderson Columbia, LLC is a Toyota dealership located in Columbia, South Carolina;
- Anderson Easley, LLC is a Chevrolet dealership located in Easley, South Carolina;
- Anderson Greenville, LLC is a Honda dealership located in Greenville, South Carolina;
- Anderson Greenville AA, LLC is an Acura dealership located in Greenville, South Carolina;
- Anderson Greenville II, LLC was an Infinity dealership located in Greenville, South Carolina. This location was purchased and sold in 2023;
- Anderson Greenville ZZ, LLC was a Mazda dealership located in Greenville, South Carolina. This location was purchased and sold in 2023;
- Anderson Greer, LLC is a Buick, GMC and Cadillac dealership located in Greer, South Carolina;
- Anderson Greer GS, LLC is a Genesis dealership located in Greer, South Carolina;
- Anderson Greer HG, LLC is a Hyundai dealership located in Greer, South Carolina;
- Anderson Recon, LLC is a body and repair shop located in Greer, South Carolina;
- Cape Coral Motors, LLC is currently under development and is located in Cape Coral, Florida;

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

- East WH Ventures, LLC is a Kia dealership and is located in Greer, South Carolina;
- Fred Anderson Acquisition Company, LLC is a Toyota dealership located in Sanford, North Carolina;
- Fred Anderson Greer, LLC is a Toyota dealership located in Greer, South Carolina;
- Fred Anderson Raleigh, LLC is a Toyota dealership located in Raleigh, North Carolina;
- Glenwood Ventures, LLC is a Kia dealership located in Raleigh, North Carolina and;
- Laurens Venture, LLC is a Kia dealership located in Greenville, South Carolina.

Basis of Presentation

The accompanying consolidated financial statements (the “financial statements”) include the accounts of the entities listed previously. All significant intercompany balances and transactions as of and for the year ended December 31, 2023, have been eliminated in consolidation.

Variable Interest Entities

The Company has elected not to apply the variable interest guidance under Accounting Standards Codification (ASC) 810 to the entities under common control leasing arrangements, provided the conditions for the accounting alternative specified in ASC 810-10-15-17AD are met, which they are. Refer to Note L “Operating Lease Commitments” for additional information.

Franchise Agreements

The Company operates each new vehicle store under a franchise agreement with a vehicle manufacturer or distributor. The franchise agreements grant the franchised automotive store a non-exclusive right to sell the manufacturer’s or distributor’s brand of vehicles and offer related parts and service within a specified market area. These franchise agreements grant the stores the right to use the relevant manufacturer’s or distributor’s trademarks in connection with their operations, and they also impose numerous operational requirements and restrictions relating to inventory levels, working capital levels, the sales process, marketing and branding, showroom and service facilities, signage, personnel, changes in management, and monthly financial reporting, among other things. The contractual terms of the stores’ franchise agreements provide for various durations, ranging from one year to having no expiration date, and in certain cases, manufacturers have undertaken to renew such franchises upon expiration so long as the store is in compliance with the terms of the agreement.

Environmental, Health, and Safety Laws and Regulations

The Company operations involve the use, handling, storage, and contracting for recycling and/or disposal of materials such as motor oil and filters, transmission fluids, antifreeze, refrigerants, paints, thinners, batteries, cleaning products, lubricants, degreasing agents, tires, and fuel. Consequently, the business is subject to a complex variety of federal, state, and local requirements that regulate the environment and public health and safety.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purposes of financial statements presentation and reporting cash flows, all money market funds and highly liquid debt investments with maturities of three months or less when acquired are considered cash equivalents.

Contracts-in-transit are considered to be cash equivalents, as the contracts are normally purchased by a financial institution for face value within several business days.

Receivables

Receivables consist primarily of amounts due from other dealerships and vehicle auctions as a result of vehicle sales; amounts due from third parties for parts sold or services provided; and amounts due from manufacturers for incentives and warranty reimbursements. Receivables include commissions on aftermarket products. Receivables from the sale of vehicles are secured by the related vehicles. Receivables arising from the sale of parts and service are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date.

Accounts receivables are stated at their net realizable value. The carrying amount of receivables is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Generally, account balances with invoices dated over 90 days old are considered delinquent. An allowance for doubtful accounts has been established based on estimated future losses. No interest is charged on delinquent receivables.

Inventory

New vehicles are stated at cost using the last-in, first-out ("LIFO") method or at lower of cost or net realizable value. Used vehicles are stated at lower of cost or net realizable value, and parts and accessories are valued at current replacement cost, except for Fred Anderson Raleigh, LLC which uses the LIFO method for used vehicles and parts inventories.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred. Major renewals and betterments are capitalized. Depreciation is provided using a straight-line method over the estimated useful lives of the assets. The useful lives of property and equipment for purposes of computing depreciation are as follows:

Machinery and shop equipment	5 – 10 years
Service equipment	5 – 10 years
Furniture and fixtures	3 – 7 years
Company vehicles	5 years
Leasehold improvements	5 – 39 years

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the identifiable net assets acquired in connection with business acquisitions. Goodwill is not amortized but is tested for impairment annually and adjusted only when impaired. Goodwill is tested for impairment by assessing qualitative factors to determine whether it is more likely than not that the fair value of the dealership is less than its carrying amount. Fair value is measured primarily using market values. See Note G for any changes in Goodwill.

Manufacturer Incentives

The Company receives various incentives from manufacturers based on achieving certain objectives, such as specified sales volume targets, as well as other objectives, including maintaining standards of a particular vehicle brand, which may include but are not limited to facility image and design requirements, customer satisfaction survey results, and training standards, among others. These incentives are typically based upon units purchased or sold. These manufacturer incentives are recognized as a reduction of new vehicle cost of sales when earned, generally at the time the related vehicles are sold or upon attainment of the particular program goals, whichever is later.

Floor Plan Notes Payable

Floor plan facilities are due on demand but are generally paid within several business days after the related vehicles are sold in accordance with the contractual arrangements. Floor plan facilities are primarily collateralized by vehicle inventory and related receivables. Borrowings and repayments on floor plan notes payable for new and used vehicle inventory that does not have a controlling interest in the respective floor plan lender, has been classified as a net operating activity, on the consolidated statement of cash flow.

Revenue Recognition

Performance Obligations and Significant Judgments Related to Revenue Recognition

New Retail Vehicle and Used Retail Vehicle Sales

Revenue from the retail sale of a vehicle is recognized at a point in time, as all performance obligations are satisfied when a contract is signed by the customer, financing has been arranged or collectability is probable, and the control of the vehicle is transferred to the customer. The transaction price for a retail vehicle sale is specified in the contract with the customer and includes all cash and non-cash consideration. In a retail vehicle sale, customers often trade in their current vehicle. The trade-in is measured at its stand-alone selling price in the contract, utilizing various third-party pricing sources.

There are no other non-cash forms of consideration related to retail sales. All vehicle rebates are applied to the vehicle purchase price at the time of the sale and are therefore incorporated into the price of the contract at the time of the exchange. The return of new or used vehicles is not allowed, except where mandated by state law.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Parts and Service

Each automotive repair and maintenance service is a single performance obligation that includes both the parts and labor associated with the service. Payment for automotive service work is typically due upon completion of the service, which is generally completed within a short period of time from contract inception.

The transaction price for automotive repair and maintenance services is based on the parts used, the number of labor hours applied, and standardized hourly labor rates. Performance obligations are satisfied, control transferred, and revenue recognized over time for automotive repair and maintenance services because there is an asset with no alternative with an enforceable right to payment for performance completed to date.

The transaction price for wholesale and retail counter parts sales is determined at the time of sale based on the quantity and price of each product purchased. Payment is typically due at time of sale, or within a short period of time following the sale. Customers can return sales of the parts inventory up to 30 days after the sale. Most parts returns generally occur within one to two weeks from the time of sale and are not significant.

Finance, Insurance and Warranty Sales

Revenue from finance, insurance and warranty sales is recognized at the time of the sale of the related vehicle and is presented on the consolidated statement of operations net of charge-backs. As a part of the vehicle sale, financing can be arranged for customers in addition to a variety of add-ons, such as extended warranty service contracts. These products are inherently attached to the governing vehicle and performance of the obligation cannot be performed without the underlying sale of the vehicle. The Company acts as an agent in the sale of these contracts as the pricing is set by the third-party provider, and a commission is preset.

Advertising Costs

Advertising costs are expensed in the period in which they are incurred and amounted to \$14,484,759 for the year ended December 31, 2023. Advertising credits received from manufacturers for the year ended December 31, 2023 were \$4,977,052. These credits are reflected as a reduction in advertising costs.

Lease Commitments

On February 25, 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires lessees to recognize a liability associated with obligations to make payments under the terms of the arrangement in addition to a right-of-use asset representing the lessee's right to use, or control the use of, the given asset assumed under the lease. The standard became effective for nonpublic companies for years beginning after December 15, 2021. The Company has not adopted the new accounting standard and continues to account for its leases under the former guidance in ASC Section 840. The Company has not determined the effect of this departure.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Presentation of Certain Taxes

The Company collects various taxes from customers and remits expense amounts to applicable taxing authorities. The Company's accounting policy is to exclude these taxes from revenue and cost of sales.

Accounting for Income Taxes

All entities of the Company are to be treated as partnerships under the Internal Revenue Code and state provisions. Under those provisions, these entities do not pay federal or state corporate income taxes on their taxable income. Instead, the partners are liable for individual income taxes based on their respective partnership percentages of the entities' taxable income. For 2023, the Company elected to pay the Pass Through Entity Tax for North Carolina. These payments are reflected in the current year distributions. Other state taxes are taxed to the members on their individual income tax returns.

Consideration is given to the recognition and measurement of tax positions that meet a "more-likely-than-not" threshold. A tax position is a position taken in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax assets and liabilities. Tax positions include the Company's status as a pass- through entity. The recognition and measurement of tax positions taken for various jurisdictions consider the amounts and probabilities of outcomes that could be realized upon settlement using the facts, circumstances, and information available at the reporting date. The Company has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2023. The federal income tax returns for 2020, 2021, and 2022 are subject to examination by the IRS, generally three years after they were filed.

Fair Value Measurements

In certain circumstances, specific assets and liabilities may be required to be recognized at fair value. Fair value is an exit price, representing 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. The Company utilizes market data or assumption that market participants would use in pricing the asset or liability under a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value.

These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring entities to develop their own assumptions.

Use of Estimates

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

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified to conform with current-year presentation. These reclassifications had no effect on equity or net income.

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued guidance codified as Accounting Standard Codification Topic 326 ("ASC 326") which changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the company are subject to the guidance in ASC 326 were trade accounts receivables, amounts due from the sale of vehicles, and customer receivables. Non-SEC filers are required to adopt this standard for fiscal years beginning after December 15, 2022.

The Company adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new/enhanced disclosures only.

Evaluation of Subsequent Events

The Company has evaluated the effect subsequent events would have on the financial statements through June 24, 2024, which is the date the financial statements were available to be issued.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at December 31, 2023:

Cash in bank	\$ 29,792,197
Government short-term obligations	7,569,229
Contracts in transit	<u>35,135,300</u>
 TOTAL CASH AND CASH EQUIVALENTS	 <u>\$ 72,496,726</u>

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE C – RECEIVABLES

Receivables consisted of the following at December 31, 2023:

Vehicles	\$ 6,635,099
Customers	6,240,356
Factory	5,866,109
Warranty claims	1,280,870
Finance commissions	2,216,582
Employee	63,769
Allowance for uncollectible receivables	<u>(277,787)</u>
 TOTAL RECEIVABLES	 <u>\$ 22,024,998</u>

NOTE D – INVENTORY

Inventory consisted of the following at December 31, 2023:

Inventory valued at LIFO:

New vehicles	\$ 34,167,513
Used vehicles	6,082,259
Parts and accessories	1,044,987
LIFO reserve	<u>(4,285,676)</u>
 TOTAL INVENTORY VALUED AT LIFO	 <u>37,009,083</u>

Inventory at the lower of cost, net realizable value or replacement cost:

New vehicles	53,783,032
Used vehicles	44,234,125
Parts and accessories	7,730,693
Other inventory	<u>34,194,845</u>
 TOTAL INVENTORY, NET	 <u>\$ 176,951,778</u>

If the LIFO method had not been used in the accompanying financial statements for new vehicles, used vehicles, parts and accessories, inventories would have been \$181,237,454 as of December 31, 2023. Net income would have been \$74,198,342 for the year ended December 31, 2023.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 DECEMBER 31, 2023

NOTE E – RENTAL VEHICLES

The Company carries rental vehicles under a commercial open-end lease with a terminal rental adjustment clause (TRAC). The projected end-of-term value of the vehicle (TRAC value) is set at lease inception based on the anticipated usage of the vehicle. The TRAC vehicles must remain in service for a minimum of 120 days. At lease end, the units are purchased for the agreed upon TRAC value. The following is an analysis of the carrying amount of the leased cars:

Rental vehicles consist of the following at December 31, 2023:

Rental vehicles	\$ 10,082,675
Less: accumulated depreciation	<u>(798,531)</u>
TOTAL RENTAL VEHICLES	\$ 9,284,144

Depreciation expense relating to rental vehicles was \$1,240,573 for 2023.

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2023:

Machinery and shop equipment	\$ 11,199,563
Service equipment	2,046,376
Furniture and fixtures	20,979,233
Company vehicles	3,955,366
Leasehold improvements	1,894,549
Buildings	16,617
Land	<u>7,653,464</u>
TOTAL PROPERTY AND EQUIPMENT	47,745,168
Less: accumulated depreciation	<u>(25,720,068)</u>
TOTAL PROPERTY AND EQUIPMENT, NET	\$ 22,025,100

Depreciation expense relating to property and equipment was \$3,726,496 for 2023.

NOTE G – GOODWILL

The change in carrying amount of goodwill is as follows:

Balance – beginning of year	\$ 89,133,880
Goodwill purchased	202,300,000
Goodwill impairment	<u>(8,500,000)</u>
Balance – end of year	\$ 282,933,880

During the year ended December 31, 2023, a total of \$202,300,000 in Goodwill was purchased with the acquisition of 14 new dealerships. Subsequent to the purchase of two of the dealerships, based on further examination of current market conditions, it was determined that there was an \$8,500,000 impairment of Goodwill in 2023.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE H – LINE OF CREDIT

The Company has a line of credit with Comerica Bank and a group of other banks, not to exceed \$10,000,000, with an interest rate equal to the BSBY Rate plus the applicable margin. The line of credit agreement is secured by substantially all of the assets of the Company. At December 31, 2023, no money was borrowed against this line of credit.

NOTE I – NOTE PAYABLE - FLOOR PLAN

On April 1, 2022, the Company entered into a floor plan syndication agreement with Comerica Bank and a group of other banks on new, used and rental vehicle inventories. Floor plan agreements are secured by substantially all of the assets of the Company and bears interest at a rate equal to the SOFR rate plus the applicable margin. Maximum borrowings are \$145,000,000. At December 31, 2023, the Company had borrowed \$106,168,441 under the floor plan credit agreement with Comerica to finance new and used vehicle inventory. The Company has invested \$37,596,982 in the equity balance account which has been reflected as a reduction to the liability. The balance payable at December 31, 2023, was \$68,571,459.

The corresponding inventory balance is generally reduced by manufacturer incentives, while the related floorplan obligation is reflective of the gross cost of the vehicle. Vehicle floor plan payables will generally be higher than the inventory cost due to the timing of the sale of a vehicle and payment of the related liability. Vehicle floor plan facilities are due on demand and are generally paid within several business days after the related vehicles are sold. Vehicle floor plan facilities are primarily collateralized by vehicle inventories and related receivables.

NOTE J – NOTE PAYABLE - RENTAL VEHICLES

Notes payable - rental vehicles are financed through the manufacturer rental programs and consist of:

Payable in monthly installments of \$157,330 and matures in 2025. The notes are secured by the rental vehicles in TRAC program.	\$ <u>4,268,891</u>
Less: current portion	<u>(1,720,134)</u>
TOTAL LONG-TERM PORTION – RENTAL VEHICLES	\$ <u>2,548,757</u>

At December 31, 2023, future maturities notes payable - rental vehicles are as follows:

2024	\$ <u>1,720,134</u>
2025	<u>2,548,757</u>
TOTAL	\$ <u>4,268,891</u>

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE K – LONG-TERM NOTES

On April 25, 2023, the Company entered into a syndication agreement with Comerica Bank and a group of other banks for acquisition financing. This financing was used for the purchase of dealerships and is secured by substantially all of the assets of the Company. Interest rates are based on SOFR plus the applicable margin or base rate. At December 31, 2023, the balance payable was \$ 189,840,705.

Long-term notes payable consist of:

Comerica Bank:

Payable in quarterly installments of \$5,250,000 and matures in 2027.	\$ <u>189,840,705</u>
Less: current portion	<u>(20,336,000)</u>
TOTAL LONG-TERM PORTION – RENTAL VEHICLES	\$ <u>169,504,705</u>

At December 31, 2023, future maturities long-term notes payable are as follows:

2024	\$ 20,336,000
2025	20,336,000
2026	20,336,000
2027	<u>128,832,705</u>
TOTAL	\$ <u>189,840,705</u>

To mitigate interest rate volatility, the Company entered into an interest rate cap agreement with Comerica Bank for interest due on \$106,250,000 of the total note. Under this agreement, the Company will limit the amount of interest paid to 5% of \$30,000,000 and 6% of \$76,250,000, terminating on March 2, 2026, and October 1, 2026, respectively. Interest rate cap agreements provide the right to receive cash if the reference interest rate rises above the contractual rate. The premium paid for these interest cap agreements was \$547,000, which was the initial fair value of the instruments recorded in the Company's financial statements. The premium is being amortized over the term of the agreement which approximates fair value.

NOTE L – ACCRUED EXPENSES

Accrued expenses consisted of the following at December 31, 2023:

Payroll and bonuses	\$ 5,587,771
Interest	241,527
Taxes	2,303,787
Other	<u>11,766,607</u>
TOTAL ACCRUED EXPENSES	\$ <u>19,899,692</u>

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE M – OPERATING LEASE COMMITMENTS

The Company leases operating facilities from related parties. These leases require monthly rental payments of approximately \$917,000 and have multiple durations. In addition, one entity leases operating facilities from unrelated parties. These leases require monthly rental payments of approximately \$38,000 and expire in 2025.

The following is a schedule of the approximate future minimum lease payments required under non-cancellable operating leases having initial or remaining non-cancellable terms in excess of one year as of December 31, 2023:

2024	\$ 21,151,000
2025	21,362,000
2026	21,962,000
2027	22,582,000
2028	23,229,000
Thereafter	<u>318,232,000</u>
TOTAL	\$ 428,518,000

Rent expense paid to related parties under the above operating leases amounted to approximately \$17,175,000 for the year ended December 31, 2023. Total rent expense paid for the year ended December 31, 2023 amounted to approximately \$17,630,000.

NOTE N – RELATED PARTY TRANSACTIONS

The following is a summary of balances at December 31, 2023:

Receivables – related parties	\$ <u>160,193</u>
Notes receivable - member	\$ <u>2,905,893</u>
Notes payable – related parties	\$ <u>1,300,000</u>
Notes payable – members	\$ <u>1,700,000</u>
Management fees paid	\$ <u>21,625,625</u>
Car care VIP claims	\$ <u>116,569</u>

NOTE O – COMMITMENTS AND CONTINGENCIES

Legal Proceedings

The Company is involved in certain legal matters that they consider incidental to their business. In managements' opinion, none of these legal matters will have a material effect on the Company's financial position or the results of operations.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE O – COMMITMENTS AND CONTINGENCIES (Continued)

Contract Liabilities

The Company sells maintenance service contracts to customers to provide all the recommended services to a vehicle for the length of the contract. The Company defers revenue from these sales until the service has been performed or the contract has expired. The Company provides life-time oil changes, car washes, loaners, loyalty discounts, and nitrogen air to customers that perform all factory recommended services at the dealership. Also included in this contract is the ability to return the purchased vehicle for another vehicle of equal or greater value within three days of purchase. The Company defers revenue from new and used vehicle sales to cover the anticipated costs of the program.

Chargeback Liability

The Company sells customer installment contracts to financial institutions without recourse and sells extended warranties with recourse. Some buyers of the contracts and warranties retain portions of the commissions as reserves against early payoffs. These amounts are normally recorded on the consolidated balance sheet as finance commission receivable. As of December 31, 2023, substantially all of the recourse contracts have been collected by the financial institutions. The allowances for contingent charges at December 31, 2023 was \$9,701,670.

Other Matters

The Company's facilities are subject to federal, state, and local provisions regulating the discharge of materials into the environment. Compliance with these provisions has not had, nor does the Company expect such compliance to have, any material effect upon the capital expenditures, net income, financial condition, or competitive position of the Company. Management believes that its current practices and procedures for the control and disposition of such materials comply with the applicable federal and state requirements.

NOTE P – BUSINESS AND CREDIT CONCENTRATIONS

The Company purchases substantially all of their new vehicles and parts from the manufacturers at the prevailing prices charged by the automobile manufacturers to all franchised dealers. The Company's sales volume could be adversely impacted by the manufacturers' inability to supply them with an adequate supply of popular models or as a result of an unfavorable allocation of vehicles by the manufacturers. As a part of the Company's relationship with the manufacturers, they participate in various programs with regard to vehicle allocation, advertising, interest and other incentive programs. These programs are generally on a "turn-to-earn" basis, which rewards new vehicle volume, and are subject to change by the manufacturers at any time. In addition, the manufacturers' sales and service agreements contain provisions which generally limit, without consent of the manufacturers, changes in dealership management and ownership, dealership location, place certain financial restrictions including minimum net working capital, net cash, and net worth requirements, and provide for termination of the franchise agreement by the manufacturers in certain instances.

The Company sells to individuals and commercial businesses located primarily in North Carolina and South Carolina. Receivables arising from vehicle sales are secured by the related vehicles. Receivables arising from all other sales are unsecured open accounts. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of receivables and cash deposits in excess of federally insured limits. The Company's bank balances usually exceed federally insured limits.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE Q – DEFINED PROFIT-SHARING PLAN

The Company maintains a 401(k) Profit Sharing Plan. All employees who meet certain age and length of service requirements are eligible to participate in the plan. Employees may contribute up to the maximum dollar limit set forth by law. The Company may make discretionary, qualified non-elective and matching contributions without regard to current or accumulated profits. The Company's contributions for the year ended December 31, 2023 was \$1,204,019.

NOTE R – SUBSEQUENT EVENT

On May 23, 2024, the Company entered into an asset purchase agreement to sell two franchise dealerships in Easley and Greer, South Carolina. These dispositions will include a Chevrolet and Nissan franchise. Goodwill has been agreed upon in the amount of \$18,200,000 in total, divided equally between each dealership.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
 CONSOLIDATING BALANCE SHEETS
 DECEMBER 31, 2023

ASSETS	Anderson Automotive Enterprises, LLC	AAG 55, LLC	AAG 87, LLC	AAG Asheville, LLC	AAG Asheville Subie, LLC
CURRENT ASSETS					
Cash	2,217,848	3,176,687	4,693,147	1,279,103	2,505,686
Contracts in transit	-	-	-	1,312,579	940,748
Marketable securities	-	4,211,106	3,358,123	-	-
Receivables	1,331,263	-	-	828,281	902,284
Receivables - affiliates	(966,872)	-	-	42,468	402,673
Receivables - related parties	-	52,500	-	(13,554)	2,012
Notes receivable - member	-	-	-	-	263,950
Inventory, net	-	-	-	6,298,041	8,972,456
Rental vehicles, net	-	-	-	112,972	1,693,456
Prepaid expenses	-	72,692	122,440	38,845	101,920
TOTAL CURRENT ASSETS	2,582,239	7,512,985	8,173,710	9,898,735	15,785,185
OTHER ASSETS					
Property and equipment, net	-	-	-	358,349	287,468
Notes receivable - members, less current portion	-	-	-	-	942,034
Other noncurrent Assets	-	161,667	288,556	-	970,306
Investments	202,877,273	246,642,160	131,321,650	-	-
Goodwill	-	-	-	-	22,980,000
TOTAL OTHER ASSETS	202,877,273	246,803,827	131,610,206	358,349	25,179,808
TOTAL ASSETS	205,459,512	254,316,812	139,783,916	10,257,084	40,964,993
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Floor plan notes payable - non- trade	-	-	-	3,603,164	7,971,043
Accounts payable	4,104,698	492,533	779,428	547,495	700,743
Accounts payable - affiliate	2,380,000	-	-	-	-
Accounts payable - related parties	-	-	10,061	-	-
Accrued expenses	-	-	-	922,309	1,201,077
Current portion of long-term debt	-	8,086,000	12,250,000	-	-
Current portion of long-term debt - rental vehicles	-	-	-	-	-
Current portion of allowance for contract liabilities	-	-	-	707,370	420,743
Current portion of allowance for contingent charges	-	-	-	352,426	254,701
Notes payable - related parties	-	-	-	-	-
Notes payable - members	-	-	-	-	-
TOTAL CURRENT LIABILITIES	6,484,698	8,578,533	13,039,489	6,132,764	10,548,307
OTHER LIABILITIES					
Long-term debt, less current portion	-	63,942,205	105,562,500	-	-
Notes payable - rental vehicles, less current portion	-	-	-	-	-
Allowance for contract liabilities, less current portion	-	-	-	1,935,834	1,558,373
Allowance for contingent charges, less current portion	-	-	-	422,565	385,055
TOTAL OTHER LIABILITIES	-	63,942,205	105,562,500	2,358,399	1,943,428
TOTAL LIABILITIES	6,484,698	72,520,738	118,601,989	8,491,163	12,491,735
EQUITY	198,974,814	181,796,074	21,181,927	1,765,921	28,473,258
TOTAL LIABILITIES AND EQUITY	205,459,512	254,316,812	139,783,916	10,257,084	40,964,993

See accompanying notes and independent accountants' review report.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
 CONSOLIDATING BALANCE SHEETS
 DECEMBER 31, 2023

ASSETS	AAG Greer, LLC	AAG Raleigh, LLC	Anderson Asheville, LLC	Anderson Charleston, LLC	Anderson Columbia, LLC
CURRENT ASSETS					
Cash	315,326	1,157,380	957,278	1,193,837	564,527
Contracts in transit	623,729	1,009,537	3,449,299	3,787,455	-
Marketable securities	-	-	-	-	-
Receivables	504,820	585,304	1,507,187	2,050,882	994
Receivables - affiliates	90,908	112,283	21,374	(32,831)	51
Receivables - related parties	29,997	1,348	21,940	(27,818)	1,500
Notes receivable - member	-	-	-	-	-
Inventory, net	10,019,326	8,319,399	11,329,201	6,439,018	-
Rental vehicles, net	204,967	261,010	670,674	518,214	-
Prepaid expenses	41,081	51,936	117,717	95,542	-
TOTAL CURRENT ASSETS	11,830,154	11,498,197	18,074,670	14,024,299	567,072
OTHER ASSETS					
Property and equipment, net	487,923	1,100,875	915,303	456,515	-
Notes receivable - members, less current portion	-	-	-	-	-
Other noncurrent Assets	-	-	-	-	-
Investments	-	-	-	-	-
Goodwill	9,250,000	5,000,000	50,000,000	10,000,000	-
TOTAL OTHER ASSETS	9,737,923	6,100,875	50,915,303	10,456,515	-
TOTAL ASSETS	21,568,077	17,599,072	68,989,973	24,480,814	567,072
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Floor plan notes payable - non- trade	5,797,402	4,637,921	120,065	(1,259,814)	-
Accounts payable	631,327	535,061	689,904	1,155,954	267
Accounts payable - affiliate	5,575	-	-	-	-
Accounts payable - related parties	-	-	-	-	-
Accrued expenses	467,985	741,534	2,399,354	2,276,757	10,075
Current portion of long-term debt	-	-	-	-	-
Current portion of long-term debt - rental vehicles	-	-	170,400	132,084	-
Current portion of allowance for contract liabilities	18,140	547,069	1,003,973	839,976	-
Current portion of allowance for contingent charges	-	389,021	1,048,886	770,560	118,061
Notes payable - related parties	-	-	-	-	-
Notes payable - members	-	-	-	-	-
TOTAL CURRENT LIABILITIES	6,920,429	6,850,606	5,432,582	3,915,517	128,403
OTHER LIABILITIES					
Long-term debt, less current portion	-	-	-	-	-
Notes payable - rental vehicles, less current portion	-	-	500,274	386,130	-
Allowance for contract liabilities, less current portion	84,630	1,571,938	4,497,047	3,984,826	-
Allowance for contingent charges, less current portion	-	520,715	1,269,080	856,143	184,635
TOTAL OTHER LIABILITIES	84,630	2,092,653	6,266,401	5,227,099	184,635
TOTAL LIABILITIES	7,005,059	8,943,259	11,698,983	9,142,616	313,038
EQUITY	14,563,018	8,655,813	57,290,990	15,338,198	254,034
TOTAL LIABILITIES AND EQUITY	21,568,077	17,599,072	68,989,973	24,480,814	567,072

See accompanying notes and independent accountants' review report.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
 CONSOLIDATING BALANCE SHEETS
 DECEMBER 31, 2023

ASSETS	Anderson Easley, LLC	Anderson Greenville, LLC	Anderson Greenville AA, LLC	Anderson Greenville II, LLC	Anderson Greenville ZZ, LLC
CURRENT ASSETS					
Cash	728,822	(18,168)	(114,119)	17,731	(333,828)
Contracts in transit	1,458,398	3,041,025	1,267,408	-	-
Marketable securities	-	-	-	-	-
Receivables	878,421	1,946,222	681,860	358,353	491,561
Receivables - affiliates	41,709	-	-	-	-
Receivables - related parties	95,399	-	-	-	-
Notes receivable - member	-	-	-	-	-
Inventory, net	5,215,966	12,244,680	7,327,017	8,352	24,903
Rental vehicles, net	-	527,848	859,550	-	-
Prepaid expenses	25,663	90,603	357,130	17,175	3,688
TOTAL CURRENT ASSETS	8,444,378	17,832,210	10,378,846	401,611	186,324
OTHER ASSETS					
Property and equipment, net	395,114	1,528,676	373,884	-	-
Notes receivable - members, less current portion	-	-	-	-	-
Other noncurrent Assets	-	-	-	-	-
Investments	-	-	-	-	-
Goodwill	9,250,000	55,100,000	6,700,000	-	-
TOTAL OTHER ASSETS	9,645,114	56,628,676	7,073,884	-	-
TOTAL ASSETS	18,089,492	74,460,886	17,452,730	401,611	186,324
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Floor plan notes payable - non- trade	1,346,549	3,789,215	3,832,833	(340,658)	(805,752)
Accounts payable	957,843	1,648,993	483,854	62,149	72,243
Accounts payable - affiliate	-	14,753	-	-	-
Accounts payable - related parties	-	-	-	-	-
Accrued expenses	580,534	2,424,910	744,123	40,618	81,421
Current portion of long-term debt	-	-	-	-	-
Current portion of long-term debt - rental vehicles	-	97,932	910,920	-	-
Current portion of allowance for contract liabilities	-	104,806	3,894	-	-
Current portion of allowance for contingent charges	-	-	-	-	-
Notes payable - related parties	-	-	-	-	-
Notes payable - members	-	-	-	-	-
TOTAL CURRENT LIABILITIES	2,884,926	8,080,609	5,975,624	(237,891)	(652,088)
OTHER LIABILITIES					
Long-term debt, less current portion	-	-	-	-	-
Notes payable - rental vehicles, less current portion	-	429,916	-	-	-
Allowance for contract liabilities, less current portion	-	1,095,769	53,571	-	-
Allowance for contingent charges, less current portion	-	-	-	-	-
TOTAL OTHER LIABILITIES	-	1,525,685	53,571	-	-
TOTAL LIABILITIES	2,884,926	9,606,294	6,029,195	(237,891)	(652,088)
EQUITY	15,204,566	64,854,592	11,423,535	639,502	838,412
TOTAL LIABILITIES AND EQUITY	18,089,492	74,460,886	17,452,730	401,611	186,324

See accompanying notes and independent accountants' review report.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
 CONSOLIDATING BALANCE SHEETS
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ASSETS	Anderson Greer, LLC	Anderson Greer GS, LLC	Anderson Greer HG, LLC	Anderson Recon, LLC	Cape Coral Motors, LLC
CURRENT ASSETS					
Cash	591,224	645,429	543,244	356,852	55,220
Contracts in transit	2,770,428	746,792	1,976,755	-	-
Marketable securities	-	-	-	-	-
Receivables	2,395,987	300,331	683,962	-	-
Receivables - affiliates	-	593,830	117,399	(69,076)	-
Receivables - related parties	1,847	46,015	69,438	2,817	-
Notes receivable - member	-	-	-	-	-
Inventory, net	14,327,072	6,201,591	8,771,144	32,450	-
Rental vehicles, net	1,069,528	742,556	429,342	-	-
Prepaid expenses	74,202	18,775	16,099	28,733	-
TOTAL CURRENT ASSETS	21,230,288	9,295,319	12,607,383	351,776	55,220
OTHER ASSETS					
Property and equipment, net	1,512,658	661,625	1,188,103	84,549	7,670,081
Notes receivable - members, less current portion	-	-	-	-	-
Other noncurrent Assets	167,310	-	-	-	-
Investments	-	-	-	-	-
Goodwill	15,500,000	8,000,000	20,000,000	-	-
TOTAL OTHER ASSETS	17,179,968	8,661,625	21,188,103	84,549	7,670,081
TOTAL ASSETS	38,410,256	17,956,944	33,795,486	436,325	7,725,301
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Floor plan notes payable - non- trade	9,985,808	5,008,700	6,852,010	-	-
Accounts payable	2,115,426	426,607	623,538	-	-
Accounts payable - affiliate	9,000	-	-	-	-
Accounts payable - related parties	-	-	-	-	-
Accrued expenses	1,322,900	206,535	455,278	37,469	-
Current portion of long-term debt	-	-	-	-	-
Current portion of long-term debt - rental vehicles	-	-	-	-	-
Current portion of allowance for contract liabilities	-	3,578	29,794	-	-
Current portion of allowance for contingent charges	-	-	-	-	-
Notes payable - related parties	-	-	-	-	-
Notes payable - members	-	-	-	-	-
TOTAL CURRENT LIABILITIES	13,433,134	5,645,420	7,960,620	37,469	-
OTHER LIABILITIES					
Long-term debt, less current portion	-	-	-	-	-
Notes payable - rental vehicles, less current portion	-	-	-	-	-
Allowance for contract liabilities, less current portion	-	18,922	111,573	-	-
Allowance for contingent charges, less current portion	-	-	-	-	-
TOTAL OTHER LIABILITIES	-	18,922	111,573	-	-
TOTAL LIABILITIES	13,433,134	5,664,342	8,072,193	37,469	-
EQUITY	24,977,122	12,292,602	25,723,293	398,856	7,725,301
TOTAL LIABILITIES AND EQUITY	38,410,256	17,956,944	33,795,486	436,325	7,725,301

See accompanying notes and independent accountants' review report.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
 CONSOLIDATING BALANCE SHEETS
 DECEMBER 31, 2023

ASSETS	East WH Ventures, LLC	Fred Anderson Acquisition Company, LLC	Fred Anderson Greer, LLC	Fred Anderson Raleigh, LLC	Glenwood Ventures, LLC
CURRENT ASSETS					
Cash	1,901,893	1,108,737	1,234,357	3,149,605	474,869
Contracts in transit	377,398	2,167,058	3,202,488	3,377,254	2,233,447
Marketable securities	-	-	-	-	-
Receivables	258,471	753,837	1,090,957	2,817,291	1,202,429
Receivables - affiliates	178,162	18,884	754,205	550,282	208,949
Receivables - related parties	73,513	(25,044)	400	(3,292)	(25,908)
Notes receivable - member	-	-	-	427,606	-
Inventory, net	4,942,186	3,423,111	6,325,561	42,560,321	4,834,588
Rental vehicles, net	170,589	295,256	249,377	1,096,602	308,643
Prepaid expenses	29,290	22,502	43,105	741,867	23,038
TOTAL CURRENT ASSETS	7,931,502	7,764,341	12,900,450	54,717,536	9,260,055
OTHER ASSETS					
Property and equipment, net	351,156	737,219	1,193,757	1,893,019	212,813
Notes receivable - members, less current portion	-	-	-	1,272,303	-
Other noncurrent Assets	-	-	-	-	-
Investments	-	-	-	-	-
Goodwill	15,000,000	1,153,880	40,000,000	-	-
TOTAL OTHER ASSETS	15,351,156	1,891,099	41,193,757	3,165,322	212,813
TOTAL ASSETS	23,282,658	9,655,440	54,094,207	57,882,858	9,472,868
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Floor plan notes payable - non- trade	3,715,751	(156,459)	3,562,763	2,496,973	1,843,418
Accounts payable	125,338	576,503	738,949	1,888,801	397,250
Accounts payable - affiliate	-	-	13,589	-	-
Accounts payable - related parties	-	-	-	-	-
Accrued expenses	608,220	941,662	859,599	2,019,950	751,358
Current portion of long-term debt	-	-	-	-	-
Current portion of long-term debt - rental vehicles	-	69,384	63,798	275,616	-
Current portion of allowance for contract liabilities	22,988	354,073	32,399	1,277,652	417,389
Current portion of allowance for contingent charges	-	189,125	-	1,013,629	202,895
Notes payable - related parties	-	-	-	1,300,000	-
Notes payable - members	-	-	-	1,700,000	-
TOTAL CURRENT LIABILITIES	4,472,297	1,974,288	5,271,097	11,972,621	3,612,310
OTHER LIABILITIES					
Long-term debt, less current portion	-	-	-	-	-
Notes payable - rental vehicles, less current portion	-	225,873	185,579	820,985	-
Allowance for contract liabilities, less current portion	78,413	1,613,709	312,603	5,858,494	1,332,798
Allowance for contingent charges, less current portion	-	204,141	-	1,253,538	266,494
TOTAL OTHER LIABILITIES	78,413	2,043,723	498,182	7,933,017	1,599,292
TOTAL LIABILITIES	4,550,710	4,018,011	5,769,279	19,905,638	5,211,602
EQUITY	18,731,948	5,637,429	48,324,928	37,977,220	4,261,266
TOTAL LIABILITIES AND EQUITY	23,282,658	9,655,440	54,094,207	57,882,858	9,472,868

See accompanying notes and independent accountants' review report.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
 CONSOLIDATING BALANCE SHEETS
 DECEMBER 31, 2023

ASSETS	Laurens Ventures, LLC	Total	Eliminations	Consolidated
CURRENT ASSETS				
Cash	1,389,510	29,792,197	-	29,792,197
Contracts in transit	1,393,502	35,135,300	-	35,135,300
Marketable securities	-	7,569,229	-	7,569,229
Receivables	454,301	22,024,998	-	22,024,998
Receivables - affiliates	90,602	2,155,000	(2,155,000)	-
Receivables - related parties	(3,763)	299,347	(139,154)	160,193
Notes receivable - member	-	691,556	-	691,556
Inventory, net	9,335,395	176,951,778	-	176,951,778
Rental vehicles, net	73,560	9,284,144	-	9,284,144
Prepaid expenses	15,997	2,150,040	-	2,150,040
TOTAL CURRENT ASSETS	12,749,104	286,053,589	(2,294,154)	283,759,435
OTHER ASSETS				
Property and equipment, net	616,013	22,025,100	-	22,025,100
Notes receivable - members, less current portion	-	2,214,337	-	2,214,337
Other noncurrent Assets	-	1,587,839	-	1,587,839
Investments	-	580,841,083	(580,841,083)	-
Goodwill	15,000,000	282,933,880	-	282,933,880
TOTAL OTHER ASSETS	15,616,013	889,602,239	(580,841,083)	308,761,156
TOTAL ASSETS	28,365,117	1,175,655,828	(583,135,237)	592,520,591
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Floor plan notes payable - non- trade	6,570,527	68,571,459	-	68,571,459
Accounts payable	520,822	20,275,726	-	20,275,726
Accounts payable - affiliate	(128,763)	2,294,154	(2,294,154)	-
Accounts payable - related parties	-	10,061	-	10,061
Accrued expenses	806,024	19,899,692	-	19,899,692
Current portion of long-term debt	-	20,336,000	-	20,336,000
Current portion of long-term debt - rental vehicles	-	1,720,134	-	1,720,134
Current portion of allowance for contract liabilities	44,287	5,828,131	-	5,828,131
Current portion of allowance for contingent charges	-	4,339,304	-	4,339,304
Notes payable - related parties	-	1,300,000	-	1,300,000
Notes payable - members	-	1,700,000	-	1,700,000
TOTAL CURRENT LIABILITIES	7,812,897	146,274,661	(2,294,154)	143,980,507
OTHER LIABILITIES				
Long-term debt, less current portion	-	169,504,705	-	169,504,705
Notes payable - rental vehicles, less current portion	-	2,548,757	-	2,548,757
Allowance for contract liabilities, less current portion	164,453	24,272,953	-	24,272,953
Allowance for contingent charges, less current portion	-	5,362,366	-	5,362,366
TOTAL OTHER LIABILITIES	164,453	201,688,781	-	201,688,781
TOTAL LIABILITIES	7,977,350	347,963,442	(2,294,154)	345,669,288
EQUITY	20,387,767	827,692,386	(580,841,083)	246,851,303
TOTAL LIABILITIES AND EQUITY	28,365,117	1,175,655,828	(583,135,237)	592,520,591

See accompanying notes and independent accountants' review report.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
 CONSOLIDATING STATEMENT OF OPERATIONS
 YEAR ENDED DECEMBER 31, 2023

	Anderson Automotive Enterprises, LLC	AAG 55, LLC	AAG 87, LLC	AAG Asheville, LLC	AAG Asheville Subie, LLC
REVENUE					
New vehicle	-	-	-	34,995,758	55,980,116
Used vehicle	-	-	-	31,725,554	39,331,961
Parts and service	-	-	-	10,448,674	13,794,044
Finance and insurance, net	-	-	-	2,243,295	1,349,179
TOTAL REVENUE	-	-	-	79,413,281	110,455,300
COST OF SALES					
New vehicle	-	-	-	31,911,754	50,840,093
Used vehicle	-	-	-	29,877,803	35,454,455
Parts and service	-	-	-	4,757,074	5,814,566
TOTAL COST OF SALES	-	-	-	66,546,631	92,109,114
GROSS PROFIT FROM SALES	-	-	-	12,866,650	18,346,186
EXPENSES					
Variable	-	-	-	2,480,860	3,396,489
Advertising	-	-	-	735,538	714,869
Floor plan interest	-	-	-	89,750	128,857
Personnel	-	-	-	3,201,221	4,598,531
Semi-fixed	-	-	161	1,250,752	2,130,018
Fixed	-	34,948	45,060	1,338,424	1,070,369
Management fees	-	-	-	1,214,493	1,691,566
Goodwill Impairment	-	-	-	-	-
TOTAL EXPENSES	-	34,948	45,221	10,311,038	13,730,699
INCOME FROM OPERATIONS	-	(34,948)	(45,221)	2,555,612	4,615,487
OTHER INCOME (EXPENSE)					
Interest income	-	501,188	914,664	-	94,723
Interest expense	-	(3,086,115)	(5,838,200)	-	-
Other income (expense)	65,428,853	21,064,084	51,989,947	1,148,672	1,708,752
TOTAL OTHER INCOME (EXPENSE)	65,428,853	18,479,157	47,066,411	1,148,672	1,803,475
NET INCOME (LOSS)	65,428,853	18,444,209	47,021,190	3,704,284	6,418,962

See accompanying notes and independent accountants' review report.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
 CONSOLIDATING STATEMENT OF OPERATIONS
 YEAR ENDED DECEMBER 31, 2023

	AAG Greer, LLC	AAG Raleigh, LLC	Anderson Asheville, LLC	Anderson Charleston, LLC	Anderson Columbia, LLC
REVENUE					
New vehicle	6,495,659	34,550,551	111,140,270	114,196,846	-
Used vehicle	6,039,698	22,372,643	91,442,182	55,845,151	-
Parts and service	2,068,501	12,238,647	27,272,614	19,943,640	-
Finance and insurance, net	174,666	1,792,342	6,823,503	6,554,647	(1,973)
TOTAL REVENUE	14,778,524	70,954,183	236,678,569	196,540,284	(1,973)
COST OF SALES					
New vehicle	6,041,327	31,881,044	99,269,313	99,315,589	-
Used vehicle	5,925,515	21,347,000	88,838,940	52,851,462	-
Parts and service	1,083,584	5,615,255	11,881,418	9,079,083	-
TOTAL COST OF SALES	13,050,426	58,843,299	199,989,671	161,246,134	-
GROSS PROFIT FROM SALES	1,728,098	12,110,884	36,688,898	35,294,150	(1,973)
EXPENSES					
Variable	526,611	2,377,037	6,604,505	6,025,195	-
Advertising	241,576	942,424	747,182	404,763	-
Floor plan interest	109,559	154,555	(265,399)	(180,459)	-
Personnel	681,516	2,668,438	8,375,954	7,596,340	-
Semi-fixed	588,657	1,466,973	2,792,494	2,910,651	(354)
Fixed	571,316	1,809,049	2,141,059	2,883,351	-
Management fees	149,663	1,234,089	3,604,990	2,799,818	-
Goodwill Impairment	5,750,000	-	-	-	-
TOTAL EXPENSES	8,618,898	10,652,565	24,000,785	22,439,659	(354)
INCOME FROM OPERATIONS	(6,890,800)	1,458,319	12,688,113	12,854,491	(1,619)
OTHER INCOME (EXPENSE)					
Interest income	-	-	-	-	-
Interest expense	-	(2,214)	-	-	-
Other income (expense)	251,623	1,122,966	3,689,585	3,226,623	58,141
TOTAL OTHER INCOME (EXPENSE)	251,623	1,120,752	3,689,585	3,226,623	58,141
NET INCOME (LOSS)	(6,639,177)	2,579,071	16,377,698	16,081,114	56,522

See accompanying notes and independent accountants' review report.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
 CONSOLIDATING STATEMENT OF OPERATIONS
 YEAR ENDED DECEMBER 31, 2023

	Anderson Easley, LLC	Anderson Greenville, LLC	Anderson Greenville AA, LLC	Anderson Greenville II, LLC	Anderson Greenville ZZ, LLC
REVENUE					
New vehicle	6,539,365	92,718,844	29,530,431	7,400,067	12,303,894
Used vehicle	4,319,531	48,184,633	19,022,778	4,322,281	4,407,376
Parts and service	1,285,203	31,291,889	5,214,928	2,487,212	1,500,840
Finance and insurance, net	583,643	5,406,586	995,665	297,244	79,708
TOTAL REVENUE	12,727,742	177,601,952	54,763,802	14,506,804	18,291,818
COST OF SALES					
New vehicle	6,032,064	82,990,277	26,608,140	7,006,551	10,786,470
Used vehicle	4,098,093	46,802,178	18,366,107	4,049,334	3,909,699
Parts and service	730,690	18,107,206	2,688,863	1,286,270	748,506
TOTAL COST OF SALES	10,860,847	147,899,661	47,663,110	12,342,155	15,444,675
GROSS PROFIT FROM SALES	1,866,895	29,702,291	7,100,692	2,164,649	2,847,143
EXPENSES					
Variable	388,342	5,533,633	1,176,694	346,086	371,025
Advertising	152,032	709,492	327,170	144,920	146,586
Floor plan interest	15,273	(91,275)	163,868	37,134	(839)
Personnel	543,650	8,252,662	1,714,751	600,255	686,528
Semi-fixed	417,232	2,863,275	1,215,190	548,624	1,146,421
Fixed	291,746	3,474,710	1,221,990	601,440	291,259
Management fees	121,856	1,968,486	221,229	103,056	109,092
Goodwill Impairment	2,750,000	-	-	-	-
TOTAL EXPENSES	4,680,131	22,710,983	6,040,892	2,381,515	2,750,072
INCOME FROM OPERATIONS	(2,813,236)	6,991,308	1,059,800	(216,866)	97,071
OTHER INCOME (EXPENSE)					
Interest income	-	-	-	-	-
Interest expense	-	-	-	-	-
Other income (expense)	176,066	1,950,812	557,060	388,936	296,982
TOTAL OTHER INCOME (EXPENSE)	176,066	1,950,812	557,060	388,936	296,982
NET INCOME (LOSS)	(2,637,170)	8,942,120	1,616,860	172,070	394,053

See accompanying notes and independent accountants' review report.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
 CONSOLIDATING STATEMENT OF OPERATIONS
 YEAR ENDED DECEMBER 31, 2023

	Anderson Greer, LLC	Anderson Greer GS, LLC	Anderson Greer HG, LLC	Anderson Recon, LLC	Cape Coral Motors, LLC
REVENUE					
New vehicle	53,142,132	7,395,388	12,673,746	-	-
Used vehicle	40,591,075	2,565,014	5,154,939	-	-
Parts and service	19,412,335	429,596	1,751,664	1,282,622	-
Finance and insurance, net	3,953,805	25,197	135,776	-	-
TOTAL REVENUE	117,099,347	10,415,195	19,716,125	1,282,622	-
COST OF SALES					
New vehicle	48,995,559	6,739,742	11,320,985	-	-
Used vehicle	39,141,072	2,460,371	5,013,063	-	-
Parts and service	11,676,335	137,195	940,129	407,305	-
TOTAL COST OF SALES	99,812,966	9,337,308	17,274,177	407,305	-
GROSS PROFIT FROM SALES	17,286,381	1,077,887	2,441,948	875,317	-
EXPENSES					
Variable	3,281,431	194,388	648,927	-	-
Advertising	696,113	128,100	283,728	-	-
Floor plan interest	326,571	64,644	97,524	-	-
Personnel	5,435,823	156,336	713,261	386,250	-
Semi-fixed	2,256,287	307,621	555,209	109,854	206
Fixed	3,211,409	225,074	496,985	9,131	24,493
Management fees	988,606	-	53,017	21,226	-
Goodwill Impairment	-	-	-	-	-
TOTAL EXPENSES	16,196,240	1,076,163	2,848,651	526,461	24,699
INCOME FROM OPERATIONS	1,090,141	1,724	(406,703)	348,856	(24,699)
OTHER INCOME (EXPENSE)					
Interest income	-	-	-	-	-
Interest expense	-	-	-	-	-
Other income (expense)	879,248	(4,661)	346,636	-	-
TOTAL OTHER INCOME (EXPENSE)	879,248	(4,661)	346,636	-	-
NET INCOME (LOSS)	1,969,389	(2,937)	(60,067)	348,856	(24,699)

See accompanying notes and independent accountants' review report.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
 CONSOLIDATING STATEMENT OF OPERATIONS
 YEAR ENDED DECEMBER 31, 2023

	East WH Ventures, LLC	Fred Anderson Acquisition Company, LLC	Fred Anderson Greer, LLC	Fred Anderson Raleigh, LLC	Glenwood Ventures, LLC
REVENUE					
New vehicle	9,449,914	44,334,524	30,092,414	131,736,706	42,489,386
Used vehicle	3,268,639	25,589,949	13,910,921	76,526,838	28,740,034
Parts and service	1,976,225	8,229,845	3,329,722	38,894,705	9,653,270
Finance and insurance, net	96,274	2,350,364	614,887	6,794,088	2,380,545
TOTAL REVENUE	14,791,052	80,504,682	47,947,944	253,952,337	83,263,235
COST OF SALES					
New vehicle	8,484,767	39,377,367	26,249,226	120,643,938	38,055,407
Used vehicle	3,173,014	24,514,083	13,283,532	73,471,491	27,780,119
Parts and service	1,069,299	3,534,540	1,694,189	13,801,155	3,996,586
TOTAL COST OF SALES	12,727,080	67,425,990	41,226,947	207,916,584	69,832,112
GROSS PROFIT FROM SALES	2,063,972	13,078,692	6,720,997	46,035,753	13,431,123
EXPENSES					
Variable	490,546	2,221,434	1,175,018	8,412,705	2,623,456
Advertising	147,433	539,620	274,472	1,415,401	611,257
Floor plan interest	54,913	(18,531)	52,242	(144,394)	(62,476)
Personnel	576,493	2,802,999	1,325,815	8,985,877	3,105,883
Semi-fixed	483,859	1,555,493	732,828	4,311,767	1,496,191
Fixed	392,931	1,147,506	630,735	3,713,185	880,556
Management fees	81,898	1,201,180	570,393	4,098,425	1,271,783
Goodwill Impairment	-	-	-	-	-
TOTAL EXPENSES	2,228,073	9,449,701	4,761,503	30,792,966	9,926,650
INCOME FROM OPERATIONS	(164,101)	3,628,991	1,959,494	15,242,787	3,504,473
OTHER INCOME (EXPENSE)					
Interest income	-	-	-	146,883	-
Interest expense	-	-	-	(27,246)	-
Other income (expense)	186,970	1,460,394	456,550	4,042,819	867,737
TOTAL OTHER INCOME (EXPENSE)	186,970	1,460,394	456,550	4,162,456	867,737
NET INCOME (LOSS)	22,869	5,089,385	2,416,044	19,405,243	4,372,210

See accompanying notes and independent accountants' review report.

ANDERSON AUTOMOTIVE ENTERPRISES, LLC AND SUBSIDIARIES
 CONSOLIDATING STATEMENT OF OPERATIONS
 YEAR ENDED DECEMBER 31, 2023

	Laurens Ventures, LLC	Total	Eliminations	Consolidated
REVENUE				
New vehicle	20,127,388	857,293,399	-	857,293,399
Used vehicle	6,134,389	529,495,586	-	529,495,586
Parts and service	2,685,957	215,192,133	-	215,192,133
Finance and insurance, net	(20,451)	42,628,990	-	42,628,990
TOTAL REVENUE	28,927,283	1,644,610,108	-	1,644,610,108
COST OF SALES				
New vehicle	18,082,377	770,631,990	-	770,631,990
Used vehicle	5,666,425	506,023,756	-	506,023,756
Parts and service	1,342,907	100,392,155	-	100,392,155
TOTAL COST OF SALES	25,091,709	1,377,047,901	-	1,377,047,901
GROSS PROFIT FROM SALES	3,835,574	267,562,207	-	267,562,207
EXPENSES				
Variable	735,153	49,009,535	-	49,009,535
Advertising	145,031	9,507,707	-	9,507,707
Floor plan interest	97,076	628,593	-	628,593
Personnel	813,348	63,221,931	-	63,221,931
Semi-fixed	601,149	29,740,558	-	29,740,558
Fixed	570,763	27,077,489	-	27,077,489
Management fees	146,122	21,650,988	-	21,650,988
Goodwill Impairment	-	8,500,000	-	8,500,000
TOTAL EXPENSES	3,108,642	209,336,801	-	209,336,801
INCOME FROM OPERATIONS	726,932	58,225,406	-	58,225,406
OTHER INCOME (EXPENSE)				
Interest income	-	1,657,458	-	1,657,458
Interest expense	-	(8,953,775)	-	(8,953,775)
Other income (expense)	391,520	161,686,315	(138,513,045)	23,173,270
TOTAL OTHER INCOME (EXPENSE)	391,520	154,389,998	(138,513,045)	15,876,953
NET INCOME (LOSS)	1,118,452	212,615,404	(138,513,045)	74,102,359

See accompanying notes and independent accountants' review report.