

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K/A**

(Amendment No. 1)

**CURRENT REPORT**

PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): July 21, 2025

**Asbury Automotive Group, Inc.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation)

001-31262  
(Commission File Number)

01-0609375  
(IRS Employer Identification No.)

2905 Premiere Parkway NW Suite 300  
Duluth, GA  
(Address of principal executive offices)

30097  
(Zip Code)

(770) 418-8200  
(Registrant's telephone number, including area code)

None  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.01 par value per share	ABG	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.01 Completion of Acquisition or Disposition of Assets.**

On July 21, 2025, Asbury Automotive Group, Inc. (the “Company”) filed a Current Report on Form 8-K (the “Initial Report”) with the Securities and Exchange Commission (the “SEC”) to report the completion of the acquisition by Asbury Automotive Group, LLC (“Purchaser”), a Delaware limited liability company and a wholly-owned subsidiary of the Company, of substantially all of the assets, including real property and businesses of The Herb Chambers Companies, pursuant to a Purchase and Sale Agreement with various entities that comprise the Herb Chambers automotive dealerships group.

In order to comply with the rules and regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 and the Securities Act of 1933, the Company hereby amends Item 9.01 of our Initial Report for the purpose of filing the financial statements of The Herb Chambers Companies and the related pro forma financial information in accordance with Article 11 of Regulation S-X, which were not previously filed with the Initial Report and are permitted to be filed by amendment no later than 71 calendar days after the date the Initial Form 8-K was required to be filed with the SEC.

**Item 9.01 Financial Statements and Exhibits.**

- (a) Financial statements of business acquired.

The audited combined financial statements of The Herb Chambers Companies as of and for the years ended December 31, 2024 and 2023, together with the notes thereto and the independent auditors’ report thereon are filed as Exhibit 99.2 hereto and are incorporated herein by reference.

The unaudited combined financial statements of The Herb Chambers Companies as of and for the three months ended March 31, 2025, together with the notes thereto, are filed as Exhibit 99.3 hereto and are incorporated herein by reference.

---

(b) Pro forma financial information.

The unaudited pro forma condensed combined balance sheet of the Company as of March 31, 2025, and unaudited pro forma condensed combined statements of income of the Company for the three months ended March 31, 2025 and the year ended December 31, 2024 are filed as Exhibit 99.4 hereto and are incorporated herein by reference.

(d) Exhibits.

The following exhibits are furnished as part of this report.

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
<a href="#"><u>23.1</u></a>	<a href="#"><u>Consent of CBIZ CPAs P.C.</u></a>
<a href="#"><u>99.2</u></a>	<a href="#"><u>Audited combined financial statements of The Herb Chambers Companies as of and for the years ended December 31, 2024 and 2023 (with independent auditors' report thereon)</u></a>
<a href="#"><u>99.3</u></a>	<a href="#"><u>Unaudited combined financial statements of The Herb Chambers Companies as of and for the three months ended March 31, 2025</u></a>
<a href="#"><u>99.4</u></a>	<a href="#"><u>Unaudited pro forma condensed combined balance sheet of the Company as of March 31, 2025, and unaudited pro forma condensed combined statements of income of the Company for the three months ended March 31, 2025 and the year ended December 31, 2024</u></a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

---

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ASBURY AUTOMOTIVE GROUP, INC.

Date: July 29, 2025

By:           /s/ Michael D. Welch          

**Name: Michael D. Welch**

**Title: Senior Vice President and Chief Financial Officer**

---

**CONSENT OF INDEPENDENT AUDITORS**

We consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-260658 and No. 333-123505) and Form S-8 (Nos. 333-231518, 333-221146, 333-165136, 333-115402, 333-105450 and 333-84646) of Asbury Automotive Group, Inc. of our report dated April 9, 2025, with respect to the financial statements of The Herb Chambers Companies for the year ended December 31, 2024, included in this Current Report on Form 8-K/A (Amendment #1), dated July 29, 2025.

/s/ CBIZ CPAs P.C.

Hartford, CT  
July 29, 2025

---

**THE HERB CHAMBERS COMPANIES**  
**COMBINED FINANCIAL STATEMENTS AND**  
**COMBINING INFORMATION**  
**AS OF AND FOR THE YEARS ENDED**  
**DECEMBER 31, 2024 AND 2023**

---

THE HERB CHAMBERS COMPANIES

CONTENTS

---

<b>Independent Auditors' Report</b>	1-2
<b>Financial Statements</b>	
Combined Balance Sheets	3-4
Combined Statements of Operations and Comprehensive Income	5
Combined Statements of Changes in Equity	6
Combined Statements of Cash Flows	7-8
<b>Notes to Combined Financial Statements</b>	9-37
<b>Combining Information</b>	
Schedule I – Combining Balance Sheets – December 31, 2024	38-40
Schedule II – Combining Statements of Operations and Comprehensive Income for the year ended December 31, 2024	41-43
Schedule III – Combining Balance Sheets – December 31, 2023	44-46
Schedule IV – Combining Statements of Operations and Comprehensive Income for the year ended December 31, 2023	47-49

---



CBIZ CPAs P.C.

CityPlace I, 185 Asylum Street  
25th Floor  
Hartford, CT 06103

P: 860.760.0600

### **Independent Auditors' Report**

Mr. Herbert G. Chambers  
**The Herb Chambers Companies**

We have audited the combined financial statements of The Herb Chambers Companies (the "Group"), which comprise the balance sheet as of December 31, 2024, and the related combined statements of operations and comprehensive income, changes in equity, and cash flows for the year then ended, and the related notes to the combined financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2024, and the results of its operations and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Group and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Prior Period Financial Statements***

The financial statements of the Group as of and for the year ended December 31, 2023, were audited by Federman, Lally & Remis LLC whose report dated April 15, 2024, expressed an unmodified opinion on those statements.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Group's ability to continue as a going concern for one year after the date that the financial statements are issued.

*CBIZ.COM*

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Group's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying 2024 combining information included in the accompanying Schedules I through II is presented for purposes of additional analysis. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The 2023 combining information included in the accompanying schedules III and IV was subjected to the auditing procedures applied in the 2023 audit of the basic combined financial statements by Federman, Lally & Remis, LLC whose reported dated April 15, 2024 stated that the information was fairly stated in all material respects in relation to the 2023 financial statements taken as a whole.

***CBIZ CPAs P.C.***

Hartford, CT  
April 9, 2025

THE HERB CHAMBERS COMPANIES

COMBINED BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

	2024	2023
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 80,752,620	\$ 84,973,670
Investments	74,556,161	69,609,428
Accounts receivable, net of allowance for credit losses of \$881,912 and \$1,011,490 at December 31, 2024 and 2023, respectively	72,914,315	81,735,117
Inventories, net	472,466,687	413,437,261
Due from related parties	398,879	--
Prepaid taxes and expenses	2,052,238	1,477,173
<b>Total Current Assets</b>	<b>703,140,900</b>	<b>651,232,649</b>
<b>Net Property and Equipment</b>	<b>21,680,505</b>	<b>21,601,811</b>
<b>Other Assets</b>		
Right of use assets, net	221,678,732	266,143,428
Due from owner	104,936,943	64,260,902
Goodwill	31,612,738	34,554,755
Investment in partnerships	1,151,174	1,086,223
Other assets	261,453	261,453
<b>Total Other Assets</b>	<b>359,641,040</b>	<b>366,306,761</b>
<b>Total Assets</b>	<b>\$ 1,084,462,445</b>	<b>\$ 1,039,141,221</b>

*The accompanying notes are an integral part of these combined financial statements.*

THE HERB CHAMBERS COMPANIES

COMBINED BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

	2024	2023
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Floorplan notes payable	\$ 453,101,482	\$ 403,802,001
Current portion of operating lease liabilities	40,207,812	39,434,405
Current portion of finance lease liability	433,122	404,611
Accounts payable and other accrued expenses	62,488,258	57,614,349
Income taxes payable	545,117	1,262,576
<b>Total Current Liabilities</b>	<u>556,775,791</u>	<u>502,517,942</u>
<b>Long-Term Liabilities</b>		
Insurance loss fund	3,780,700	3,665,575
Operating lease liabilities, net of current portion	181,371,799	226,895,768
Finance lease liability, net of current portion	1,495,374	1,928,495
<b>Total Long-Term Liabilities</b>	<u>186,647,873</u>	<u>232,489,838</u>
<b>Total Liabilities</b>	<u>743,423,664</u>	<u>735,007,780</u>
<b>Equity</b>		
Common stock	2,689,100	2,689,100
Additional paid-in capital	31,426,059	31,426,059
Retained earnings	282,356,061	248,391,427
Member's equity	24,236,020	21,318,729
Accumulated comprehensive income	331,541	308,126
<b>Total Equity</b>	<u>341,038,781</u>	<u>304,133,441</u>
<b>Total Liabilities and Equity</b>	<u>\$ 1,084,462,445</u>	<u>\$ 1,039,141,221</u>

*The accompanying notes are an integral part of these combined financial statements.*

**THE HERB CHAMBERS COMPANIES**  
**COMBINED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
<b>Sales</b>	\$ 3,196,456,820	\$ 3,086,882,991
<b>Cost of Sales</b>	2,646,281,546	2,505,323,817
<b>Gross Profit</b>	550,175,274	581,559,174
<b>Operating Expenses</b>	508,289,660	537,532,283
<b>Income from Operations</b>	41,885,614	44,026,891
<b>Other Income (Expense)</b>		
Investment income, net	4,923,317	5,029,779
Gain on sale of franchise	13,204,798	--
Settlement expense	(11,841,143)	--
Other income, net	10,958,016	18,107,562
<b>Total Other Income</b>	17,244,988	23,137,341
<b>Net Income</b>	59,130,602	67,164,232
<b>Other Comprehensive Income</b>		
Unrealized holding gain	23,415	540,140
<b>Comprehensive Income</b>	\$ 59,154,017	\$ 67,704,372

*The accompanying notes are an integral part of these combined financial statements.*

**THE HERB CHAMBERS COMPANIES**  
**COMBINED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
<b>Common Stock</b> , beginning of year	\$ 2,689,100	\$ 2,689,100
<b>Common Stock</b> , end of year	<u>\$ 2,689,100</u>	<u>\$ 2,689,100</u>
<b>Additional Paid-in Capital</b> , beginning of year	\$ 31,426,059	\$ 31,426,059
<b>Additional Paid-in Capital</b> , end of year	<u>\$ 31,426,059</u>	<u>\$ 31,426,059</u>
<b>Retained Earnings</b> , beginning of year	\$ 248,391,427	\$ 230,456,031
Net income	56,133,311	64,196,874
Distributions to stockholder	<u>(22,168,677)</u>	<u>(46,261,478)</u>
<b>Retained Earnings</b> , end of year	<u>\$ 282,356,061</u>	<u>\$ 248,391,427</u>
<b>Member's Equity</b> , beginning of year	\$ 21,318,729	\$ 12,791,371
Net income	2,997,291	2,967,358
Member's capital contribution	--	5,560,000
Distributions to member	<u>(80,000)</u>	<u>--</u>
<b>Member's Equity</b> , end of year	<u>\$ 24,236,020</u>	<u>\$ 21,318,729</u>
<b>Accumulated Other Comprehensive Income (Loss)</b> , beginning of year	\$ 308,126	\$ (232,014)
Unrealized holding gain	<u>23,415</u>	<u>540,140</u>
<b>Accumulated Other Comprehensive Income</b> , end of year	<u>\$ 331,541</u>	<u>\$ 308,126</u>
<b>Total Equity</b> , beginning of year	\$ 304,133,441	\$ 277,130,547
Unrealized holding gain	23,415	540,140
Member's capital contribution	--	5,560,000
Distributions to stockholder and member	<u>(22,248,677)</u>	<u>(46,261,478)</u>
Net income	<u>59,130,602</u>	<u>67,164,232</u>
<b>Total Equity</b> , end of year	<u>\$ 341,038,781</u>	<u>\$ 304,133,441</u>

*The accompanying notes are an integral part of these combined financial statements.*

**THE HERB CHAMBERS COMPANIES**  
**COMBINED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 59,130,602	\$ 67,164,232
Adjustments to reconcile net income to net cash used by operations:		
Depreciation expense	8,326,722	7,328,638
Amortization of right of use assets	37,807,658	36,944,643
Allowance for credit losses (recovery)	(129,578)	564,159
Provision for chargebacks	417,000	2,197,000
(Gain) loss on disposal of property and equipment, net	(9,342)	498
Gain on sale of franchise	(13,204,798)	--
Investment income, net	(4,923,317)	(5,029,779)
Changes in operating assets and liabilities:		
Accounts receivable	8,950,380	(22,792,072)
Inventories	(62,110,886)	(138,983,979)
Due from related parties	(398,879)	--
Prepaid taxes and expenses	(575,065)	(929,947)
Accounts payable and other accrued expenses	4,455,462	2,228,602
Income taxes payable	(717,459)	(2,376,581)
Repayments on operating lease liabilities	(38,093,524)	(37,208,245)
Insurance loss fund	115,125	(565,141)
<b>Net Cash Used in by Operating Activities</b>	<u>(959,899)</u>	<u>(91,457,972)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(4,486,651)	(8,849,238)
Proceeds from sales of property and equipment	9,342	--
Increase in investment in partnerships	(64,951)	(62,774)
<b>Net Cash Used in Investing Activities</b>	<u>(4,542,260)</u>	<u>(8,912,012)</u>

*The accompanying notes are an integral part of these combined financial statements.*

**THE HERB CHAMBERS COMPANIES**  
**COMBINED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
<b>Cash Flows from Financing Activities</b>		
Net advances on floorplan notes payable	49,299,481	143,403,436
Net repayments on due to/from owner	(25,365,085)	(23,359,181)
Repayments on finance lease liability	(404,610)	(325,377)
Member's capital contributions	--	5,560,000
Distributions paid to stockholder and member	(22,248,677)	(46,261,478)
<b>Net Cash Provided by Financing Activities</b>	<b>1,281,109</b>	<b>79,017,400</b>
<b>Net Decrease in Cash</b>	<b>(4,221,050)</b>	<b>(21,352,584)</b>
<b>Cash, Beginning of year</b>	<b>84,973,670</b>	<b>106,326,254</b>
<b>Cash, End of year</b>	<b>\$ 80,752,620</b>	<b>\$ 84,973,670</b>

Supplementary Disclosures (Note 12)

*The accompanying notes are an integral part of these combined financial statements.*

THE HERB CHAMBERS COMPANIES

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*BUSINESS OPERATIONS AND PRINCIPLES OF COMBINATION*

The Herb Chambers Companies' (the Group) combined operations consist of sales of new and used vehicles, finance, warranty and insurance products, service, collision repairs, and parts in the New England area. The Group's trade receivables are due primarily from retail customers. In addition, the majority of the vehicle and contract receivables are due from manufacturers' financing subsidiaries and financial institutions relating to sales of new and used vehicles with the balance due from various wholesale customers. The Group purchases vehicles, parts and supplies from the manufacturers and participates in incentive programs. These transactions result in both a receivable from and payable to the manufacturers.

The Group includes Jennings Road Management Corp. (JRM), established to provide management, insurance, and other related services to the Herb Chambers automobile dealerships and other entities owned by Herbert G. Chambers. The Group also includes HGC Holdings, LLC, established to hold investments and provide liquidity financing to the Herb Chambers dealerships.

The combined financial statements of the Group are prepared in conformity with accounting principles generally accepted in the U.S. (GAAP) and all the intercompany balances and transactions have been eliminated in the combined statements. These entities are owned by Herbert G. Chambers. These entities include:

Entity	Authorized Dealer
Herb Chambers Route 1, Inc.	Lexus
Herb Chambers I-93, Inc.	Mercedes-Benz, AMG and Commercial Vans
Herb Chambers Commonwealth Avenue, Inc.	Porsche
Silver Star, Inc.	Mercedes-Benz, AMG and Commercial Vans
Herb Chambers 1172, Inc.	BMW and Mini
Herb Chambers Cambridge Street, Inc.	Audi
Herb Chambers Cadillac, Inc.	Cadillac, Maserati and Alfa Romeo
Herb Chambers 1186, Inc.	Honda
Herb Chambers 128, Inc.	Honda
Herb Chambers 44, Inc.	Honda
Herb Chambers Route 9, Inc.	Honda
Herb Chambers of Brookline, Inc.	Audi
Herb Chambers I-95, Inc.	Chrysler, Jeep, Dodge, Ram and Fiat
Herb Chambers of Millbury, Inc.	Chrysler, Jeep, Dodge, Ram and Fiat
Herb Chambers of Auburn, Inc.	Toyota, Hyundai and Genesis
Herb Chambers 1168, Inc.	Toyota

**THE HERB CHAMBERS COMPANIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***BUSINESS OPERATIONS AND PRINCIPLES OF COMBINATION (CONTINUED)***

Entity	Authorized Dealer
Dave Dinger Ford, Inc.	Ford
Herb Chambers of Westborough, Inc.	Ford
Herb Chambers of Andover Street, Inc.	Chevrolet
Herb Chambers Boston Post Road, Inc.	BMW
Herb Chambers of Wayland, Inc.	Bentley, Rolls Royce, Lamborghini, Alfa Romeo and Maserati
Herb Chambers of Natick, Inc.	Mercedes-Benz, Commercial Vans and AMG
Herb Chambers of Sudbury, Inc.	Land Rover
Herb Chambers 75 Otis Street, Inc.	Infiniti
Herb Chambers of Burlington, Inc.	Kia
Herb Chambers 22 Brighton Ave, Inc.	Vespa & Genuine Scooters
Herb Chambers 1188, Inc.	Land Rover and Jaguar
Herb Chambers of Millbury II, Inc.	Alfa Romeo and Maserati
Herb Chambers 395 Broadway, Inc.	Cadillac
Herb Chambers Boston Turnpike, Inc.	Volvo
Herb Chambers of Norwood, Inc.	Lincoln
Herb Chambers 62 Cambridge, Inc.	Porsche
Jennings Road Management Corp.	Corporate management, insurance and other related services
HGC Holdings, LLC	Liquidity financing and investing

Effective April 1, 2023, Herb Chambers of Sudbury, Inc. relinquished its Jaguar franchise to the manufacturer for financial considerations and additional Land Rover inventory. Herb Chambers of Sudbury, Inc. remains an authorized Jaguar service center and the ability to sell certified pre-owned Jaguar inventory. In December 2024, the Group sold one of its Honda franchises and assets related to the operations of Herb Chambers Route 9, Inc.

**THE HERB CHAMBERS COMPANIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**REVENUE RECOGNITION**

The Group recognizes revenue in accordance with Accounting Standards Codification (ASC) Topic 606, "Revenue from Contracts with Customers", which provides a five-step model for recognizing revenue with customers as follows:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract(s)
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when or as performance obligations are satisfied

In the following table of sales, cost of sales and gross profit are disaggregated by major lines of goods and services.

	2024	2023
<b>Sales</b>		
New vehicle	\$ 1,678,511,813	\$ 1,610,418,509
Used vehicle - retail	784,756,025	769,048,623
Used vehicle - wholesale	168,231,489	160,636,732
Service, parts and body	441,738,139	425,192,495
Finance and insurance	123,219,354	121,586,632
<b>Total sales</b>	<b>\$ 3,196,456,820</b>	<b>\$ 3,086,882,991</b>
<b>Cost of Sales</b>		
New vehicle	1,519,490,528	1,416,719,978
Used vehicle - retail	714,010,913	693,272,613
Used vehicle - wholesale	168,192,220	159,707,887
Service, parts and body	244,587,885	235,623,339
<b>Total cost of sales</b>	<b>\$ 2,646,281,546</b>	<b>\$ 2,505,323,817</b>
<b>Gross Profit</b>		
New vehicle	159,021,285	193,698,531
Used vehicle - retail	70,745,112	75,776,010
Used vehicle - wholesale	39,269	928,845
Service, parts and body	197,150,254	189,569,156
Finance and insurance	123,219,354	121,586,632
<b>Total gross profit</b>	<b>\$ 550,175,274</b>	<b>\$ 581,559,174</b>

THE HERB CHAMBERS COMPANIES

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

---

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*REVENUE RECOGNITION (CONTINUED)*

The following describes the major product lines, which represent the disaggregation of revenue to transactions that are similar in nature, amount, timing, uncertainties and economic factors.

*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.

*Used Vehicle Wholesale Sales* - When the Group uses a third-party auction to facilitate the sale of used vehicles, the Group has determined that the auction acts as an agent under the agreement. Therefore, the Group recognizes revenues and cost of sales on a gross basis upon delivery of the vehicle to the customer, which is the point at which transfer of control occurs and when the performance obligation is satisfied. The transaction price for wholesale vehicle sales is established by the winning bid under the auction process and is generally settled within 7 days of the satisfaction of the performance obligation.

*Service, Body and Parts Sales* - Revenue from service, body and parts sales is recognized upon the transfer of control of the parts or service to the customer. The Group allows for customer returns on sales of certain parts inventory up to 7 days after the sale and are subject to a 20% handling charge.

*Finance and Insurance Sales, net* - Revenue from finance and insurance sales is recognized, net of estimated charge-backs, at the time of the sale of the related vehicle. As a part of the vehicle sale, we seek to arrange financing for customers and sell 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 Group acts as an agent in the sale of these contracts as the pricing is set by the third-party provider, and our commission is preset. A portion of the transaction price related to sales of finance and insurance contracts is considered variable consideration and is estimated and recognized upon the sale of the contract under the standard.

**THE HERB CHAMBERS COMPANIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***REVENUE RECOGNITION (CONTINUED)***

The Group may be charged back in the future for commissions received on F&I contracts in the event of early termination by the customer. A reserve for future amounts estimated to be charged back, representing variable consideration, is recorded as a reduction to finance and insurance, net in the combined statements of operations. The reserve is estimated based on the Group's historical chargeback results and the termination provisions of the applicable contracts, and was \$8,387,000 and \$7,629,000 at December 31, 2024 and 2023, respectively and is recorded in accounts payable and other accrued expenses in the accompanying combined balance sheets.

*Other Income, net* - Other income includes third party service contracts for which the Group receives a commission, documentation fees for processing paperwork as well as revenue from manufacturer programs that are recorded in the period earned. Provisions for rebates to customers, estimated allowances, and other adjustments are provided for in the same period the related sales are recorded.

***CONCENTRATION OF CREDIT RISK***

Financial instruments that potentially subject the Group to concentration of credit risk consist primarily of cash and accounts receivable. The Group maintains its cash in bank deposits at financial institutions with high credit standing. The balances, at times, may exceed federally insured limits. Accounts receivables are typically short-term, and all probable credit losses have been considered in the establishment of the allowance for credit losses. Periodically, the Group reviews accounts receivable and adjusts the allowance based on current circumstances and charges off uncollectible receivables when all attempts to collect have failed. The Group typically does not charge interest on past due receivables. The Group has recorded an allowance associated with the various receivables (see Note 4).

***INVESTMENTS***

The Group has investments classified as available-for-sale. Available-for-sale investments are those which the Group may decide to sell if needed for liquidity, asset liability management, or other reasons. Available-for-sale securities are reported at fair value, with unrealized gains or losses included as a separate component of equity and net income and comprehensive income.

**THE HERB CHAMBERS COMPANIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***INVENTORIES***

New vehicles are stated at a specific cost determined by the last-in first-out (LIFO) method of valuation. Used vehicles are valued at the lower of cost or net realizable value. Net realizable value is considered to be the lower of wholesale “as is” value, determined by the current used vehicle guidebook, less estimated recondition cost, or the estimated current wholesale market value of the unit as determined by management on specific unit basis. Loaner and rental vehicles and the related liability are recorded at cost at the time the vehicles are placed in service. The Group receives loaner assistance money from the manufacturer which is applied against recorded cost and the Group makes market value adjustments to these vehicles. Parts and accessories are generally stated at the current manufacturers’ catalog prices, which approximate cost determined on the first-in, first out or specific identification basis.

***PROPERTY AND EQUIPMENT***

Property and equipment is stated at cost, or fair value for assets acquired in a business combination, less accumulated depreciation. Expenditures for maintenance and repairs are charged to expenses in the period incurred. Depreciation is provided primarily by use of straight-line methods over the estimated useful lives of the assets, which range from five to thirty-nine years. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the improvement. When property and equipment are retired or otherwise disposed of, the appropriate accounts are relieved of cost and accumulated depreciation, and any resulting gain or loss is recognized.

The Group reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors. No impairment losses were recognized for the years ended December 31, 2024 and 2023.

**THE HERB CHAMBERS COMPANIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***GOODWILL***

Goodwill results from business acquisitions and represents the excess of the purchase price over the fair value of acquired assets and assumed liabilities. In accordance with GAAP, goodwill is not amortized. Goodwill is assessed at least annually for impairment, and any such impairment will be recognized in the period it is identified. Factors considered by the Group in performing this review, include current operating income, trends, fair value of reporting units, and other economic factors.

For the years ended December 31, 2024 and 2023, the Group had positive equity and the Group elected to perform a qualitative assessment to determine if it was more likely than not that the fair value of the reporting unit exceeded its carrying value, including goodwill. The qualitative assessment indicated that it was more likely than not that the fair value of the reporting unit exceeded its carrying value, resulting in no impairment for the operations. In relation to the sale of Herb Chambers Route 9, Inc., the Group recorded an impairment loss during the year ended December 31, 2024 for the remaining goodwill of \$2,942,017, included in gain from sale of franchise in the accompanying combined statements of operations and comprehensive income.

***INSURANCE PROGRAM***

The Group administers self-insured programs for the workers' compensation and property and casualty insurance coverage for the dealerships owned by Herbert G. Chambers. As part of these programs, the Group collects from the dealerships base premiums and loss payments. The payment of claims is administered by third party service providers. Since the Group is not an insurance company, it accounts for these payments, net of related premiums and insurance claims paid, on the combined balance sheets as an insurance loss fund liability (see Note 10).

***COMPREHENSIVE INCOME***

Comprehensive income consists of net income and other gains and losses affecting equity that, under GAAP, are excluded from net income. For the Group, such items consist of unrealized gains and losses on marketable fixed income securities classified as available-for-sale.

**THE HERB CHAMBERS COMPANIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*ADVERTISING*

The Group expenses advertising costs as incurred. The Group receives advertising assistance from the manufacturers, which is treated as a reduction of advertising expenses. Advertising costs for the years ended December 31, 2024 and 2023, net of assistance, were approximately \$19,541,000 and \$14,300,000, respectively.

*INCOME TAXES*

The owner has elected, for federal income tax purposes, to have the underlying companies taxed as small business corporations (S Corporations) and a limited liability company (LLC) treated as a partnership. These elections provide for the net income or loss of the entities to be reported on the owner's personal federal and state income tax returns.

The Group follows guidance issued by the Financial Accounting Standards Board (FASB) with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is more likely than not that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit is recorded.

Due to its pass-through status, the Group is not subject to U.S. federal income tax. The Group does not have any unrecognized tax benefits and does not expect that to significantly change in the next 12 months.

Under the Massachusetts corporate tax reform provisions, unitary combining reporting is required for multi-state corporations. Under the definitions, the Group and other related party entities are considered a unitary business, under common ownership and part of a combined group for purposes of filing a combined tax return in Massachusetts. In September 2021, Massachusetts legislature enacted an elective pass-through entity excise tax. Under the legislation, for tax years beginning on or after January 1, 2021, entities taxed as "S" corporations and partnerships may elect annually to be subject to the pass-through entity excise at a rate of 5%. No provision is made for deferred state income tax in these combined financial statements due to its immateriality.

Herb Chambers Cadillac, Inc. is a Rhode Island entity and pays no state tax on its income and receives no benefit from its losses, if any, in accordance with the current state tax laws. In lieu of State of Rhode Island corporate income taxes, the owner is taxed on this entity's taxable income. JRM also has Rhode Island return filing requirements, and in lieu of corporate income tax, the owner is taxed on this entity's taxable income.

**THE HERB CHAMBERS COMPANIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***INCOME TAXES (CONTINUED)***

JRM and HGC Holdings, LLC are Connecticut entities and pay no state tax on income and receive no benefit from losses, if any, in that state, in accordance with current state tax laws. In lieu of State of Connecticut income taxes, the Group's owner is taxed on the Group's taxable income. During the years ended December 31, 2024 and 2023, state temporary differences were immaterial and, accordingly, no deferred state tax provision for income taxes is reflected in the accompanying combined financial statements.

JRM and all other entities included in this combined financial statement, other than Herb Chambers Cadillac, Inc. and HGC Holdings, LLC are taxed at the corporate level for Massachusetts state income tax purposes in accordance with current state tax laws. State income tax expense for the years ended December 31, 2024 and 2023 was approximately \$8,932,000 and \$6,143,000, respectively, and is included in operating expenses in the accompanying combined statements of operations and comprehensive income.

***ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES***

The Group evaluates all significant tax positions as required by GAAP. As of December 31, 2024, the Group does not believe that it has taken any positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year. The Group files federal, Massachusetts, Connecticut and Rhode Island income tax returns, which represent the major tax jurisdictions of the Group.

***DELIVERY COST***

The Group's policy is to expense delivery cost in excess of manufactures' reimbursements as operating expenses.

***SALES TAXES COLLECTED AND REMITTED TO GOVERNMENTAL AUTHORITIES***

The Group collects sales tax from customers in various state and local taxing jurisdictions and remits these amounts monthly to applicable taxing authorities. These amounts are excluded from net sales.

**THE HERB CHAMBERS COMPANIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***BASIS OF ACCOUNTING AND USE OF ESTIMATES***

The accompanying combined financial statements have been prepared in conformity with GAAP following the accrual basis of accounting. The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates include used vehicle lower of cost or net realizable value, useful lives of property and equipment, estimated value of goodwill, allowance for credit losses, unearned prepaid maintenance revenue, self-insurance reserves, and the provision for chargebacks. It is reasonably possible that these estimates may change and the effect may be material.

***MAJOR SUPPLIERS AND DEALERSHIP AGREEMENTS***

The Group enters into dealership agreements with the manufacturers. These agreements permit the Group to stock, sell and service vehicles and products of the manufacturers and use of the manufacturers' name and trade symbols. These transactions result in both a receivable from and payable to the manufacturers. The Group's sales could be impacted by the manufacturers' inability or unwillingness to supply the Group with an adequate number or mix of vehicles.

The dealership agreements generally limit the location of the dealership and give the manufacturer rights to approve changes in the dealership ownership. The manufacturer is entitled to terminate the dealership agreement if the Group is in breach of its terms.

***LEASES***

Right of use assets represent the Group's right to use an underlying asset for the lease term and operating lease liabilities represent the Group's obligation to make lease payments arising from the lease. Right of use assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

If the lease does not provide an implicit rate, an incremental borrowing rate based on the information available at the lease commencement date is used in determining the present value of lease payments. The incremental borrowing rate for operating leases that commenced in the period is determined by using the Group's incremental borrowing rates.

**THE HERB CHAMBERS COMPANIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***LEASES (CONTINUED)***

The Group has elected not to recognize a right of use asset and operating lease liability for leases with an initial term of twelve months or less as well as any lease covering immaterial assets. Lease expense is recognized for these leases on a straight-line basis over the lease term. Variable lease payments that are dependent on usage, output, or may vary for other reasons, are excluded from lease payments in the measurement of the right of use asset and operating lease liability, and accordingly are recognized as lease expense in the period the obligation for those payments is incurred. For lease agreements entered into or reassessed after the adoption of Topic 842, lease and non-lease components are combined.

Certain leases include renewal and/or termination options, with renewal terms that can extend the lease term from one to five years, and the exercise of lease renewal options under these leases is at the Group's sole discretion. These options are included in the lease term used to determine right-of-use assets and corresponding liabilities when it is reasonably certain the Group will exercise the option. The depreciable life of assets and leasehold improvements are limited by the expected lease term. The Group's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

***RECLASSIFICATIONS***

Certain amounts in the 2023 combined financial statements have been reclassified to the 2024 presentation. These reclassifications have no effect on previously reported net income.

***SUBSEQUENT EVENTS***

In preparing these combined financial statements, the Group has evaluated events and transactions for potential recognition or disclosure through April 9, 2025, the date the combined financial statements were available to be issued.

**NOTE 2 - INVESTMENTS**

Investments consist mainly of money market instruments, publicly traded fixed income, equity and other investment securities and are classified as available-for-sale because they can be sold at any time. Cost is determined by the specific identification method. Unrealized gains and losses on marketable equity and other investment securities are included in net income. Unrealized gains and losses on marketable fixed income securities are included in other comprehensive income.

THE HERB CHAMBERS COMPANIES

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 2 – INVESTMENTS (CONTINUED)

Investments classified as available-for-sale consisted of the following at December 31, 2024:

	Investments at Cost	Gross unrealized gains	Gross unrealized losses	Investments at fair value
Money market funds	\$ 2,636,404	\$ 2,490	\$ --	\$ 2,638,894
Marketable fixed income securities	40,461,520	448,545	(164,228)	40,745,837
Marketable equity securities	21,799,311	9,326,009	(134,983)	30,990,337
Other investment securities	134,089	52,064	(5,060)	181,093
Total	<u>\$ 65,031,324</u>	<u>\$ 9,829,108</u>	<u>\$ (304,271)</u>	<u>\$ 74,556,161</u>

Investments classified as available-for-sale consisted of the following at December 31, 2023:

	Investments at Cost	Gross unrealized gains	Gross unrealized losses	Investments at fair value
Money market funds	\$ 3,912,630	\$ 3,395	\$ --	\$ 3,916,025
Marketable fixed income securities	37,568,823	443,514	(153,953)	37,858,384
Marketable equity securities	20,778,755	6,970,679	(65,931)	27,683,503
Other investment securities	134,299	23,033	(5,816)	151,516
Total	<u>\$ 62,394,507</u>	<u>\$ 7,440,621</u>	<u>\$ (225,700)</u>	<u>\$ 69,609,428</u>

Contractual maturities of available-for-sale debt securities at December 31, 2024, are as follows:

	Cost	Estimated Fair Value
Due in one year or less	\$ 6,754,707	\$ 6,297,118
Due in 1–2 years	6,267,335	6,336,915
Due in 2–5 years	10,064,073	9,427,390
Due after 5 years	3,276,323	3,971,184
Bond funds with varying maturities	14,099,082	14,713,230
Total investments with contractual maturities	<u>\$ 40,461,520</u>	<u>\$ 40,745,837</u>

**THE HERB CHAMBERS COMPANIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 2 – INVESTMENTS (CONTINUED)**

Proceeds and net investment income consisted of the following for the years ended December 31, 2024 and 2023:

	2024	2023
Gross proceeds	\$ 20,429,049	\$ 32,759,203
Gross realized gains	\$ 1,305,105	\$ 523,844
Gross realized losses	(29,685)	(44,000)
Net unrealized gain	2,292,869	3,404,440
Interest income	1,305,432	1,651,830
Dividend income	949,347	422,399
Amortization of bonds	(573,700)	(650,224)
Agency expense	(326,051)	(278,510)
Investment income	\$ 4,923,317	\$ 5,029,779

**NOTE 3 - FAIR VALUE**

GAAP defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Group's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

A fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date. The fair values of money market funds and marketable equity securities that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges.

THE HERB CHAMBERS COMPANIES

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 3 - FAIR VALUE (CONTINUED)

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. The fair values of certificates of deposit are determined through inquiries of the financial institutions from which they originated. The fair values are typically the original principal balance plus accrued interest earned with no discounts for credit quality or liquidity determined to be applicable (market approach valuations technique). The fair values of the Group's marketable fixed income securities and other investments are determined by matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (market approach valuation technique).

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability. The Group has no Level 3 financial instruments at December 31, 2024 and 2023.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at December 31, 2024 and 2023.

Investments measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at December 31, 2024			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ 2,638,894	\$ --	\$ --	\$ 2,638,894
Marketable fixed income securities	--	40,745,837	--	40,745,837
Marketable equity securities	30,990,337	--	--	30,990,337
Other investment securities	--	181,093	--	181,093
Total investments	\$ 33,629,231	\$ 40,926,930	\$ --	\$ 74,556,161

**THE HERB CHAMBERS COMPANIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 3 - FAIR VALUE (CONTINUED)**

	Fair Value Measurements at December 31, 2023			
	Level 1	Level 2	Level 3	Total
<b>Investments:</b>				
Money market funds	\$ 3,916,025	\$ --	\$ --	\$ 3,916,025
Marketable fixed income securities	--	37,858,384	--	37,858,384
Marketable equity securities	27,683,503	--	--	27,683,503
Other investment securities	--	151,516	--	151,516
<b>Total investments</b>	<b>\$ 31,599,528</b>	<b>\$ 38,009,900</b>	<b>\$ --</b>	<b>\$ 69,609,428</b>

**NOTE 4 - ACCOUNTS RECEIVABLE**

The Group adopted the provisions of ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)* on January 1, 2023 and, accordingly, measures credit losses on receivables using an expected loss model. The adoption of ASU 2016-13 did not have a material impact on the combined financial statements and related disclosures.

Accounts receivable classifications include the following:

- Vehicles and contracts in transit receivables primarily represent receivables from financial institutions for the portion of the vehicle sales price financed by the customer.
- Service and parts receivables are comprised of amounts due from customers.
- Factory, finance and other receivables represent amounts due from manufactures, including holdbacks, rebates, incentives, warranty claims and commissions on the sale of finance and insurance products.

The Group performs ongoing credit evaluations of its customers' financial condition and generally does not require collateral for accounts receivable arising in the normal course of business. Allowances for potential credit losses are determined by considering the financial condition of customers and other economic factors affecting customers, the Group, and their industries.

**THE HERB CHAMBERS COMPANIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 4 - ACCOUNTS RECEIVABLE (CONTINUED)**

Accounts receivable consisted of the following at December 31, 2024 and 2023:

	2024	2023
Vehicles and contracts in transit	\$ 43,020,824	\$ 56,641,276
Service and parts	2,132,907	3,200,718
Factory, finance and other	28,642,496	22,904,613
	<u>73,796,227</u>	<u>82,746,607</u>
Less: allowance for credit losses	<u>881,912</u>	<u>1,011,490</u>
Total accounts receivable, net	<u>\$ 72,914,315</u>	<u>\$ 81,735,117</u>

A roll forward of the allowance for credit losses is as follows at December 31, 2024 and 2023:

	2024	2023
Allowance for credit losses, beginning	\$ (1,011,490)	\$ (447,331)
Provision for credit losses (recovery)	97,734	(550,052)
Write-offs (recovery)	<u>31,844</u>	<u>(14,107)</u>
Allowance for credit losses, ending	<u>\$ (881,912)</u>	<u>\$ (1,011,490)</u>

THE HERB CHAMBERS COMPANIES

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 5 - INVENTORIES AND FLOORPLAN NOTES PAYABLE

Inventories consisted of the following at December 31, 2024 and 2023:

	2024	2023
New vehicles	\$ 319,130,133	\$ 266,918,444
Used vehicles	108,802,503	108,723,142
Lease and rental vehicles	53,902,855	46,566,528
Parts, shop and materials	20,588,133	18,896,202
	<u>502,423,624</u>	<u>441,104,316</u>
Less: LIFO reserves	<u>29,956,937</u>	<u>27,667,055</u>
Total inventories, net	<u>\$ 472,466,687</u>	<u>\$ 413,437,261</u>

*INVENTORIES*

If the first-in, first-out (FIFO) method of inventory valuation on new vehicles had been used, inventory would have been higher by approximately \$30,000,000 and \$27,700,000 at December 31, 2024 and 2023, respectively, and net income would have increased by approximately \$2,300,000 and \$2,200,000 for the years ended December 31, 2024 and 2023, respectively.

*FLOORPLAN NOTES PAYABLE*

The Group has floorplan agreements with Bank of America, N.A., Mercedes-Benz Financial Services USA LLC, Toyota Motor Credit Corporation, Ford Motor Credit Company, and Wells Fargo Bank, N.A. for new, used, lease and rental vehicle financing. The notes are collateralized by all of the business assets of the respective dealerships, all of the products and proceeds thereof. The Mercedes-Benz Financial Services USA LLC, Toyota Motor Credit Corporation, Ford Motor Credit Company, and Wells Fargo Bank, N.A. have the personal guarantee of the Group's owner. The notes are due when the vehicles are sold. Floorplan notes payable on vehicles have variable interest rates. four agreements with interest based on SOFR rates (4.60% and 5.38% at December 31, 2024 and 2023, respectively) plus 1.0% to 1.7% and one floorplan agreement with interest based on the prime rate (7.5% to 8.50% at December 31, 2024 and 2023, respectively) plus 1.50%. Prior to February 14, 2024, the Group had one floorplan agreement based on BSBY plus 1.00%, which was converted to SOFR rate plus 1.0%.

**THE HERB CHAMBERS COMPANIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

---

**NOTE 5 - INVENTORIES AND FLOORPLAN NOTES PAYABLE (CONTINUED)**

*FLOORPLAN NOTES PAYABLE (CONTINUED)*

The floorplan notes payable agreement with one of the banks is cross-defaulted with other loans from the bank to other entities of the Group and to related real estate entities that are 100% owned by the owner of the Group. These floorplan agreements are guaranteed by the members of the Group and the owner of the Group. The loan agreement contains various financial covenants. At December 31, 2024, the Group was in compliance with the financial covenants.

The Group also has loaner and rental vehicle notes payable agreements with BMW North America, Inc. (BMW) and Porsche Financial Services, Inc. for loaner and rental vehicle financing for certain dealerships. The BMW loaner and rental vehicle notes payable agreement has variable interest rates determined monthly based on the prime rate (7.5% and 8.5% at December 31, 2024 and 2023, respectively) less .25%. Lease and rental vehicle notes payable are collateralized by specific vehicles.

At December 31, 2024 and 2023, the Group had a maximum credit available under the various vehicle financing agreements of \$533,410,000 and \$545,910,000, of which \$453,101,482 and \$403,802,001, respectively, was outstanding. Financing sources provide temporary increases to accommodate fluctuations in units being delivered from the manufacturer.

Total interest expense on floorplan notes payable amounted to approximately \$22,529,000 and \$15,130,000 for the years ended December 31, 2024 and 2023, respectively.

**THE HERB CHAMBERS COMPANIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 6 - NET PROPERTY AND EQUIPMENT**

Net property and equipment consisted of the following at December 31, 2024 and 2023:

	2024	2023
Buildings and improvements	\$ 10,847,135	\$ 9,748,989
Leasehold improvements	2,413,338	2,173,133
Furniture and fixtures	36,652,734	34,881,132
Machinery and equipment	23,119,791	21,802,819
Company vehicles	9,473,786	8,599,529
Parts and service equipment	9,488,515	8,915,639
Finance leases of buildings	4,382,518	4,382,518
	96,377,817	90,503,759
Less: accumulated depreciation	74,697,312	68,901,948
Net property and equipment	<u>\$ 21,680,505</u>	<u>\$ 21,601,811</u>

Depreciation and amortization expense for the years ended December 31, 2024 and 2023 was \$8,326,722 and \$7,328,638, respectively.

**NOTE 7 - ACCOUNTS PAYABLE AND OTHER ACCRUED EXPENSES**

Accounts payable and other accrued expenses consisted of the following at December 31, 2024 and 2023:

	2024	2023
Accounts payable	\$ 27,981,355	\$ 20,530,703
Accrued payroll and payroll taxes	6,804,415	6,419,523
Accrued profit sharing	821,071	772,266
Provision for chargebacks	8,046,000	7,629,000
Interest payable	1,537,378	1,524,803
Customer deposits	10,429,736	13,656,271
Other accrued liabilities and current liabilities	6,868,303	7,081,783
Total accounts payable and other accrued expenses	<u>\$ 62,488,258</u>	<u>\$ 57,614,349</u>

**THE HERB CHAMBERS COMPANIES**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 8 - LINES OF CREDIT**

The Group has a \$7,000,000 revolving line of credit with Toyota Motor Credit Corporation. The credit facility expires on May 31, 2026, with interest payable at Prime minus .49%. The Group has a \$10,000,000 revolving credit facility with Bank of America, N.A. The credit facility expires on October 31, 2025, with interest payable at SOFR plus 1.50%. The Group has a \$ 5,000,000 revolving credit facility with Wells Fargo Bank, N.A. The credit facility expires on August 31, 2025, with interest payable at SOFR plus 1.10%. The above lines of credit are guaranteed by various dealerships who are included in the respective bank's floorplan notes payable agreements.

The Group has an additional \$10,000,000 line of credit with Wells Fargo Bank, N.A. The credit facility expires on August 31, 2025, with interest payable at SOFR plus 1.25%. The line of credit is guaranteed by two operating entities in the Group, together with the owner.

No borrowings under the lines of credits were outstanding at December 31, 2024 and 2023.

**NOTE 9 - LEASES**

***RIGHT OF USE ASSETS AND OPERATING LEASE LIABILITIES***

The Group leases land and facilities related to dealership operations. The property leases are generally from affiliated companies related by common ownership and management for an initial period of 5 years and are typically structured to include renewal options. The Group has included renewal options that they are reasonably certain to exercise in the measurement of lease liabilities and right-of-use assets. The Group also has leases for various storage and parking locations. Leases expire on various dates through September 2034.

The carrying amount of right of use assets and accumulated amortization as of December 31, 2024 and 2023 are as follows:

	2024	2023
Facilities	\$ 316,753,545	\$ 325,880,812
Parking and storage	11,887,953	11,887,953
	328,641,498	337,768,765
Less: accumulated amortization	106,962,766	71,625,337
Right of use assets, net	\$ 221,678,732	\$ 266,143,428

**THE HERB CHAMBERS COMPANIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 9 – LEASES (CONTINUED)**

***RIGHT OF USE ASSETS AND OPERATING LEASE LIABILITIES (CONTINUED)***

The right-of-use assets are amortized over the lease terms of the underlying assets which range from one to twelve years, on a straight-line basis. The weighted-average remaining lease term in years for operating leases is 5.91 and the weighted-average discount rate for operating leases is 5.55%. Amortization expense recognized for the years ended December 31, 2024 and 2023 was \$37,807,658 and \$36,944,643, respectively.

Operating lease liabilities are recognized initially at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2022 for existing leases at adoption and for new leases after adoptions, the discounted rate based on the new terms of the new lease.

Operating lease liabilities at December 31, 2024 and 2023, are as follows:

	2024	2023
Current portion	\$ 43,749,071	\$ 39,434,405
Non-current portion	177,830,540	226,895,768
Operating lease liabilities	<u>\$ 221,579,611</u>	<u>\$ 266,330,173</u>

Aggregate future minimum lease maturities under these leases at December 31, 2024 are as follows:

Year ending December 31,	
2024	\$ 51,262,746
2025	50,582,519
2026	47,001,519
2027	34,405,019
2028	23,896,549
Thereafter	52,195,684
Total	259,344,036
Less: amount representing interest	<u>37,764,425</u>
Present value of future minimum lease payments	<u>\$221,579,611</u>

**THE HERB CHAMBERS COMPANIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 9 – LEASES (CONTINUED)**

***RIGHT OF USE ASSETS AND OPERATING LEASE LIABILITIES (CONTINUED)***

The components of operating lease expense for the years ended December 31, 2024 and 2023 included in operating expenses on the accompanying combined statements of operations and comprehensive income is approximately as follows:

	2024	2023
Operating lease costs	\$ 59,821,000	\$ 56,808,000
Short-term lease costs	1,288,000	801,000
Sublease income	(36,000)	(37,000)
<b>Total lease costs</b>	<b>\$ 61,073,000</b>	<b>\$ 57,572,000</b>

The Group subleases portions of its facilities to companies related by common ownership and management as a tenant-at-will. Short-term leases mainly consist of month-to-month leases with unrelated parties for vehicle storage facilities and additional parking.

***FINANCING LEASE***

The Group has a finance lease for the use of a building located next to one of the dealerships expiring in January 2029, with a five-year renewal option. The lease includes monthly payments of \$ 38,446 through January 2024 and monthly payments of \$43,831 thereafter. The asset and liability under the financing lease are recorded at the present value of the minimum lease payments. The financing lease asset has been included in net property and equipment at \$4,382,518 at December 31, 2024 and 2023. The asset is depreciated over its estimated productive life. Accumulated depreciation for the financing lease asset was \$1,856,124 and \$1,237,416 at December 31, 2024 and 2023, respectively, and depreciation expense was \$618,708 for the years ended December 31, 2024 and 2023. The remaining principal balance of \$1,928,496 and \$2,333,106 at December 31, 2024 and 2023, respectively, is recorded as financing lease liability, net of \$433,122 and \$404,611, respectively, which is included in current portion of finance lease liability in the accompanying combined balance sheets.

**THE HERB CHAMBERS COMPANIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 9 – LEASES (CONTINUED)**

***FINANCING LEASE (CONTINUED)***

The following is a schedule of the future minimum lease payments under the finance lease and the present value of the net minimum lease payments at December 31, 2024:

For the Year Ending December 31,	
2025	\$ 525,968
2026	525,968
2027	525,968
2028	525,968
2029	43,830
	2,147,702
Less: amount representing interest	219,206
Total principal payments	\$ 1,928,496

**NOTE 10 - RELATED PARTY TRANSACTIONS**

***MANAGEMENT AGREEMENTS***

JRM has management agreements with the dealerships owned by Herbert G. Chambers. The agreements are for a one-year term and automatically renew for successive one-year terms unless terminated in advance by the owner. Under these agreements, JRM collects an annual management fee.

The agreements require the dealerships to pay between \$35,000 and \$58,300 per month. The agreements include services relating to accounting, advertising, banking, controller, data processing and management information service, internet service, employee benefits, financing, factory relationships, human resource, insurance, internal audit, legal, marketing, operations, tax, training and used car management. In addition to the monthly management fees, certain dealerships pay an annual management fee that is computed at year end based on a formula which takes into account income earned by the certain dealerships and a return of invested equity in those dealerships. The proceeds of the annual management fee are used by JRM in calculation and payment of the consulting fee paid to Chambers Consulting Corp., as noted below.

**THE HERB CHAMBERS COMPANIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

---

**NOTE 10 - RELATED PARTY TRANSACTIONS (CONTINUED)**

*MANAGEMENT AGREEMENTS (CONTINUED)*

For the years ended December 31, 2024 and 2023, management fees totaling \$100,625,400 and \$154,691,000, respectively, are eliminated from sales and operating expenses and have no effect on reported net income on the accompanying combined statements of operations and comprehensive income.

*CONSULTING AGREEMENT*

The Group has an annual consulting agreement with Chambers Consulting Corp., a company related through common ownership. The annual fee is to be computed at year end based on a formula which takes into account total fees earned by The Herb Chambers Companies less direct expenses and overhead and profit for services not provided by the Group. The consulting agreement includes services relating to banking, financing, factory relationships, human resources, legal, marketing, tax, strategic planning, and acquisition planning. Total consulting fees for the years ended December 31, 2024 and 2023 are \$60,350,000 and \$101,450,000, respectively, and are included in operating expenses on the accompanying combined statements of operations and comprehensive income.

*DUE FROM (TO) OWNER*

At December 31, 2024 and 2023, the Group had amounts due to or from the owner. These amounts represent unsecured net non-interest bearing advances and borrowings with no specified maturity date. As of December 31, 2024 and 2023, the net combined balance due from owner was \$104,936,943 and \$64,260,902, respectively, and is classified as an other asset on the accompanying combined balance sheets.

*INSURANCE PROGRAM*

The Group administers high deductible programs for the workers' compensation and property and casualty insurance coverage for the dealerships. The policies, which renew annually on October 1, have deductibles ranging from \$5,000 to \$350,000; premiums cover all claims over the deductibles. At December 31, 2024 and 2023, a \$246,000 escrow funded by the Group to pay claims is included in other assets on the accompanying combined balance sheets. The dealerships make payments to JRM to create an insurance loss fund which will be used to replenish the escrow as claims within the deductible amount are paid. Since the Group is not an insurance company, it accounts for these payments, net of related premiums and insurance claims paid, as an insurance loss fund liability with a balance of \$3,780,700 and \$3,665,575 at December 31, 2024 and 2023, respectively. At December 31, 2024, the insurance policies require the Group to maintain a letter of credit totaling \$4,117,000.

THE HERB CHAMBERS COMPANIES

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

---

**NOTE 10 - RELATED PARTY TRANSACTIONS (CONTINUED)**

*INVESTMENT IN PARTNERSHIPS*

JRM is the general partner of Avonwood Associates Limited Partnership and Geo Missy Limited Partnership. The Group has elected to account for its one percent ownership in each of the partnerships on the equity method of accounting as it believes that this method best reflects the position of the general partner. Income recorded for these partnerships for the years ended December 31, 2024 and 2023 was \$64,952 and \$62,774, respectively, and has been classified as other income in the combined statements of operations and comprehensive income.

*GUARANTEE*

Two operating entities in the Group, together with the owner, guarantee a \$200,000,000 revolving line of credit. At December 31, 2024, the borrowing entities of the line of credit consisted of twenty-five related party real estate entities that the Group leases primary operating facilities from and are owned by the Group's owner. The line of credit is used primarily for the purchase of operating facilities. The balance outstanding under the line of credit was \$80,840,800 at December 31, 2024. The line of credit expires on September 30, 2025; however, management expects they will renew and extend the line of credit prior to September 30, 2025.

**NOTE 11 - RETIREMENT PLAN**

The Group and its affiliated organizations maintain a 401(k) plan covering all employees who have completed one year of service and attained 18 years of age. Participants may make elective deferrals from 1% to 50% of the participant's eligible compensation, limited to a maximum annual as set periodically by the Internal Revenue Service. Participants' contributions are matched by the Group at the rate of 50% up to 4% of the participants' compensation. For the years ended December 31, 2024 and 2023, contributions were \$2,062,153 and \$2,063,055, respectively, and is included in operating expenses on the accompanying combined statements of operations and comprehensive income.

**THE HERB CHAMBERS COMPANIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 12 - SUPPLEMENTAL CASH FLOWS**

The following cash and non-cash transactions occurred during the years ended December 31, 2024 and 2023.

Supplemental disclosures of cash flow information:

	2024	2023
Cash paid during the year for:		
Interest	\$ 22,516,460	\$ 14,450,710
Income taxes	7,610,501	11,557,800

Supplemental disclosures of non-cash financing and investing activities:

	2024	2023
Reinvestment of investment sales proceeds through brokerage accounts	\$ 20,429,049	\$ 32,759,203
Transfer of company vehicles to used vehicle inventory	469,413	652,439
Unrealized gain in other comprehensive income	23,415	540,140
Right-of-use assets obtained in exchange for lease liabilities	--	262,629
Property and equipment purchased through due from owner	3,814,044	1,493,452
Property and equipment transferred from prepaid expenses	--	378,727
Cancellation of right-of-use asset and liabilities	6,657,038	--

**NOTE 13 - CONTINGENCIES AND COMMITMENTS**

The dealerships operated by the Group sell automobiles pursuant to franchise agreements with automobile manufacturers or authorized distributors of the manufacturer. Through the terms and conditions of these franchise agreements, manufacturers can exert considerable influence over the operations of the Group's dealerships. Each franchise agreement includes provisions for the termination or non-renewal of the manufacturer-dealer relationship for a variety of causes. Under the terms of the franchise agreements, the Group is required to maintain minimum working capital requirements and other specific financial ratios. The loss of a Group's franchise agreement could have a material adverse effect on the Group's business, financial condition, and results of operations.

**THE HERB CHAMBERS COMPANIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

---

**NOTE 13 - CONTINGENCIES AND COMMITMENTS (CONTINUED)**

The Group participates in numerous factory incentive and warranty programs. The Group is reimbursed for these incentive and warranty claims based on individual program guidelines and rules. Such reimbursements are subject to audit and retroactive adjustments

The Group is involved in lawsuits in the normal course of business. Management's assessment is that none of these matters are anticipated to have a material adverse impact on the financial position, results of operations, or cash flows of the Group.

The Group is subject to federal and state environmental regulations, including rules relating to air and water pollution, and the storage and disposal of gasoline, oil and other chemicals and waste. Local, state and federal regulations also affect automobile dealerships' advertising, sales and service, and financing activities. Management believes that the Group complies with all applicable laws and regulations relating to its business.

A significant portion of the Group's business involves the sale of vehicles, parts, or vehicles composed of parts that are manufactured outside the United States. As a result, the Group's operations are subject to customary risks of importing merchandise, including fluctuations in the relative values of currencies, import duties, exchange controls, trade restrictions, work stoppages and general political and socio-economic conditions in foreign countries. The United States or the countries from which the Group's products are imported may, from time to time, impose new quotas, duties, tariffs, or other restrictions; or adjust presently prevailing quotas, duties, or tariffs, which may affect the Group's operations and ability to purchase imported vehicles and/or parts at reasonable prices.

On September 10, 2024, the United States Attorney's Office sent Civil Investigative Demands to eight entities of the Group in connection with its investigation into possible violations of the False Claims Act related to applications submitted for the issuance and forgiveness of Paycheck Protection Program (PPP) loans totaling \$7,659,391. The issue concerns whether these entities were eligible for the PPP loans considering an Interim Final Ruling issued by the SBA which limited businesses that are part of a single corporate group to no more than \$20,000,000 of PPP loans in the aggregate. Although the Group denies any liability under the False Claims Act or any other law related to this dispute, the Group has agreed to resolve this matter with the United States Attorney's Office with a settlement payment of \$11,841,143, which has been included in accounts payable and other accrued expenses at December 31, 2024 on the accompanying combined balance sheets and as settlement expense included in other income (expenses) on the accompanying combined statements of operations and comprehensive income.

**THE HERB CHAMBERS COMPANIES**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 14 - COMMON STOCK**

Common stock is comprised of the following as of December 31, 2024 and 2023:

	Par Value	Shares Authorized	Shares Issued and Outstanding	Amount
Jennings Road Management Corp.	\$ --	5,000	100	\$ 1,000
Herb Chambers Route 1, Inc.	1,500	200	200	300,000
Herb Chambers I-93, Inc.	25	200	200	5,000
Herb Chambers Commonwealth Avenue, Inc	--	200	200	1,000
Silver Star, Inc.	500	200	200	100,000
Herb Chambers 1172, Inc.	500	200	200	100,000
Herb Chambers Cambridge Street, Inc.	--	200	200	10,000
Herb Chambers Cadillac, Inc.	1	8,000	100	100
Herb Chambers 1186, Inc.	1	15,000	10,000	10,000
Herb Chambers 128, Inc.	1	15,000	10,000	10,000
Herb Chambers 44, Inc.	--	200	200	100,000
Herb Chambers Route 9, Inc.	--	200	200	10,000
Herb Chambers of Norwood, Inc.	--	200	200	50,000
Herb Chambers of Millbury, Inc.	2,500	200	200	500,000
Herb Chambers of Auburn, Inc.	1,630	500	200	326,000
Herb Chambers 1168, Inc.	2,500	200	200	500,000
Dave Dinger Ford, Inc.	--	2,000	1,000	284,000
Herb Chambers of Westborough, Inc.	5	200	200	1,000
Herb Chambers of Andover Street, Inc.	50	200	200	10,000
Herb Chambers 22 Brighton Ave, Inc.	5	200	200	1,000
Herb Chambers Boston Post Road, Inc.	--	200	200	10,000

THE HERB CHAMBERS COMPANIES

NOTES TO COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 14 - COMMON STOCK (CONTINUED)

	Par Value	Shares Authorized	Shares Issued and Outstanding	Amount
Herb Chambers I-95, Inc.	\$ 1,250	200	200	\$ 250,000
Herb Chambers of Wayland, Inc.	--	200	200	10,000
Herb Chambers of Natick, Inc.	--	200	200	10,000
Herb Chambers of Sudbury, Inc.	--	200	200	10,000
Herb Chambers 75 Otis Street, Inc.	--	200	200	10,000
Herb Chambers of Burlington, Inc.	--	200	200	10,000
Herb Chambers of Millbury II, Inc.	--	200	200	10,000
Herb Chambers Boston Turnpike, Inc.	--	200	200	10,000
Herb Chambers 395 Broadway, Inc.	--	200	200	10,000
Herb Chambers of Brookline, Inc.	--	200	200	10,000
Herb Chambers 1188, Inc.	--	200	200	10,000
Herb Chambers 62 Cambridge Street, Inc.	--	200	200	10,000
		<u>50,900</u>	<u>26,800</u>	<u>\$ 2,689,100</u>

NOTE 15 - SUBSEQUENT EVENT

On February 14, 2025, the Group entered into a Purchase and Sale Agreement (the "Transaction Agreement") with Asbury Automotive Group, Inc. ("Asbury"). Pursuant to the Transaction Agreement, the Group is expected to sell substantially all of the assets, including all real property and related businesses of the Herb Chambers Companies (collectively, the "Businesses") for an aggregate purchase price of approximately \$1.34 billion, which includes \$590 million for related real estate entities and leasehold improvements. In addition, the Group will sell new vehicles, used vehicles, service loaner vehicles, fixed assets, parts, and supplies for a purchase price to be determined at the closing (the "Closing") of the transactions set forth in the Transaction Agreement and Asbury will reimburse the Group for certain dealership construction and development costs incurred prior to the Closing. The Businesses includes 33 dealerships, 52 franchises and three collision centers. The Group will retain ownership of the Mercedes-Benz of Boston dealership in Somerville, Massachusetts (Herb Chambers I-93, Inc.). The Groups sale of the Businesses is anticipated to close in the second quarter of 2025 and is subject to various customary closing conditions, including approval from the applicable automotive manufacturers.

**THE HERB CHAMBERS COMPANIES**  
**SCHEDULE I – COMBINING BALANCE SHEETS**

**DECEMBER 31, 2024**

	Herb Chambers Route 1, Inc.	Herb Chambers I-93, Inc.	Herb Chambers Comm Ave. Inc.	Silver Star, Inc.	Herb Chambers 1172, Inc.	Herb Chambers Cambridge Street, Inc.	Herb Chambers Cadillac, Inc.	Herb Chambers 1186, Inc.	Herb Chambers 128, Inc.	Herb Chambers 44, Inc.	Herb Chambers Route 9, Inc.	Herb Chambers of Norwood, Inc.
<b>Assets</b>												
<b>Current Assets</b>												
Cash	\$ 7,504,732	\$ 106,856	\$ 1,751,934	\$ 4,752,231	\$ 1,256,337	\$ 3,696,240	\$ 495,917	\$ 934,579	\$ 2,551,499	\$ 1,355,523	\$ (558,890)	\$ 1,476,050
Debtentures	5,000,000	2,000,000	1,000,000	1,000,000	--	500,000	2,000,000	2,000,000	--	2,000,000	--	2,500,000
Investments	--	--	--	--	--	--	--	--	--	--	--	--
Accounts receivable, net	5,941,955	5,337,846	1,263,011	6,083,018	6,699,938	2,445,293	2,086,834	2,574,837	2,028,024	1,418,151	375,933	2,059,135
Inventories	15,349,900	28,104,087	12,197,412	31,128,440	31,826,044	18,108,799	11,901,716	9,904,019	9,296,719	12,137,789	36,223	20,388,966
Due from related parties	--	--	--	--	--	--	--	--	--	--	--	--
Prepaid taxes and expenses	8,606	(19,494)	3,700	(30,012)	32,834	54,775	21,560	21,000	(1,112)	7,893	--	7,032
<b>Total Current Assets</b>	<b>33,805,193</b>	<b>35,529,295</b>	<b>16,216,057</b>	<b>42,933,677</b>	<b>39,815,153</b>	<b>24,805,107</b>	<b>16,506,027</b>	<b>15,434,435</b>	<b>13,875,130</b>	<b>16,919,356</b>	<b>(146,734)</b>	<b>26,431,183</b>
<b>Net Property and Equipment</b>												
	761,889	1,940,889	66,627	644,532	1,107,574	865,595	3,534,382	104,816	305,658	387,609	--	318,185
<b>Other Assets</b>												
Right of use assets, net	34,952,553	14,798,635	4,240,387	7,579,658	11,785,263	10,546,984	3,259,368	4,455,815	4,007,068	2,969,628	--	7,705,515
Due from owner	33,703,774	3,586,953	12,193,252	8,027,404	10,435,572	--	1,792,778	6,256,270	11,635,097	6,947,500	27,490,055	--
Goodwill	--	--	--	--	--	3,701,178	--	--	--	--	--	500,000
Investment in partnerships	--	--	--	--	--	--	--	--	--	--	--	--
Other assets	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total Other Assets</b>	<b>68,656,327</b>	<b>18,385,588</b>	<b>16,433,639</b>	<b>15,607,062</b>	<b>22,220,835</b>	<b>14,248,162</b>	<b>5,052,146</b>	<b>10,712,085</b>	<b>15,642,165</b>	<b>9,917,128</b>	<b>27,490,055</b>	<b>8,205,515</b>
<b>Total Assets</b>	<b>\$ 103,223,409</b>	<b>\$ 55,855,772</b>	<b>\$ 32,716,323</b>	<b>\$ 59,185,271</b>	<b>\$ 63,143,562</b>	<b>\$ 39,918,864</b>	<b>\$ 25,092,555</b>	<b>\$ 26,251,336</b>	<b>\$ 29,822,953</b>	<b>\$ 27,224,093</b>	<b>\$ 27,343,321</b>	<b>\$ 34,954,883</b>
<b>Liabilities and Equity</b>												
<b>Current Liabilities</b>												
Lines of credit	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Floorplan notes payable	11,357,025	25,786,569	10,822,896	29,987,421	32,937,624	15,878,893	12,157,720	8,644,406	9,575,374	9,188,022	36,218	22,464,558
Current portion of operating lease liabilities	3,317,540	1,697,922	402,479	2,019,200	3,903,699	1,344,781	868,286	1,025,898	1,114,182	862,376	--	1,320,227
Current portion of financing lease liability	--	--	--	--	--	--	433,122	--	--	--	--	--
Accounts payable and other accrued expenses	1,114,793	3,902,541	1,988,824	3,593,824	4,858,420	2,025,421	754,458	2,276,284	695,976	1,777,657	264,959	1,404,202
Income taxes payable	46,077	--	19,216	147,894	14,847	73,322	--	14,592	14,768	23,808	--	7,957
Debtentures payable	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total Current Liabilities</b>	<b>15,835,435</b>	<b>31,387,032</b>	<b>13,233,415</b>	<b>35,748,339</b>	<b>41,714,590</b>	<b>19,322,417</b>	<b>14,213,586</b>	<b>11,961,180</b>	<b>11,400,300</b>	<b>11,851,863</b>	<b>301,177</b>	<b>25,196,944</b>
<b>Long-Term Liabilities</b>												
Insurance loss fund	--	--	--	--	--	--	--	--	--	--	--	--
Operating lease liabilities, net of current portion	31,635,013	12,687,803	3,837,908	5,560,459	7,657,694	9,202,203	2,391,082	3,430,020	2,892,886	2,107,252	--	6,385,288
Financing lease liability, net of current portion	--	--	--	--	--	--	1,495,374	--	--	--	--	--
Due to owner	27,563,571	--	--	--	--	504,014	--	--	--	--	--	1,579,814
<b>Total Long-Term Liabilities</b>	<b>59,198,584</b>	<b>12,687,803</b>	<b>3,837,908</b>	<b>5,560,459</b>	<b>7,657,694</b>	<b>9,706,217</b>	<b>3,886,456</b>	<b>3,430,020</b>	<b>2,892,886</b>	<b>2,107,252</b>	<b>--</b>	<b>7,965,102</b>
<b>Total Liabilities</b>	<b>75,034,019</b>	<b>44,074,835</b>	<b>17,071,323</b>	<b>41,308,798</b>	<b>49,372,284</b>	<b>29,028,634</b>	<b>18,100,042</b>	<b>15,391,200</b>	<b>14,293,186</b>	<b>13,959,115</b>	<b>301,177</b>	<b>33,162,046</b>
<b>Equity</b>												
Common stock	300,000	5,000	1,000	100,000	100,000	10,000	100	10,000	10,000	100,000	10,000	50,000
Additional paid-in capital	2,745,000	895,000	299,000	400,000	--	370,000	3,568,444	2,315,914	500,000	1,000,000	490,000	--
Retained earnings (deficit)	25,144,390	10,880,937	15,345,000	17,376,473	13,671,278	10,510,230	3,423,969	8,534,222	15,019,767	12,164,978	26,542,144	1,742,837
Member's deficit	--	--	--	--	--	--	--	--	--	--	--	--
Accumulated comprehensive income (loss)	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total Equity (Deficit)</b>	<b>28,189,390</b>	<b>11,780,937</b>	<b>15,645,000</b>	<b>17,876,473</b>	<b>13,771,278</b>	<b>10,890,230</b>	<b>6,992,513</b>	<b>10,860,136</b>	<b>15,529,767</b>	<b>13,264,978</b>	<b>27,042,144</b>	<b>1,792,837</b>
<b>Total Liabilities and Equity</b>	<b>\$ 103,223,409</b>	<b>\$ 55,855,772</b>	<b>\$ 32,716,323</b>	<b>\$ 59,185,271</b>	<b>\$ 63,143,562</b>	<b>\$ 39,918,864</b>	<b>\$ 25,092,555</b>	<b>\$ 26,251,336</b>	<b>\$ 29,822,953</b>	<b>\$ 27,224,093</b>	<b>\$ 27,343,321</b>	<b>\$ 34,954,883</b>

*See independent auditors' report.*

THE HERB CHAMBERS COMPANIES

SCHEDULE I – COMBINING BALANCE SHEETS (CONTINUED)

DECEMBER 31, 2024

	Herb Chambers I-95, Inc.	Herb Chambers of Millbury, Inc.	Herb Chambers of Auburn, Inc.	Herb Chambers 1168, Inc.	Dinger Ford, Inc.	Herb Chambers of Westborough, Inc.	Herb Chambers Andover Street, Inc.	Herb Chambers 22 Brighton Ave., Inc.	Herb Chambers Boston Post Road, Inc.	Herb Chambers of Wayland, Inc.	Herb Chambers of Natick, Inc.	Herb Chambers of Sudbury, Inc.
<b>Assets</b>												
<b>Current Assets</b>												
Cash	\$ 355,146	\$ 1,453,890	\$ 771,746	\$ 924,980	\$ 785,093	\$ 666,720	\$ 757,638	\$ 46,135	\$ 1,441,466	\$ 3,612,445	\$ 3,083,172	\$ 486,959
Debtentures	1,500,000	2,500,000	2,000,000	750,000	2,500,000	2,500,000	2,000,000	--	1,000,000	2,000,000	2,500,000	2,500,000
Investments	--	--	--	--	--	--	--	--	--	--	--	--
Accounts receivable, net	1,273,474	1,727,872	2,335,528	417,979	517,681	1,245,024	1,992,992	4,423	3,216,506	1,769,760	5,631,313	2,619,520
Inventories	11,356,189	13,292,353	17,606,695	3,202,225	11,046,368	16,187,138	8,868,410	259,785	24,219,348	19,064,912	26,550,105	19,402,341
Due from related parties	--	--	--	--	--	--	--	--	--	--	--	--
Prepaid taxes and expenses	47,374	452,412	100,928	(1,790)	418	617,248	9,357	2,250	--	36,404	137,157	(13,613)
<b>Total Current Assets</b>	<b>14,532,183</b>	<b>19,426,527</b>	<b>22,814,897</b>	<b>5,293,394</b>	<b>14,849,560</b>	<b>21,216,130</b>	<b>13,628,397</b>	<b>312,593</b>	<b>29,877,320</b>	<b>26,483,521</b>	<b>37,901,747</b>	<b>24,995,207</b>
<b>Net Property and Equipment</b>												
	335,298	136,068	1,548,708	143,387	959,710	262,093	442,352	1,649	791,194	387,604	3,353,129	444,949
<b>Other Assets</b>												
Right of use assets, net	3,684,503	1,654,179	8,179,060	4,224,014	5,779,537	3,661,523	6,377,031	--	13,513,249	2,509,090	6,827,142	5,539,925
Due from owner	5,676,447	--	--	11,552,578	8,370,478	--	15,489,943	--	--	--	--	--
Goodwill	1,507,500	--	--	822,517	--	2,557,482	3,001,001	--	4,520,594	--	4,131,033	3,490,733
Investment in partnerships	--	--	--	--	--	--	--	--	--	--	--	--
Other assets	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total Other Assets</b>	<b>10,868,450</b>	<b>1,654,179</b>	<b>8,179,060</b>	<b>16,599,109</b>	<b>14,150,015</b>	<b>6,219,005</b>	<b>24,867,975</b>	<b>--</b>	<b>18,033,843</b>	<b>2,509,090</b>	<b>10,958,175</b>	<b>9,030,658</b>
<b>Total Assets</b>	<b>\$ 25,735,931</b>	<b>\$ 21,216,774</b>	<b>\$ 32,542,665</b>	<b>\$ 22,035,890</b>	<b>\$ 29,959,285</b>	<b>\$ 27,697,228</b>	<b>\$ 38,938,724</b>	<b>\$ 314,242</b>	<b>\$ 48,702,357</b>	<b>\$ 29,380,215</b>	<b>\$ 52,213,051</b>	<b>\$ 34,470,814</b>
<b>Liabilities and Equity</b>												
<b>Current Liabilities</b>												
Lines of credit	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Floorplan notes payable	15,075,159	17,803,571	14,892,018	1,943,051	11,240,338	17,690,350	9,438,852	222,797	18,013,437	19,373,848	25,506,132	17,312,189
Current portion of operating lease liabilities	981,541	437,089	2,178,879	688,370	1,539,652	975,419	807,981	--	1,627,626	962,535	2,489,427	1,706,477
Current portion of financing lease liability	--	--	--	--	--	--	--	--	--	--	--	--
Accounts payable and other accrued expenses	39,685	1,043,607	2,522,828	843,453	821,190	896,161	822,718	17,458	2,660,959	5,146,243	4,598,295	1,605,918
Income taxes payable	5,567	(10,379)	7,734	11,773	26,932	13,246	2,445	(530)	16,631	8,205	10,543	(5,043)
Debtentures payable	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total Current Liabilities</b>	<b>16,101,952</b>	<b>19,273,888</b>	<b>19,601,459</b>	<b>3,486,647</b>	<b>13,628,112</b>	<b>19,575,176</b>	<b>11,071,996</b>	<b>239,725</b>	<b>22,318,653</b>	<b>25,490,831</b>	<b>32,604,397</b>	<b>20,619,541</b>
<b>Long-Term Liabilities</b>												
Insurance loss fund	--	--	--	--	--	--	--	--	--	--	--	--
Operating lease liabilities, net of current portion	2,702,962	1,217,091	6,000,182	3,535,644	4,239,885	2,686,103	5,569,050	--	11,885,623	1,546,555	4,337,715	3,833,448
Financing lease liability, net of current portion	--	--	--	--	--	--	--	--	--	--	--	--
Due to owner	--	470,158	378,948	--	--	1,176,154	--	212,450	2,858,011	474,420	831,118	3,383,245
<b>Total Long-Term Liabilities</b>	<b>2,702,962</b>	<b>1,687,249</b>	<b>6,379,130</b>	<b>3,535,644</b>	<b>4,239,885</b>	<b>3,862,257</b>	<b>5,569,050</b>	<b>212,450</b>	<b>14,743,634</b>	<b>2,020,975</b>	<b>5,168,833</b>	<b>7,216,693</b>
<b>Total Liabilities</b>	<b>18,804,914</b>	<b>20,961,137</b>	<b>25,980,589</b>	<b>7,022,291</b>	<b>17,867,997</b>	<b>23,437,433</b>	<b>16,641,046</b>	<b>452,175</b>	<b>37,062,287</b>	<b>27,511,806</b>	<b>37,773,230</b>	<b>27,836,234</b>
<b>Equity</b>												
Common stock	250,000	500,000	326,000	500,000	284,000	1,000	10,000	1,000	10,000	10,000	10,000	10,000
Additional paid-in capital	155,821	50,000	813,654	1,748,000	75,270	4,921,000	2,590,000	25,000	490,000	490,000	690,000	490,000
Retained earnings (deficit)	6,525,196	(294,363)	5,422,422	12,765,599	11,732,018	(662,205)	19,697,678	(163,933)	11,140,070	1,368,409	13,739,821	6,134,580
Member's deficit	--	--	--	--	--	--	--	--	--	--	--	--
Accumulated comprehensive income (loss)	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total Equity (Deficit)</b>	<b>6,931,017</b>	<b>255,637</b>	<b>6,562,076</b>	<b>15,013,599</b>	<b>12,091,288</b>	<b>4,259,795</b>	<b>22,297,678</b>	<b>(137,933)</b>	<b>11,640,070</b>	<b>1,868,409</b>	<b>14,439,821</b>	<b>6,634,580</b>
<b>Total Liabilities and Equity</b>	<b>\$ 25,735,931</b>	<b>\$ 21,216,774</b>	<b>\$ 32,542,665</b>	<b>\$ 22,035,890</b>	<b>\$ 29,959,285</b>	<b>\$ 27,697,228</b>	<b>\$ 38,938,724</b>	<b>\$ 314,242</b>	<b>\$ 48,702,357</b>	<b>\$ 29,380,215</b>	<b>\$ 52,213,051</b>	<b>\$ 34,470,814</b>

See independent auditors' report.

THE HERB CHAMBERS COMPANIES

SCHEDULE I – COMBINING BALANCE SHEETS (CONTINUED)

DECEMBER 31, 2024

	Herb Chambers 75 Otis Street, Inc.,	Herb Chambers of Burlington, Inc.	Herb Chambers 1188, Inc.	Herb Chambers of Millbury II, Inc.	Herb Chambers Boston Turnpike, Inc.	Herb Chambers 395 Broadway, Inc.	Herb Chambers of Brookline, Inc.	Herb Chambers 62 Cambridge Street, Inc.	Total Retail Dealerships	HGC Holdings, LLC	Jennings Road Management Corp.	Eliminations	Total
<b>Assets</b>													
<b>Current Assets</b>													
Cash	\$ 659,698	\$ 313,793	\$ 778,298	\$ 487,916	\$ 2,190,028	\$ 739,118	\$ 2,207,995	\$ 994,491	\$ 48,079,735	\$ 11,400	\$ 32,661,485	\$ --	\$ 80,752,620
Debtentures	1,500,000	1,500,000	3,500,000	750,000	1,250,000	1,000,000	750,000	--	50,000,000	--	--	(50,000,000)	--
Investments	--	--	--	--	--	--	--	--	--	74,556,161	--	--	74,556,161
Accounts receivable, net	339,599	924,054	4,151,848	82,010	440,892	3,497,637	1,156,725	1,666,229	73,325,041	--	(410,726)	--	72,914,315
Inventories	6,726,625	6,856,831	31,401,028	3,306,304	15,015,038	11,153,104	11,526,880	15,044,894	472,466,687	--	--	--	472,466,687
Due from related parties	--	--	--	--	--	--	--	--	--	--	5,411,918	(5,013,039)	398,879
Prepaid taxes and expenses	36,339	209,040	15,197	36,913	(10,736)	(13,280)	16,667	(24,409)	1,760,658	--	291,580	--	2,052,238
<b>Total Current Assets</b>	<b>9,262,261</b>	<b>9,803,718</b>	<b>39,846,371</b>	<b>4,663,143</b>	<b>18,885,222</b>	<b>16,376,579</b>	<b>15,658,267</b>	<b>17,681,205</b>	<b>645,632,121</b>	<b>74,567,561</b>	<b>37,954,257</b>	<b>(55,013,039)</b>	<b>703,140,900</b>
<b>Net Property and Equipment</b>	<b>140,134</b>	<b>157,010</b>	<b>693,717</b>	<b>28,570</b>	<b>150,432</b>	<b>290,735</b>	<b>380,692</b>	<b>454,038</b>	<b>21,139,225</b>	<b>--</b>	<b>541,280</b>	<b>--</b>	<b>21,680,505</b>
<b>Other Assets</b>													
Right of use assets, net	3,481,511	961,341	21,000,053	1,050,938	5,919,849	2,849,553	11,407,585	6,560,810	221,481,767	--	196,965	--	221,678,732
Due from owner	--	--	--	--	--	--	549,547	--	163,707,648	--	--	(58,770,705)	104,936,943
Goodwill	--	--	--	--	785,700	--	6,595,000	--	31,612,738	--	--	--	31,612,738
Investment in partnerships	--	--	--	--	--	--	--	--	--	--	1,151,174	--	1,151,174
Other assets	--	--	--	--	--	--	--	--	--	--	261,453	--	261,453
<b>Total Other Assets</b>	<b>3,481,511</b>	<b>961,341</b>	<b>21,000,053</b>	<b>1,050,938</b>	<b>6,705,549</b>	<b>2,849,553</b>	<b>18,552,132</b>	<b>6,560,810</b>	<b>416,802,153</b>	<b>--</b>	<b>1,609,592</b>	<b>(58,770,705)</b>	<b>359,641,040</b>
<b>Total Assets</b>	<b>\$ 12,883,906</b>	<b>\$ 10,922,069</b>	<b>\$61,540,141</b>	<b>\$ 5,742,651</b>	<b>\$ 25,741,203</b>	<b>\$ 19,516,867</b>	<b>\$ 34,591,091</b>	<b>\$ 24,696,053</b>	<b>\$1,083,573,499</b>	<b>\$ 74,567,561</b>	<b>\$ 40,105,129</b>	<b>\$(113,783,744)</b>	<b>\$1,084,462,445</b>
<b>Liabilities and Equity</b>													
<b>Current Liabilities</b>													
Lines of credit	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Floorplan notes payable	7,057,012	6,619,863	31,036,016	3,782,765	14,691,786	12,607,787	9,544,600	10,413,185	453,101,482	--	--	--	453,101,482
Current portion of operating lease liabilities	927,465	256,099	2,895,413	134,209	803,523	759,113	1,268,931	837,840	40,154,179	--	53,633	--	40,207,812
Current portion of financing lease liability	--	--	--	--	--	--	--	--	433,122	--	--	--	433,122
Accounts payable and other accrued expenses	703,602	432,346	2,375,313	216,426	906,348	371,317	1,327,907	2,186,233	54,195,365	--	13,305,931	(5,013,039)	62,488,258
Income taxes payable	--	6,266	(461)	(2,000)	1,095	27,225	(807)	64,194	545,117	--	--	--	545,117
Debtentures payable	--	--	--	--	--	--	--	--	--	50,000,000	--	(50,000,000)	--
<b>Total Current Liabilities</b>	<b>8,688,079</b>	<b>7,314,574</b>	<b>36,306,281</b>	<b>4,131,400</b>	<b>16,402,752</b>	<b>13,765,442</b>	<b>12,140,631</b>	<b>13,501,452</b>	<b>548,429,265</b>	<b>50,000,000</b>	<b>13,359,564</b>	<b>(55,013,039)</b>	<b>556,775,791</b>
<b>Long-Term Liabilities</b>													
Insurance loss fund	--	--	--	--	--	--	--	--	--	--	3,780,700	--	3,780,700
Operating lease liabilities, net of current portion	2,554,046	705,243	18,104,641	916,730	5,116,326	2,090,440	10,676,205	5,722,970	181,228,467	--	143,332	--	181,371,799
Financing lease liability, net of current portion	--	--	--	--	--	--	--	--	1,495,374	--	--	--	1,495,374
Due to owner	2,216,700	1,327,709	5,958,575	1,002,042	1,653,178	2,865,626	--	4,399,469	58,855,202	--	(84,497)	(58,770,705)	--
<b>Total Long-Term Liabilities</b>	<b>4,770,746</b>	<b>2,032,952</b>	<b>24,063,216</b>	<b>1,918,772</b>	<b>6,769,504</b>	<b>4,956,066</b>	<b>10,676,205</b>	<b>10,122,439</b>	<b>241,579,043</b>	<b>--</b>	<b>3,839,535</b>	<b>(58,770,705)</b>	<b>186,647,873</b>
<b>Total Liabilities</b>	<b>13,458,825</b>	<b>9,347,526</b>	<b>60,369,497</b>	<b>6,050,172</b>	<b>23,172,256</b>	<b>18,721,508</b>	<b>22,816,836</b>	<b>23,623,891</b>	<b>790,008,308</b>	<b>50,000,000</b>	<b>17,199,099</b>	<b>(113,783,744)</b>	<b>743,423,664</b>
<b>Equity</b>													
Common stock	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	2,688,100	--	1,000	--	2,689,100
Additional paid-in capital	490,000	40,000	490,000	90,000	490,000	--	4,040,000	120,000	30,882,103	--	543,956	--	31,426,059
Retained earnings (deficit)	(1,074,919)	1,524,543	670,644	(407,521)	2,068,947	785,359	7,724,255	942,162	259,994,987	--	22,361,074	--	282,356,061
Member's deficit	--	--	--	--	--	--	--	--	--	24,236,020	--	--	24,236,020
Accumulated comprehensive income (loss)	--	--	--	--	--	--	--	--	--	331,541	--	--	331,541
<b>Total Equity (Deficit)</b>	<b>(574,919)</b>	<b>1,574,543</b>	<b>1,170,644</b>	<b>(307,521)</b>	<b>2,568,947</b>	<b>795,359</b>	<b>11,774,255</b>	<b>1,072,162</b>	<b>293,565,190</b>	<b>24,567,561</b>	<b>22,906,030</b>	<b>--</b>	<b>341,038,781</b>
<b>Total Liabilities and Equity</b>	<b>\$ 12,883,906</b>	<b>\$ 10,922,069</b>	<b>\$61,540,141</b>	<b>\$ 5,742,651</b>	<b>\$ 25,741,203</b>	<b>\$ 19,516,867</b>	<b>\$ 34,591,091</b>	<b>\$ 24,696,053</b>	<b>\$1,083,573,499</b>	<b>\$ 74,567,561</b>	<b>\$ 40,105,129</b>	<b>\$(113,783,744)</b>	<b>\$1,084,462,445</b>



THE HERB CHAMBERS COMPANIES

SCHEDULE II – COMBINING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

FOR THE YEAR ENDED DECEMBER 31, 2024

	Herb Chambers Route 1, Inc.	Herb Chambers I-93, Inc.	Herb Chambers Comm Ave. Inc.	Silver Star, Inc.	Herb Chambers 1172, Inc.	Herb Chambers Cambridge Street, Inc.	Herb Chambers Cadillac, Inc.	Herb Chambers 1186, Inc.	Herb Chambers 128, Inc.	Herb Chambers 44, Inc.	Herb Chambers Route 9, Inc.	Herb Chambers of Norwood, Inc.
<b>Sales</b>	\$ 290,361,173	\$ 177,212,521	\$ 73,179,995	\$ 186,154,133	\$ 225,280,705	\$ 114,527,626	\$ 66,607,108	\$ 89,363,139	\$ 90,779,210	\$ 107,442,527	\$ 90,946,644	\$ 83,998,631
<b>Cost of Sales</b>	241,849,592	144,637,992	61,662,620	157,381,886	182,313,584	91,851,860	55,624,121	72,561,683	72,463,022	87,700,632	74,910,692	69,584,756
<b>Gross Profit</b>	48,511,581	32,574,529	11,517,375	28,772,247	42,967,121	22,675,766	10,982,987	16,801,456	18,316,188	19,741,895	16,035,952	14,413,875
<b>Operating Expenses</b>	46,260,953	33,002,009	10,142,388	29,224,665	41,585,840	21,573,371	10,668,093	15,738,978	16,864,837	20,024,182	13,663,789	14,397,519
<b>Income (Loss) from Operations</b>	2,250,628	(427,480)	1,374,987	(452,418)	1,381,281	1,102,395	314,894	1,062,478	1,451,351	(282,287)	2,372,163	16,356
<b>Other Income (Expense)</b>												
Investment income	--	--	--	--	--	--	--	--	--	--	--	--
Gain on sale of franchise	--	--	--	--	--	--	--	--	--	--	13,204,798	--
Settlement expense	--	--	--	--	--	--	--	--	--	--	--	--
Other income (expense), net	405,119	1,565,693	201,312	2,141,319	--	--	--	--	116,672	1,648,277	191,149	166,056
<b>Total Other Income (Expense)</b>	405,119	1,565,693	201,312	2,141,319	--	--	--	--	116,672	1,648,277	13,395,947	166,056
<b>Net Income (Loss) Continuing Operations</b>	2,655,747	1,138,213	1,576,299	1,688,901	1,381,281	1,102,395	314,894	1,062,478	1,568,023	1,365,990	15,768,110	182,412
<b>Loss from Discontinued Operations</b>	--	--	--	--	--	--	--	--	--	--	--	--
<b>Net Income (Loss)</b>	2,655,747	1,138,213	1,576,299	1,688,901	1,381,281	1,102,395	314,894	1,062,478	1,568,023	1,365,990	15,768,110	182,412
<b>Other Comprehensive Income Loss</b>												
Unrealized holding loss	--	--	--	--	--	--	--	--	--	--	--	--
<b>Comprehensive Income (Loss)</b>	\$ 2,655,747	\$ 1,138,213	\$ 1,576,299	\$ 1,688,901	\$ 1,381,281	\$ 1,102,395	\$ 314,894	\$ 1,062,478	\$ 1,568,023	\$ 1,365,990	\$ 15,768,110	\$ 182,412

See independent auditors' report.

THE HERB CHAMBERS COMPANIES

SCHEDULE II – COMBINING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2024

	Herb Chambers I-95, Inc.	Herb Chambers of Millbury, Inc.	Herb Chambers of Auburn, Inc.	Herb Chambers 1168, Inc.	Dinger Ford, Inc.	Herb Chambers of Westborough, Inc.	Herb Chambers Andover Street, Inc.	Herb Chambers 22 Brighton Ave., Inc.	Herb Chambers Boston Post Road, Inc.	Herb Chambers of Wayland, Inc.	Herb Chambers of Natick, Inc.	Herb Chambers of Sudbury, Inc.
<b>Sales</b>	\$ 70,278,342	\$ 58,437,779	\$ 178,731,845	\$ 55,287,524	\$ 69,500,947	\$ 71,022,556	\$ 64,145,941	\$ 678,600	\$ 187,808,767	\$ 99,034,738	\$ 144,096,566	\$ 89,295,604
<b>Cost of Sales</b>	59,135,140	49,616,812	149,221,611	43,723,747	55,893,222	60,857,783	49,695,821	475,617	159,298,092	87,691,436	114,947,437	71,834,473
<b>Gross Profit</b>	11,143,202	8,820,967	29,510,234	11,563,777	13,607,725	10,164,773	14,450,120	202,983	28,510,675	11,343,302	29,149,129	17,461,131
<b>Operating Expenses</b>	10,932,135	9,730,340	29,221,693	10,324,974	13,013,807	10,134,805	12,254,298	307,918	27,646,845	11,224,953	28,465,965	16,541,864
<b>Income (Loss) from Operations</b>	211,067	(909,373)	288,541	1,238,803	593,918	29,968	2,195,822	(104,935)	863,830	118,349	683,164	919,267
<b>Other Income (Expense)</b>												
Investment income	--	--	--	--	--	--	--	--	--	--	--	--
Gain on sale of franchise	--	--	--	--	--	--	--	--	--	--	--	--
Settlement expense	--	--	--	--	--	--	--	--	--	--	--	--
Other income (expense), net	135,254	184,856	383,631	199,094	245,308	382,809	104,742	19,292	326,692	68,065	726,402	--
<b>Total Other Income (Expense)</b>	135,254	184,856	383,631	199,094	245,308	382,809	104,742	19,292	326,692	68,065	726,402	--
<b>Net Income (Loss) Continuing Operations</b>	346,321	(724,517)	672,172	1,437,897	839,226	412,777	2,300,564	(85,643)	1,190,522	186,414	1,409,566	919,267
<b>Loss from Discontinued Operations</b>	--	--	--	--	--	--	--	--	--	--	--	--
<b>Net Income (Loss)</b>	346,321	(724,517)	672,172	1,437,897	839,226	412,777	2,300,564	(85,643)	1,190,522	186,414	1,409,566	919,267
<b>Other Comprehensive Income Loss</b>												
Unrealized holding loss	--	--	--	--	--	--	--	--	--	--	--	--
<b>Comprehensive Income (Loss)</b>	\$ 346,321	\$ (724,517)	\$ 672,172	\$ 1,437,897	\$ 839,226	\$ 412,777	\$ 2,300,564	\$ (85,643)	\$ 1,190,522	\$ 186,414	\$ 1,409,566	\$ 919,267

See independent auditors' report.

THE HERB CHAMBERS COMPANIES

SCHEDULE II – COMBINING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2024

	Herb Chambers 75 Otis Street, Inc.,	Herb Chambers of Burlington, Inc.	Herb Chambers 1188, Inc.	Herb Chambers of Millbury II, Inc.	Herb Chambers Boston Turnpike, Inc.	Herb Chambers 395 Broadway, Inc.	Herb Chambers of Brookline, Inc.	Herb Chambers 62 Cambridge Street, Inc.	Total Retail Dealerships	HGC Holdings, LLC	Jennings Road Management Corp.	Eliminations	Total
<b>Sales</b>	\$ 38,251,532	\$ 41,266,041	\$128,374,254	\$ 9,778,686	\$ 73,290,168	\$ 50,156,507	\$ 83,470,914	\$ 87,696,097	\$3,196,456,820	\$ --	\$ 100,625,400	\$(100,625,400)	\$3,196,456,820
<b>Cost of Sales</b>	32,273,796	34,347,599	109,740,639	8,495,017	62,728,325	42,497,364	67,197,065	74,068,110	2,646,281,546	--	--	--	2,646,281,546
<b>Gross Profit</b>	5,977,736	6,918,442	18,633,615	1,283,669	10,561,843	7,659,143	16,273,849	13,627,987	550,175,274	--	100,625,400	(100,625,400)	550,175,274
<b>Operating Expenses</b>	7,049,169	6,873,693	19,510,197	1,565,062	10,992,707	7,682,650	15,133,907	13,510,874	535,264,480	1,926,026	73,644,554	(102,545,400)	508,289,660
<b>Income (Loss) from Operations</b>	(1,071,433)	44,749	(876,582)	(281,393)	(430,864)	(23,507)	1,139,942	117,113	14,910,794	(1,926,026)	26,980,846	1,920,000	41,885,614
<b>Other Income (Expense)</b>													
Investment income	--	--	--	--	--	--	--	--	--	4,923,317	--	--	4,923,317
Gain on sale of franchise	--	--	--	--	--	--	--	--	13,204,798	--	--	--	13,204,798
Settlement expense	--	--	--	--	--	--	--	--	--	--	(11,841,143)	--	(11,841,143)
Other income (expense), net	51,369	114,482	996,394	42,277	697,639	114,353	--	--	11,228,256	--	1,649,761	(1,920,000)	10,958,016
<b>Total Other Income (Expense)</b>	51,369	114,482	996,394	42,277	697,639	114,353	--	--	24,433,054	4,923,317	(10,191,382)	(1,920,000)	17,244,988
<b>Net Income (Loss) Continuing Operations</b>	(1,020,064)	159,231	119,812	(239,116)	266,775	90,846	1,139,942	117,113	39,343,848	2,997,291	16,789,464	--	59,130,602
<b>Loss from Discontinued Operations</b>	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>Net Income (Loss)</b>	(1,020,064)	159,231	119,812	(239,116)	266,775	90,846	1,139,942	117,113	39,343,848	2,997,291	16,789,464	--	59,130,602
<b>Other Comprehensive Income Loss</b>													
Unrealized holding loss	--	--	--	--	--	--	--	--	--	23,415	--	--	23,415
<b>Comprehensive Income (Loss)</b>	\$ (1,020,064)	\$ 159,231	\$ 119,812	\$ (239,116)	\$ 266,775	\$ 90,846	\$ 1,139,942	\$ 117,113	\$ 39,343,848	\$ 3,020,706	\$ 16,789,464	\$ --	\$ 59,154,017

See independent auditors' report.

**THE HERB CHAMBERS COMPANIES**  
**SCHEDULE III – COMBINING BALANCE SHEETS**

**DECEMBER 31, 2023**

	Herb Chambers Route 1, Inc.	Herb Chambers I-93, Inc.	Herb Chambers Comm Ave. Inc.	Silver Star, Inc.	Herb Chambers 1172, Inc.	Herb Chambers Cambridge Street, Inc.	Herb Chambers Cadillac, Inc.	Herb Chambers 1186, Inc.	Herb Chambers 128, Inc.	Herb Chambers 44, Inc.	Herb Chambers Route 9, Inc.	Herb Chambers of Norwood, Inc.
<b>Assets</b>												
<b>Current Assets</b>												
Cash	\$ 3,001,746	\$ 704,406	\$ 3,616,214	\$ 6,757,333	\$ 3,538,903	\$ 1,972,063	\$ 768,630	\$ 3,072,256	\$ 3,421,766	\$ 1,301,303	\$ 1,271,035	\$ 978,841
Debentures	6,000,000	2,000,000	1,000,000	1,000,000	--	500,000	2,000,000	2,000,000	--	2,000,000	1,000,000	2,500,000
Investments	--	--	--	--	--	--	--	--	--	--	--	--
Accounts receivable, net	9,550,718	5,567,110	2,353,530	5,831,123	7,316,857	5,643,922	2,031,454	2,359,016	1,083,624	1,758,686	914,459	2,661,037
Inventories	23,844,301	27,568,595	9,292,334	25,760,029	27,488,009	14,312,122	12,681,815	7,446,921	7,214,965	8,653,664	6,505,034	17,931,973
Due from related parties	--	--	--	--	--	--	--	--	--	--	--	--
Prepaid taxes and expenses	7,514	711	3,700	--	32,834	--	9,762	21,000	31,017	7,143	29,423	7,035
<b>Total Current Assets</b>	<b>42,404,279</b>	<b>35,840,822</b>	<b>16,265,778</b>	<b>39,348,485</b>	<b>38,376,603</b>	<b>22,428,107</b>	<b>17,491,661</b>	<b>14,899,193</b>	<b>11,751,372</b>	<b>13,720,796</b>	<b>9,719,951</b>	<b>24,078,886</b>
<b>Net Property and Equipment</b>												
	556,953	2,189,039	110,856	751,910	1,469,179	1,194,905	4,050,772	134,599	364,448	317,354	473,854	367,116
<b>Other Assets</b>												
Right of use assets, net	38,092,949	16,255,595	4,621,375	9,491,041	15,398,793	11,814,293	4,081,292	5,451,657	5,061,756	3,785,956	6,656,678	8,955,881
Due from owner	25,718,974	2,100,953	10,102,552	7,061,004	8,000,429	--	576,929	5,273,670	10,364,797	6,417,200	4,710,055	--
Goodwill	--	--	--	--	--	3,701,178	--	--	--	--	2,942,312	500,000
Investment in partnerships	--	--	--	--	--	--	--	--	--	--	--	--
Other assets	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total Other Assets</b>	<b>63,811,923</b>	<b>18,356,548</b>	<b>14,723,927</b>	<b>16,552,045</b>	<b>23,399,222</b>	<b>15,515,471</b>	<b>4,658,221</b>	<b>10,725,327</b>	<b>15,426,553</b>	<b>10,203,156</b>	<b>14,309,045</b>	<b>9,455,881</b>
<b>Total Assets</b>	<b>\$ 106,773,155</b>	<b>\$ 56,386,409</b>	<b>\$ 31,100,561</b>	<b>\$ 56,652,440</b>	<b>\$ 63,245,004</b>	<b>\$ 39,138,483</b>	<b>\$ 26,200,654</b>	<b>\$ 25,759,119</b>	<b>\$ 27,542,373</b>	<b>\$ 24,241,306</b>	<b>\$ 24,502,850</b>	<b>\$ 33,901,883</b>
<b>Liabilities and Equity</b>												
<b>Current Liabilities</b>												
Floorplan notes payable	\$ 20,745,163	\$ 26,393,510	\$ 9,903,593	\$ 27,570,456	\$ 30,608,504	\$ 13,158,315	\$ 12,381,231	\$ 8,418,745	\$ 7,949,267	\$ 6,710,715	\$ 5,684,664	\$ 18,635,944
Current portion of operating lease liabilities	3,140,397	1,597,777	380,988	1,911,383	3,691,692	1,267,309	821,924	996,975	1,054,689	816,328	1,340,576	1,250,366
Current portion of financing lease liability	--	--	--	--	--	--	404,611	--	--	--	--	--
Accounts payable and other accrued expenses	785,277	3,366,972	2,497,272	3,226,691	4,972,545	2,665,850	727,407	2,071,516	566,151	1,845,647	887,475	1,632,614
Income taxes payable	12,551	--	9,619	176,680	20,871	51,376	--	18,307	3,454	--	--	63,306
Debentures payable	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total Current Liabilities</b>	<b>24,683,388</b>	<b>31,358,259</b>	<b>12,791,472</b>	<b>32,885,210</b>	<b>39,293,612</b>	<b>17,142,850</b>	<b>14,335,173</b>	<b>11,505,543</b>	<b>9,573,561</b>	<b>9,372,690</b>	<b>7,912,715</b>	<b>21,582,230</b>
<b>Long-Term Liabilities</b>												
Insurance loss fund	--	--	--	--	--	--	--	--	--	--	--	--
Operating lease liabilities, net of current portion	34,952,552	14,385,425	4,240,387	7,579,658	11,561,393	10,546,984	3,259,368	4,455,918	4,007,067	2,969,628	5,316,102	7,705,515
Financing lease liability, net of current portion	--	--	--	--	--	--	1,928,495	--	--	--	--	--
Due to owner	21,603,571	--	--	--	--	1,660,814	--	--	--	--	--	3,003,714
<b>Total Long-Term Liabilities</b>	<b>56,556,123</b>	<b>14,385,425</b>	<b>4,240,387</b>	<b>7,579,658</b>	<b>11,561,393</b>	<b>12,207,798</b>	<b>5,187,863</b>	<b>4,455,918</b>	<b>4,007,067</b>	<b>2,969,628</b>	<b>5,316,102</b>	<b>10,709,229</b>
<b>Total Liabilities</b>	<b>81,239,511</b>	<b>45,743,684</b>	<b>17,031,859</b>	<b>40,464,868</b>	<b>50,855,005</b>	<b>29,350,648</b>	<b>19,523,036</b>	<b>15,961,461</b>	<b>13,580,628</b>	<b>12,342,318</b>	<b>13,228,817</b>	<b>32,291,459</b>
<b>Equity</b>												
Common stock	300,000	5,000	1,000	100,000	100,000	10,000	100	10,000	10,000	100,000	10,000	50,000
Additional paid-in capital	2,745,000	895,000	299,000	400,000	--	370,000	3,568,444	2,315,914	500,000	1,000,000	490,000	--
Retained earnings (deficit)	22,488,644	9,742,725	13,768,702	15,687,572	12,289,999	9,407,835	3,109,074	7,471,744	13,451,745	10,798,988	10,774,033	1,560,424
Member's deficit	--	--	--	--	--	--	--	--	--	--	--	--
Accumulated comprehensive income (loss)	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total Equity (Deficit)</b>	<b>25,533,644</b>	<b>10,642,725</b>	<b>14,068,702</b>	<b>16,187,572</b>	<b>12,389,999</b>	<b>9,787,835</b>	<b>6,677,618</b>	<b>9,797,658</b>	<b>13,961,745</b>	<b>11,898,988</b>	<b>11,274,033</b>	<b>1,610,424</b>
<b>Total Liabilities and Equity</b>	<b>\$ 106,773,155</b>	<b>\$ 56,386,409</b>	<b>\$ 31,100,561</b>	<b>\$ 56,652,440</b>	<b>\$ 63,245,004</b>	<b>\$ 39,138,483</b>	<b>\$ 26,200,654</b>	<b>\$ 25,759,119</b>	<b>\$ 27,542,373</b>	<b>\$ 24,241,306</b>	<b>\$ 24,502,850</b>	<b>\$ 33,901,883</b>

*See independent auditors' report.*

THE HERB CHAMBERS COMPANIES

SCHEDULE III – COMBINING BALANCE SHEETS (CONTINUED)

DECEMBER 31, 2023

	Herb Chambers I-95, Inc.	Herb Chambers of Millbury, Inc.	Herb Chambers of Auburn, Inc.	Herb Chambers 1168, Inc.	Dinger Ford, Inc.	Herb Chambers of Westborough, Inc.	Herb Chambers Andover Street, Inc.	Herb Chambers 22 Brighton Ave., Inc.	Herb Chambers Boston Post Road, Inc.	Herb Chambers of Wayland, Inc.	Herb Chambers of Natick, Inc.	Herb Chambers of Sudbury, Inc.
<b>Assets</b>												
<b>Current Assets</b>												
Cash	\$ 602,143	\$ 1,098,421	\$ 1,324,503	\$ 1,254,546	\$ 1,790,081	\$ 1,513,778	\$ 935,564	\$ 11,969	\$ 2,180,579	\$ 2,125,232	\$ 2,509,080	\$ 919,598
Debentures	1,500,000	2,500,000	2,000,000	750,000	1,500,000	2,500,000	2,000,000	--	1,000,000	1,000,000	2,500,000	2,500,000
Investments	--	--	--	--	--	--	--	--	--	--	--	--
Accounts receivable, net	1,080,244	1,303,602	2,079,235	955,869	608,361	1,404,666	2,318,322	(157)	7,265,079	2,440,055	2,853,451	1,817,158
Inventories	21,326,858	14,502,039	13,349,690	2,660,767	9,317,571	11,679,696	7,274,418	219,698	20,200,279	15,989,428	19,922,394	10,596,134
Due from related parties	--	--	--	--	--	--	--	--	--	--	--	--
Prepaid taxes and expenses	67,923	474,744	94,043	74,048	--	129,937	--	2,250	40,235	1,284	--	2,167
<b>Total Current Assets</b>	<b>24,577,168</b>	<b>19,878,806</b>	<b>18,847,471</b>	<b>5,695,230</b>	<b>13,216,013</b>	<b>17,228,077</b>	<b>12,528,304</b>	<b>233,760</b>	<b>30,686,172</b>	<b>21,555,999</b>	<b>27,784,925</b>	<b>15,835,057</b>
<b>Net Property and Equipment</b>												
	194,268	194,340	1,587,269	106,128	647,816	75,143	569,058	1,649	944,739	543,826	367,708	519,419
<b>Other Assets</b>												
Right of use assets, net	4,613,634	2,067,929	10,241,956	4,875,628	7,236,979	4,584,859	7,132,154	--	15,053,966	3,420,230	9,183,644	7,155,283
Due from owner	4,976,927	--	--	10,079,478	7,641,578	--	13,131,002	--	656,580	--	980,043	--
Goodwill	1,507,500	--	--	822,222	--	2,557,482	3,001,001	--	4,520,594	--	4,131,033	3,490,733
Investment in partnerships	--	--	--	--	--	--	--	--	--	--	--	--
Other assets	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total Other Assets</b>	<b>11,098,061</b>	<b>2,067,929</b>	<b>10,241,956</b>	<b>15,777,328</b>	<b>14,878,557</b>	<b>7,142,341</b>	<b>23,264,157</b>	<b>--</b>	<b>19,574,560</b>	<b>4,076,810</b>	<b>14,294,720</b>	<b>10,646,016</b>
<b>Total Assets</b>	<b>\$ 35,869,497</b>	<b>\$ 22,141,075</b>	<b>\$ 30,676,696</b>	<b>\$ 21,578,686</b>	<b>\$ 28,742,386</b>	<b>\$ 24,445,561</b>	<b>\$ 36,361,519</b>	<b>\$ 235,409</b>	<b>\$ 51,205,471</b>	<b>\$ 26,176,635</b>	<b>\$ 42,447,353</b>	<b>\$ 27,000,492</b>
<b>Liabilities and Equity</b>												
<b>Current Liabilities</b>												
Floorplan notes payable	\$ 23,994,467	\$ 18,031,524	\$ 11,461,893	\$ 2,082,991	\$ 9,406,509	\$ 13,142,013	\$ 7,886,929	\$ 197,108	\$ 18,310,937	\$ 14,823,579	\$ 16,372,223	\$ 7,798,150
Current portion of operating lease liabilities	929,131	413,750	2,062,535	651,614	1,457,441	923,336	755,124	--	1,540,717	911,140	2,356,502	1,615,358
Current portion of financing lease liability	--	--	--	--	--	--	--	--	--	--	--	--
Accounts payable and other accrued expenses	676,700	881,185	2,207,694	1,019,751	774,620	1,027,021	1,336,449	22,742	2,903,062	6,241,402	3,835,060	1,821,009
Income taxes payable	--	3,725	--	24,614	72,216	--	8,873	--	20,392	9,429	26,171	24,492
Debentures payable	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total Current Liabilities</b>	<b>25,600,298</b>	<b>19,330,184</b>	<b>15,732,122</b>	<b>3,778,970</b>	<b>11,710,786</b>	<b>15,092,370</b>	<b>9,987,375</b>	<b>219,850</b>	<b>22,775,108</b>	<b>21,985,550</b>	<b>22,589,956</b>	<b>11,259,009</b>
<b>Long-Term Liabilities</b>												
Insurance loss fund	--	--	--	--	--	--	--	--	--	--	--	--
Operating lease liabilities, net of current portion	3,684,503	1,654,179	8,179,421	4,224,014	5,779,538	3,661,523	6,377,030	--	13,513,249	2,509,090	6,827,142	5,539,925
Financing lease liability, net of current portion	--	--	--	--	--	--	--	--	--	--	--	--
Due to owner	--	176,558	875,248	--	--	1,844,651	--	67,850	4,467,566	--	--	4,486,245
<b>Total Long-Term Liabilities</b>	<b>3,684,503</b>	<b>1,830,737</b>	<b>9,054,669</b>	<b>4,224,014</b>	<b>5,779,538</b>	<b>5,506,174</b>	<b>6,377,030</b>	<b>67,850</b>	<b>17,980,815</b>	<b>2,509,090</b>	<b>6,827,142</b>	<b>10,026,170</b>
<b>Total Liabilities</b>	<b>29,284,801</b>	<b>21,160,921</b>	<b>24,786,791</b>	<b>8,002,984</b>	<b>17,490,324</b>	<b>20,598,544</b>	<b>16,364,405</b>	<b>287,700</b>	<b>40,755,923</b>	<b>24,494,640</b>	<b>29,417,098</b>	<b>21,285,179</b>
<b>Equity</b>												
Common stock	250,000	500,000	326,000	500,000	284,000	1,000	10,000	1,000	10,000	10,000	10,000	10,000
Additional paid-in capital	155,821	50,000	813,654	1,748,000	75,270	4,921,000	2,590,000	25,000	490,000	490,000	690,000	490,000
Retained earnings (deficit)	6,178,875	430,154	4,750,251	11,327,702	10,892,792	(1,074,983)	17,397,114	(78,291)	9,949,548	1,181,995	12,330,255	5,215,313
Member's deficit	--	--	--	--	--	--	--	--	--	--	--	--
Accumulated comprehensive income (loss)	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total Equity (Deficit)</b>	<b>6,584,696</b>	<b>980,154</b>	<b>5,889,905</b>	<b>13,575,702</b>	<b>11,252,062</b>	<b>3,847,017</b>	<b>19,997,114</b>	<b>(52,291)</b>	<b>10,449,548</b>	<b>1,681,995</b>	<b>13,030,255</b>	<b>5,715,313</b>
<b>Total Liabilities and Equity</b>	<b>\$ 35,869,497</b>	<b>\$ 22,141,075</b>	<b>\$ 30,676,696</b>	<b>\$ 21,578,686</b>	<b>\$ 28,742,386</b>	<b>\$ 24,445,561</b>	<b>\$ 36,361,519</b>	<b>\$ 235,409</b>	<b>\$ 51,205,471</b>	<b>\$ 26,176,635</b>	<b>\$ 42,447,353</b>	<b>\$ 27,000,492</b>

See independent auditors' report.

THE HERB CHAMBERS COMPANIES

SCHEDULE III – COMBINING BALANCE SHEETS (CONTINUED)

DECEMBER 31, 2023

	Herb Chambers 75 Otis Street, Inc.,	Herb Chambers of Burlington, Inc.	Herb Chambers 1188, Inc.	Herb Chambers of Millbury II, Inc.	Herb Chambers Boston Turnpike, Inc.	Herb Chambers 395 Broadway, Inc.	Herb Chambers of Brookline, Inc.	Herb Chambers 62 Cambridge Street, Inc.	Total Retail Dealerships	HGC Holdings, LLC	Jennings Road Management Corp.	Eliminations	Total
<b>Assets</b>													
<b>Current Assets</b>													
Cash	\$ 311,577	\$ 373,473	\$ 660,841	\$ 213,402	\$ 1,202,130	\$ 996,022	\$ 786,301	\$ 2,254,093	\$ 53,467,829	\$ 17,426	\$ 31,488,415	\$ --	\$ 84,973,670
Debtentures Investments	1,500,000	1,500,000	1,500,000	750,000	1,250,000	1,000,000	750,000	--	48,000,000	--	--	(48,000,000)	--
Accounts receivable, net	--	--	--	--	--	--	--	--	--	69,609,428	--	--	69,609,428
Inventories	447,714	659,192	2,964,071	141,633	579,398	1,723,054	2,715,078	1,307,556	81,735,117	--	--	--	81,735,117
Due from related parties	8,350,512	2,540,159	17,321,224	5,875,250	14,226,828	5,978,483	15,806,775	7,599,296	413,437,261	--	--	--	413,437,261
Prepaid taxes and expenses	--	--	--	--	--	--	--	--	--	--	--	--	--
	42,782	130,915	6,430	28,940	1,401	19,527	32,855	--	1,299,620	--	177,553	--	1,477,173
<b>Total Current Assets</b>	<b>10,652,585</b>	<b>5,203,739</b>	<b>22,452,566</b>	<b>7,009,225</b>	<b>17,259,757</b>	<b>9,717,086</b>	<b>20,091,009</b>	<b>11,160,945</b>	<b>597,939,827</b>	<b>69,626,854</b>	<b>31,665,968</b>	<b>(48,000,000)</b>	<b>651,232,649</b>
<b>Net Property and Equipment</b>	<b>210,770</b>	<b>152,993</b>	<b>969,205</b>	<b>41,014</b>	<b>90,476</b>	<b>381,453</b>	<b>552,986</b>	<b>604,636</b>	<b>20,735,881</b>	<b>--</b>	<b>865,930</b>	<b>--</b>	<b>21,601,811</b>
<b>Other Assets</b>													
Right of use assets, net	4,359,452	1,203,765	23,740,862	1,177,981	6,680,468	3,568,132	12,576,725	7,353,913	265,894,826	--	248,602	--	266,143,428
Due from owner	--	--	--	--	--	--	--	--	117,792,171	--	--	(53,531,269)	64,260,902
Goodwill	--	--	--	--	785,700	--	6,595,000	--	34,554,755	--	--	--	34,554,755
Investment in partnerships	--	--	--	--	--	--	--	--	--	--	1,086,223	--	1,086,223
Other assets	--	--	--	--	--	--	--	--	--	--	261,453	--	261,453
<b>Total Other Assets</b>	<b>4,359,452</b>	<b>1,203,765</b>	<b>23,740,862</b>	<b>1,177,981</b>	<b>7,466,168</b>	<b>3,568,132</b>	<b>19,171,725</b>	<b>7,353,913</b>	<b>418,241,752</b>	<b>--</b>	<b>1,596,278</b>	<b>(53,531,269)</b>	<b>366,306,761</b>
<b>Total Assets</b>	<b>\$ 15,222,807</b>	<b>\$ 6,560,497</b>	<b>\$47,162,633</b>	<b>\$ 8,228,220</b>	<b>\$ 24,816,401</b>	<b>\$ 13,666,671</b>	<b>\$ 39,815,720</b>	<b>\$ 19,119,494</b>	<b>\$1,036,917,460</b>	<b>\$ 69,626,854</b>	<b>\$ 34,128,176</b>	<b>\$ (101,531,269)</b>	<b>\$1,039,141,221</b>
<b>Liabilities and Equity</b>													
<b>Current Liabilities</b>													
Floorplan notes payable	\$ 8,107,796	\$ 2,534,019	\$16,716,348	\$ 6,360,648	\$ 13,310,767	\$ 6,323,293	\$ 13,948,951	\$ 4,831,749	\$ 403,802,001	\$ --	\$ --	\$ --	\$ 403,802,001
Current portion of operating lease liabilities	877,942	242,424	2,740,809	127,043	760,618	718,579	1,235,199	793,103	39,382,769	--	51,636	--	39,434,405
Current portion of financing lease liability	--	--	--	--	--	--	--	--	404,611	--	--	--	404,611
Accounts payable and other accrued expenses	772,615	219,392	2,516,015	280,554	413,723	600,707	1,512,068	2,024,968	56,332,153	(1)	1,282,196	--	57,614,349
Income taxes payable	--	--	--	--	3,894	--	--	66,045	616,015	--	646,561	--	1,262,576
Debtentures payable	--	--	--	--	--	--	--	--	--	48,000,000	--	(48,000,000)	--
<b>Total Current Liabilities</b>	<b>9,758,353</b>	<b>2,995,835</b>	<b>21,973,172</b>	<b>6,768,245</b>	<b>14,489,002</b>	<b>7,642,579</b>	<b>16,696,218</b>	<b>7,715,865</b>	<b>500,537,549</b>	<b>47,999,999</b>	<b>1,980,393</b>	<b>(48,000,000)</b>	<b>502,517,942</b>
<b>Long-Term Liabilities</b>													
Insurance loss fund	--	--	--	--	--	--	--	--	--	--	3,665,575	--	3,665,575
Operating lease liabilities, net of current portion	3,481,510	961,341	21,000,053	1,050,938	5,919,850	2,849,553	11,945,136	6,560,810	226,698,802	--	196,966	--	226,895,768
Financing lease liability, net of current portion	--	--	--	--	--	--	--	--	1,928,495	--	--	--	1,928,495
Due to owner	1,537,800	1,188,009	3,138,575	477,442	2,105,378	2,470,026	540,053	3,887,769	53,531,269	--	--	(53,531,269)	--
<b>Total Long-Term Liabilities</b>	<b>5,019,310</b>	<b>2,149,350</b>	<b>24,138,628</b>	<b>1,528,380</b>	<b>8,025,228</b>	<b>5,319,579</b>	<b>12,485,189</b>	<b>10,448,579</b>	<b>282,158,566</b>	<b>--</b>	<b>3,862,541</b>	<b>(53,531,269)</b>	<b>232,489,838</b>
<b>Total Liabilities</b>	<b>14,777,663</b>	<b>5,145,185</b>	<b>46,111,800</b>	<b>8,296,625</b>	<b>22,514,230</b>	<b>12,962,158</b>	<b>29,181,407</b>	<b>18,164,444</b>	<b>782,696,115</b>	<b>47,999,999</b>	<b>5,842,934</b>	<b>(101,531,269)</b>	<b>735,007,780</b>
<b>Equity</b>													
Common stock	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	2,688,100	--	1,000	--	2,689,100
Additional paid-in capital	490,000	40,000	490,000	90,000	490,000	--	4,040,000	120,000	30,882,103	--	543,956	--	31,426,059
Retained earnings (deficit)	(54,856)	1,365,312	550,833	(168,405)	1,802,171	694,513	6,584,313	825,050	220,651,141	--	27,740,286	--	248,391,427
Member's deficit	--	--	--	--	--	--	--	--	--	21,318,729	--	--	21,318,729
Accumulated comprehensive income (loss)	--	--	--	--	--	--	--	--	--	308,126	--	--	308,126
<b>Total Equity (Deficit)</b>	<b>445,144</b>	<b>1,415,312</b>	<b>1,050,833</b>	<b>(68,405)</b>	<b>2,302,171</b>	<b>704,513</b>	<b>10,634,313</b>	<b>955,050</b>	<b>254,221,344</b>	<b>21,626,855</b>	<b>28,285,242</b>	<b>--</b>	<b>304,133,441</b>
<b>Total Liabilities and Equity</b>	<b>\$ 15,222,807</b>	<b>\$ 6,560,497</b>	<b>\$47,162,633</b>	<b>\$ 8,228,220</b>	<b>\$ 24,816,401</b>	<b>\$ 13,666,671</b>	<b>\$ 39,815,720</b>	<b>\$ 19,119,494</b>	<b>\$1,036,917,460</b>	<b>\$ 69,626,854</b>	<b>\$ 34,128,176</b>	<b>\$ (101,531,269)</b>	<b>\$1,039,141,221</b>

See independent auditors' report.

THE HERB CHAMBERS COMPANIES

SCHEDULE IV – COMBINING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

FOR THE YEAR ENDED DECEMBER 31, 2023

	Herb Chambers Route 1, Inc.	Herb Chambers I-93, Inc.	Herb Chambers Comm Ave. Inc.	Silver Star, Inc.	Herb Chambers 1172, Inc.	Herb Chambers Cambridge Street, Inc.	Herb Chambers Cadillac, Inc.	Herb Chambers 1186, Inc.	Herb Chambers 128, Inc.	Herb Chambers 44, Inc.	Herb Chambers Route 9, Inc.	Herb Chambers of Norwood, Inc.
<b>Sales</b>	\$ 273,483,250	\$ 178,147,197	\$ 77,775,905	\$ 191,631,092	\$ 236,240,132	\$ 125,530,181	\$ 63,481,609	\$ 81,340,054	\$ 80,388,790	\$ 93,857,453	\$ 75,252,387	\$ 79,209,451
<b>Cost of Sales</b>	224,163,957	144,896,809	66,316,198	161,273,760	190,942,636	100,817,945	51,897,981	63,717,175	61,097,366	72,350,978	58,255,943	64,971,739
<b>Gross Profit</b>	49,319,293	33,250,388	11,459,707	30,357,332	45,297,496	24,712,236	11,583,628	17,622,879	19,291,424	21,506,475	16,996,444	14,237,712
<b>Operating Expenses</b>	47,278,720	33,680,938	10,410,559	31,352,199	44,097,174	23,741,613	10,937,907	16,682,152	18,040,062	20,531,310	16,027,814	14,211,931
<b>Income (Loss) from Operations</b>	2,040,573	(430,550)	1,049,148	(994,867)	1,200,322	970,623	645,721	940,727	1,251,362	975,165	968,630	25,781
<b>Other Income (Expense)</b>												
Investment income	--	--	--	--	--	--	--	--	--	--	--	--
Gain on sale of franchise	--	--	--	--	--	--	--	--	--	--	--	--
Settlement expense	--	--	--	--	--	--	--	--	--	--	--	--
Other income (expense), net	354,875	1,428,916	292,655	2,523,766	--	--	--	--	140,893	168,795	182,588	135,428
<b>Total Other Income (Expense)</b>	354,875	1,428,916	292,655	2,523,766	--	--	--	--	140,893	168,795	182,588	135,428
<b>Net Income (Loss)</b>	2,395,448	998,366	1,341,803	1,528,899	1,200,322	970,623	645,721	940,727	1,392,255	1,143,960	1,151,218	161,209
<b>Other Comprehensive Income Loss</b>												
Unrealized holding loss	--	--	--	--	--	--	--	--	--	--	--	--
<b>Comprehensive Income (Loss)</b>	\$ 2,395,448	\$ 998,366	\$ 1,341,803	\$ 1,528,899	\$ 1,200,322	\$ 970,623	\$ 645,721	\$ 940,727	\$ 1,392,255	\$ 1,143,960	\$ 1,151,218	\$ 161,209

See independent auditors' report.

THE HERB CHAMBERS COMPANIES

SCHEDULE IV – COMBINING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

	Herb Chambers L-95, Inc.	Herb Chambers of Millbury, Inc.	Herb Chambers of Auburn, Inc.	Herb Chambers 1168, Inc.	Dinger Ford, Inc.	Herb Chambers of Westborough, Inc.	Herb Chambers Andover Street, Inc.	Herb Chambers 22 Brighton Ave., Inc.	Herb Chambers Boston Post Road, Inc.	Herb Chambers of Wayland, Inc.	Herb Chambers of Natick, Inc.	Herb Chambers of Sudbury, Inc.
<b>Sales</b>	\$ 70,538,358	\$ 61,412,172	\$ 181,962,486	\$ 53,748,711	\$ 72,427,366	\$ 60,706,933	\$ 59,797,048	\$ 849,992	\$ 205,547,381	\$ 81,209,104	\$ 122,986,225	\$ 84,279,262
<b>Cost of Sales</b>	59,161,658	52,347,971	147,640,789	41,715,175	56,747,029	50,312,985	45,228,754	608,551	170,157,806	70,302,569	95,471,664	65,048,625
<b>Gross Profit</b>	11,376,700	9,064,201	34,321,697	12,033,536	15,680,337	10,393,948	14,568,294	241,441	35,389,575	10,906,535	27,514,561	19,230,637
<b>Operating Expenses</b>	10,860,426	9,123,561	34,515,622	10,911,883	14,906,105	10,271,181	12,657,970	303,391	34,790,042	10,576,675	27,102,211	18,664,658
<b>Income (Loss) from Operations</b>	516,274	(59,360)	(193,925)	1,121,653	774,232	122,767	1,910,324	(61,950)	599,533	329,860	412,350	565,979
<b>Other Income (Expense)</b>												
Investment income	--	--	--	--	--	--	--	--	--	--	--	--
Gain on sale of franchise	--	--	--	--	--	--	--	--	--	--	--	--
Settlement expense	--	--	--	--	--	--	--	--	--	--	--	--
Other income (expense), net	114,594	169,440	773,753	184,004	233,424	246,442	121,184	47,058	399,834	(150,000)	841,336	--
<b>Total Other Income (Expense)</b>	114,594	169,440	773,753	184,004	233,424	246,442	121,184	47,058	399,834	(150,000)	841,336	--
<b>Net Income (Loss)</b>	630,868	110,080	579,828	1,305,657	1,007,656	369,209	2,031,508	(14,892)	999,367	179,860	1,253,686	565,979
<b>Other Comprehensive Income Loss</b>												
Unrealized holding loss	--	--	--	--	--	--	--	--	--	--	--	--
<b>Comprehensive Income (Loss)</b>	\$ 630,868	\$ 110,080	\$ 579,828	\$ 1,305,657	\$ 1,007,656	\$ 369,209	\$ 2,031,508	\$ (14,892)	\$ 999,367	\$ 179,860	\$ 1,253,686	\$ 565,979

See independent auditors' report.

THE HERB CHAMBERS COMPANIES

SCHEDULE IV – COMBINING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

	Herb Chambers 75 Otis Street, Inc.	Herb Chambers of Burlington, Inc.	Herb Chambers 1188, Inc.	Herb Chambers of Millbury II, Inc.	Herb Chambers Boston Turnpike, Inc.	Herb Chambers 395 Broadway, Inc.	Herb Chambers of Brookline, Inc.	Herb Chambers 62 Cambridge Street, Inc.	Total Retail Dealerships	HGC Holdings, LLC	Jennings Road Management Corp.	Eliminations	Total
<b>Sales</b>	\$ 41,851,542	\$ 35,328,195	\$91,657,311	\$ 10,419,734	\$ 71,956,447	\$ 45,551,928	\$ 93,209,337	\$ 85,105,958	\$ 3,086,882,991	\$ --	\$ 154,691,000	\$ (154,691,000)	\$ 3,086,882,991
<b>Cost of Sales</b>	34,674,219	27,966,490	73,874,277	9,099,557	59,801,923	37,318,558	75,711,143	71,431,587	2,505,323,817	--	--	--	2,505,323,817
<b>Gross Profit</b>	7,177,323	7,361,705	17,783,034	1,320,177	12,154,524	8,233,370	17,498,194	13,674,371	581,559,174	--	154,691,000	(154,691,000)	581,559,174
<b>Operating Expenses</b>	7,576,163	7,306,292	17,504,203	1,479,489	12,199,940	8,235,954	16,465,400	13,574,223	566,017,768	2,062,421	126,203,094	(156,751,000)	537,532,283
<b>Income (Loss) from Operations</b>	(398,840)	55,413	278,831	(159,312)	(45,416)	(2,584)	1,032,794	100,148	15,541,406	(2,062,421)	28,487,906	2,060,000	44,026,891
<b>Other Income (Expense)</b>													
Investment income	--	--	--	--	--	--	--	--	--	5,029,779	--	--	5,029,779
Gain on sale of franchise	--	--	--	--	--	--	--	--	--	--	--	--	--
Settlement expense	--	--	--	--	--	--	--	--	--	--	--	--	--
Other income (expense), net	75,556	93,353	(183,950)	47,061	276,275	104,039	--	--	8,621,319	--	11,546,244	(2,060,000)	18,107,562
<b>Total Other Income (Expense)</b>	75,556	93,353	(183,950)	47,061	276,275	104,039	--	--	8,621,319	5,029,779	11,546,244	(2,060,000)	23,137,341
<b>Net Income (Loss)</b>	(323,284)	148,766	94,881	(112,251)	230,859	101,455	1,032,794	100,148	24,162,725	2,967,358	40,034,150	--	67,164,232
<b>Other Comprehensive Income Loss</b>													
Unrealized holding loss	--	--	--	--	--	--	--	--	--	540,140	--	--	540,140
<b>Comprehensive Income (Loss)</b>	\$ (323,284)	\$ 148,766	\$ 94,881	\$ (112,251)	\$ 230,859	\$ 101,455	\$ 1,032,794	\$ 100,148	\$ 24,162,725	\$ 3,507,498	\$ 40,034,150	\$ --	\$ 67,704,372

See independent auditors' report.

**THE HERB CHAMBERS COMPANIES**  
**UNAUDITED COMBINED FINANCIAL**  
**STATEMENTS**  
**FOR THE THREE MONTHS ENDED**  
**MARCH 31, 2025**

---

THE HERB CHAMBERS COMPANIES

CONTENTS

---

**Unaudited Financial Statements**

Combined Balance Sheet	1-2
Combined Statement of Operations and Comprehensive Income	3
Combined Statement of Changes in Equity	4
Combined Statement of Cash Flows	5-6

<b>Notes to Combined Financial Statements</b>	7-34
---	------

---

**THE HERB CHAMBERS COMPANIES**  
**UNAUDITED COMBINED BALANCE SHEET**

**MARCH 31, 2025**

<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 93,385,094
Investments	74,658,848
Accounts receivable, net of allowance for credit losses of \$888,584	80,576,122
Inventories, net	458,369,365
Due from related parties	649,387
Prepaid taxes and expenses	<u>1,488,618</u>
<b>Total Current Assets</b>	<u>709,127,434</u>
<b>Net Property and Equipment</b>	<u>21,098,183</u>
<b>Other Assets</b>	
Right of use assets, net	211,907,619
Due from owner	105,320,982
Goodwill	31,612,738
Investment in partnerships	1,151,175
Other assets	<u>261,453</u>
<b>Total Other Assets</b>	<u>350,253,967</u>
<b>Total Assets</b>	<u>\$ 1,080,479,584</u>

*See accompanying notes to the combined financial statements.*

**THE HERB CHAMBERS COMPANIES**  
**UNAUDITED COMBINED BALANCE SHEET**

MARCH 31, 2025

<b>Liabilities and Equity</b>	
<b>Current Liabilities</b>	
Floorplan notes payable	\$ 456,356,735
Current portion of operating lease liabilities	42,239,300
Current portion of finance lease liability	439,105
Accounts payable and other accrued expenses	<u>63,347,507</u>
<b>Total Current Liabilities</b>	<u>562,382,647</u>
<b>Long-Term Liabilities</b>	
Insurance loss fund	4,008,636
Operating lease liabilities, net of current portion	169,493,875
Finance lease liability, net of current portion	<u>1,383,329</u>
<b>Total Long-Term Liabilities</b>	<u>174,885,840</u>
<b>Total Liabilities</b>	<u>737,268,487</u>
<b>Equity</b>	
Common stock	2,689,100
Additional paid-in capital	31,426,059
Retained earnings	287,425,689
Member's equity	21,373,614
Accumulated comprehensive income	<u>296,635</u>
<b>Total Equity</b>	<u>343,211,097</u>
<b>Total Liabilities and Equity</b>	<u>\$ 1,080,479,584</u>

*See accompanying notes to the combined financial statements.*

THE HERB CHAMBERS COMPANIES

UNAUDITED COMBINED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2025

<b>Sales</b>	\$ 786,375,637
<b>Cost of Sales</b>	<u>657,118,468</u>
<b>Gross Profit</b>	129,257,169
<b>Operating Expenses</b>	<u>126,084,148</u>
<b>Income from Operations</b>	3,173,021
<b>Other Income, net</b>	
Investment income, net	137,594
Other income, net	<u>3,931,628</u>
<b>Total Other Income</b>	4,069,222
<b>Net Income</b>	7,242,243
<b>Other Comprehensive Income</b>	
Unrealized holding loss	<u>(34,906)</u>
<b>Comprehensive Income</b>	<u>\$ 7,207,337</u>

*See accompanying notes to the combined financial statements.*

**THE HERB CHAMBERS COMPANIES**  
**UNAUDITED COMBINED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2025**

<b>Common Stock</b> , beginning of period	\$ 2,689,100
<b>Common Stock</b> , end of period	\$ 2,689,100
<b>Additional Paid-in Capital</b> , beginning of period	\$ 31,426,059
<b>Additional Paid-in Capital</b> , end of period	\$ 31,426,059
<b>Retained Earnings</b> , beginning of period	\$ 282,356,061
Net income	7,604,649
Distributions to stockholder	(2,535,021)
<b>Retained Earnings</b> , end of period	\$ 287,425,689
<b>Member's Equity</b> , beginning of period	\$ 24,236,020
Net loss	(362,406)
Distributions to member	(2,500,000)
<b>Member's Equity</b> , end of period	\$ 21,373,614
<b>Accumulated Other Comprehensive Income</b> , beginning of period	\$ 331,541
Unrealized holding loss	(34,906)
<b>Accumulated Other Comprehensive Income</b> , end of period	\$ 296,635
<b>Total Equity</b> , beginning of period	\$ 341,038,781
Unrealized holding loss	(34,906)
Distributions to stockholder and member	(5,035,021)
Net income	7,242,243
<b>Total Equity</b> , end of period	\$ 343,211,097

*See accompanying notes to the combined financial statements.*

**THE HERB CHAMBERS COMPANIES**  
**UNAUDITED COMBINED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2025**

<b>Cash Flows from Operating Activities</b>	
Net income	\$ 7,242,243
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	1,914,318
Amortization of right of use assets	9,771,113
Allowance for credit losses	24,079
Investment income, net	(137,594)
Changes in operating assets and liabilities:	
Accounts receivable	(7,685,886)
Inventories	13,746,596
Due from related parties	(250,508)
Prepaid taxes and expenses	563,620
Accounts payable and other accrued expenses	859,250
Income taxes payable	(545,117)
Repayments on operating lease liabilities	(9,846,436)
Insurance loss fund	227,936
<b>Net Cash Provided by Operating Activities</b>	<b>15,883,614</b>
<b>Cash Flows from Investing Activities</b>	
Purchases of property and equipment	(981,270)
<b>Net Cash Used in Investing Activities</b>	<b>(981,270)</b>

*See accompanying notes to the combined financial statements.*

THE HERB CHAMBERS COMPANIES

UNAUDITED COMBINED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2025

<b>Cash Flows from Financing Activities</b>	
Net advances on floorplan notes payable	\$ 3,255,253
Net repayments on due to/from owner	(384,039)
Repayments on finance lease liability	(106,062)
Distributions paid to stockholder and member	(5,035,022)
<b>Net Cash Used in Financing Activities</b>	<u>(2,269,870)</u>
<b>Net Increase in Cash</b>	12,632,474
<b>Cash, Beginning of period</b>	<u>80,752,620</u>
<b>Cash, End of period</b>	<u>\$ 93,385,094</u>

Supplementary Disclosures (Note 12)

*See accompanying notes to the combined financial statements.*

THE HERB CHAMBERS COMPANIES

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*BUSINESS OPERATIONS AND PRINCIPLES OF COMBINATION*

The Herb Chambers Companies' (the Group) combined operations consist of sales of new and used vehicles, finance, warranty and insurance products, service, collision repairs, and parts in the New England area. The Group's trade receivables are due primarily from retail customers. In addition, the majority of the vehicle and contract receivables are due from manufacturers' financing subsidiaries and financial institutions relating to sales of new and used vehicles with the balance due from various wholesale customers. The Group purchases vehicles, parts and supplies from the manufacturers and participates in incentive programs. These transactions result in both a receivable from and payable to the manufacturers.

The Group includes Jennings Road Management Corp. (JRM), established to provide management, insurance, and other related services to the Herb Chambers automobile dealerships and other entities owned by Herbert G. Chambers. The Group also includes HGC Holdings, LLC, established to hold investments and provide liquidity financing to the Herb Chambers dealerships.

The combined financial statements of the Group are prepared in conformity with accounting principles generally accepted in the U.S. (GAAP) and all the intercompany balances and transactions have been eliminated in the combined statements. These entities are owned by Herbert G. Chambers. These entities include:

Entity	Authorized Dealer
Herb Chambers Route 1, Inc.	Lexus
Herb Chambers I-93, Inc.	Mercedes-Benz, AMG and Commercial Vans
Herb Chambers Commonwealth Avenue, Inc.	Porsche
Silver Star, Inc.	Mercedes-Benz, AMG and Commercial Vans
Herb Chambers 1172, Inc.	BMW and Mini
Herb Chambers Cambridge Street, Inc.	Audi
Herb Chambers Cadillac, Inc.	Cadillac, Maserati and Alfa Romeo
Herb Chambers 1186, Inc.	Honda
Herb Chambers 128, Inc.	Honda
Herb Chambers 44, Inc.	Honda
Herb Chambers Route 9, Inc.	Honda (sold franchise December 2024)
Herb Chambers of Brookline, Inc.	Audi
Herb Chambers I-95, Inc.	Chrysler, Jeep, Dodge, Ram and Fiat
Herb Chambers of Millbury, Inc.	Chrysler, Jeep, Dodge, Ram and Fiat
Herb Chambers of Auburn, Inc.	Toyota, Hyundai and Genesis
Herb Chambers 1168, Inc.	Toyota

THE HERB CHAMBERS COMPANIES

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*BUSINESS OPERATIONS AND PRINCIPLES OF COMBINATION (CONTINUED)*

Entity	Authorized Dealer
Dave Dinger Ford, Inc.	Ford
Herb Chambers of Westborough, Inc.	Ford
Herb Chambers of Andover Street, Inc.	Chevrolet
Herb Chambers Boston Post Road, Inc.	BMW
Herb Chambers of Wayland, Inc.	Bentley, Rolls Royce, Lamborghini, Alfa Romeo and Maserati
Herb Chambers of Natick, Inc.	Mercedes-Benz, Commercial Vans and AMG
Herb Chambers of Sudbury, Inc.	Land Rover
Herb Chambers 75 Otis Street, Inc.	Infiniti
Herb Chambers of Burlington, Inc.	Kia
Herb Chambers 22 Brighton Ave, Inc.	Vespa & Genuine Scooters
Herb Chambers 1188, Inc.	Land Rover and Jaguar
Herb Chambers of Millbury II, Inc.	Alfa Romeo and Maserati
Herb Chambers 395 Broadway, Inc.	Cadillac
Herb Chambers Boston Turnpike, Inc.	Volvo
Herb Chambers of Norwood, Inc.	Lincoln
Herb Chambers 62 Cambridge, Inc.	Porsche
Jennings Road Management Corp.	Corporate management, insurance and other related services
HGC Holdings, LLC	Liquidity financing and investing

**THE HERB CHAMBERS COMPANIES**

**NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**REVENUE RECOGNITION**

The Group recognizes revenue in accordance with Accounting Standards Codification (ASC) Topic 606, "Revenue from Contracts with Customers", which provides a five-step model for recognizing revenue with customers as follows:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract(s)
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when or as performance obligations are satisfied

In the following table of sales, cost of sales and gross profit are disaggregated by major lines of goods and services.

<b>Sales</b>	
New vehicle	\$ 406,040,869
Used vehicle - retail	224,309,519
Used vehicle - wholesale	15,966,354
Service, parts and body	110,244,664
Finance and insurance	29,814,231
<b>Total sales</b>	<b><u>\$ 786,375,637</u></b>
<b>Cost of Sales</b>	
New vehicle	371,901,568
Used vehicle - retail	208,369,031
Used vehicle - wholesale	15,647,230
Service, parts and body	61,200,639
<b>Total cost of sales</b>	<b><u>\$ 657,118,468</u></b>
<b>Gross Profit</b>	
New vehicle	34,139,301
Used vehicle - retail	15,940,488
Used vehicle - wholesale	319,124
Service, parts and body	49,044,025
Finance and insurance	29,814,231
<b>Total gross profit</b>	<b><u>\$ 129,257,169</u></b>

THE HERB CHAMBERS COMPANIES

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

---

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*REVENUE RECOGNITION (CONTINUED)*

The following describes the major product lines, which represent the disaggregation of revenue to transactions that are similar in nature, amount, timing, uncertainties and economic factors.

*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.

*Used Vehicle Wholesale Sales* - When the Group uses a third-party auction to facilitate the sale of used vehicles, the Group has determined that the auction acts as an agent under the agreement. Therefore, the Group recognizes revenues and cost of sales on a gross basis upon delivery of the vehicle to the customer, which is the point at which transfer of control occurs and when the performance obligation is satisfied. The transaction price for wholesale vehicle sales is established by the winning bid under the auction process and is generally settled within 7 days of the satisfaction of the performance obligation.

*Service, Body and Parts Sales* - Revenue from service, body and parts sales is recognized upon the transfer of control of the parts or service to the customer. The Group allows for customer returns on sales of certain parts inventory up to 7 days after the sale and are subject to a 20% handling charge.

*Finance and Insurance Sales, net* - Revenue from finance and insurance sales is recognized, net of estimated charge-backs, at the time of the sale of the related vehicle. As a part of the vehicle sale, we seek to arrange financing for customers and sell 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 Group acts as an agent in the sale of these contracts as the pricing is set by the third-party provider, and our commission is preset. A portion of the transaction price related to sales of finance and insurance contracts is considered variable consideration and is estimated and recognized upon the sale of the contract under the standard.

THE HERB CHAMBERS COMPANIES

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

---

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*REVENUE RECOGNITION (CONTINUED)*

The Group may be charged back in the future for commissions received on F&I contracts in the event of early termination by the customer. A reserve for future amounts estimated to be charged back, representing variable consideration, is recorded as a reduction to finance and insurance, net in the combined statements of operations. The reserve is estimated based on the Group's historical chargeback results and the termination provisions of the applicable contracts, and was \$8,387,000 at March 31, 2025, and is recorded in accounts payable and other accrued expenses in the accompanying combined balance sheets.

*Other Income, net* - Other income includes third party service contracts for which the Group receives a commission, documentation fees for processing paperwork as well as revenue from manufacturer programs that are recorded in the period earned. Provisions for rebates to customers, estimated allowances, and other adjustments are provided for in the same period the related sales are recorded.

*CONCENTRATION OF CREDIT RISK*

Financial instruments that potentially subject the Group to concentration of credit risk consist primarily of cash and accounts receivable. The Group maintains its cash in bank deposits at financial institutions with high credit standing. The balances, at times, may exceed federally insured limits. Accounts receivables are typically short-term, and all probable credit losses have been considered in the establishment of the allowance for credit losses. Periodically, the Group reviews accounts receivable and adjusts the allowance based on current circumstances and charges off uncollectible receivables when all attempts to collect have failed. The Group typically does not charge interest on past due receivables. The Group has recorded an allowance associated with the various receivables (see Note 4).

*INVESTMENTS*

The Group has investments classified as available-for-sale. Available-for-sale investments are those which the Group may decide to sell if needed for liquidity, asset liability management, or other reasons. Available-for-sale securities are reported at fair value, with unrealized gains or losses included as a separate component of equity and net income and comprehensive income.

THE HERB CHAMBERS COMPANIES

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

---

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*INVENTORIES*

New vehicles are stated at a specific cost determined by the last-in first-out (LIFO) method of valuation. Used vehicles are valued at the lower of cost or net realize value. Net realizable value is considered to be the lower of wholesale "as is" value, determined by the current used vehicle guidebook, less estimated recondition cost, or the estimated current wholesale market value of the unit as determined by management on specific unit basis. Loaner and rental vehicles and the related liability are recorded at cost at the time the vehicles are placed in service. The Group receives loaner assistance money from the manufacturer which is applied against recorded cost and the Group makes market value adjustments to these vehicles. Parts and accessories are generally stated at the current manufactures' catalog prices, which approximate cost determined on the first-in, first out or specific identification basis.

*PROPERTY AND EQUIPMENT*

Property and equipment is stated at cost, or fair value for assets acquired in a business combination, less accumulated depreciation. Expenditures for maintenance and repairs are charged to expenses in the period incurred. Depreciation is provided primarily by use of straight-line methods over the estimated useful lives of the assets, which range from five to thirty-nine years. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the improvement. When property and equipment are retired or otherwise disposed of, the appropriate accounts are relieved of cost and accumulated depreciation, and any resulting gain or loss is recognized.

The Group reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors. No impairment losses were recognized for the three months ended March 31, 2025.

THE HERB CHAMBERS COMPANIES

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

---

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**GOODWILL**

Goodwill results from business acquisitions and represents the excess of the purchase price over the fair value of acquired assets and assumed liabilities. In accordance with GAAP, goodwill is not amortized. Goodwill is assessed at least annually for impairment, and any such impairment will be recognized in the period it is identified. Factors considered by the Group in performing this review, include current operating income, trends, fair value of reporting units, and other economic factors.

For the three months ended March 31, 2025, the Group had positive equity and the Group elected to perform a qualitative assessment to determine if it was more likely than not that the fair value of the reporting unit exceeded its carrying value, including goodwill. The qualitative assessment indicated that it was more likely than not that the fair value of the reporting unit exceeded its carrying value, resulting in no impairment for the operations.

**INSURANCE PROGRAM**

The Group administers self-insured programs for the workers' compensation and property and casualty insurance coverage for the dealerships owned by Herbert G. Chambers. As part of these programs, the Group collects from the dealerships base premiums and loss payments. The payment of claims is administered by third party service providers. Since the Group is not an insurance company, it accounts for these payments, net of related premiums and insurance claims paid, on the combined balance sheets as an insurance loss fund liability (see Note 10).

**COMPREHENSIVE INCOME**

Comprehensive income consists of net income and other gains and losses affecting equity that, under GAAP, are excluded from net income. For the Group, such items consist of unrealized gains and losses on marketable fixed income securities classified as available-for-sale.

THE HERB CHAMBERS COMPANIES

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

---

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*ADVERTISING*

The Group expenses advertising costs as incurred. The Group receives advertising assistance from the manufacturers, which is treated as a reduction of advertising expenses. Advertising costs for the three months ended March 31, 2025, net of assistance, were approximately \$4,902,000.

*INCOME TAXES*

The owner has elected, for federal income tax purposes, to have the underlying companies taxed as small business corporations (S Corporations) and a limited liability company (LLC) treated as a partnership. These elections provide for the net income or loss of the entities to be reported on the owner's personal federal and state income tax returns.

The Group follows guidance issued by the Financial Accounting Standards Board (FASB) with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is more likely than not that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit is recorded.

Due to its pass-through status, the Group is not subject to U.S. federal income tax. The Group does not have any unrecognized tax benefits and does not expect that to significantly change in the next 12 months.

Under the Massachusetts corporate tax reform provisions, unitary combining reporting is required for multi-state corporations. Under the definitions, the Group and other related party entities are considered a unitary business, under common ownership and part of a combined group for purposes of filing a combined tax return in Massachusetts. In September 2021, Massachusetts legislature enacted an elective pass-through entity excise tax. Under the legislation, for tax years beginning on or after January 1, 2021, entities taxed as "S" corporations and partnerships may elect annually to be subject to the pass-through entity excise at a rate of 5%. No provision is made for deferred state income tax in these combined financial statements due to its immateriality.

Herb Chambers Cadillac, Inc. is a Rhode Island entity and pays no state tax on its income and receives no benefit from its losses, if any, in accordance with the current state tax laws. In lieu of State of Rhode Island corporate income taxes, the owner is taxed on this entity's taxable income. JRM also has Rhode Island return filing requirements, and in lieu of corporate income tax, the owner is taxed on this entity's taxable income.

THE HERB CHAMBERS COMPANIES

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

---

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*INCOME TAXES (CONTINUED)*

JRM and HGC Holdings, LLC are Connecticut entities and pay no state tax on income and receive no benefit from losses, if any, in that state, in accordance with current state tax laws. In lieu of State of Connecticut income taxes, the Group's owner is taxed on the Group's taxable income. During the three months ended March 31, 2025, state temporary differences were immaterial and, accordingly, no deferred state tax provision for income taxes is reflected in the accompanying combined financial statements.

JRM and all other entities included in this combined financial statement, other than Herb Chambers Cadillac, Inc. and HGC Holdings, LLC are taxed at the corporate level for Massachusetts state income tax purposes in accordance with current state tax laws. State income tax expense for the three months ended March 31, 2025 was approximately \$3,490,000, respectively, and is included in operating expenses in the accompanying combined statements of operations and comprehensive income.

*ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES*

The Group evaluates all significant tax positions as required by GAAP. As of March 31, 2025, the Group does not believe that it has taken any positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year. The Group files federal, Massachusetts, Connecticut and Rhode Island income tax returns, which represent the major tax jurisdictions of the Group.

*DELIVERY COST*

The Group's policy is to expense delivery cost in excess of manufactures' reimbursements as operating expenses.

*SALES TAXES COLLECTED AND REMITTED TO GOVERNMENTAL AUTHORITIES*

The Group collects sales tax from customers in various state and local taxing jurisdictions and remits these amounts monthly to applicable taxing authorities. These amounts are excluded from net sales.

THE HERB CHAMBERS COMPANIES

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

---

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*BASIS OF ACCOUNTING AND USE OF ESTIMATES*

The accompanying combined financial statements have been prepared in conformity with GAAP following the accrual basis of accounting. The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates include used vehicle lower of cost or net realizable value, useful lives of property and equipment, estimated value of goodwill, allowance for credit losses, unearned prepaid maintenance revenue, self-insurance reserves, and the provision for chargebacks. It is reasonably possible that these estimates may change and the effect may be material.

*MAJOR SUPPLIERS AND DEALERSHIP AGREEMENTS*

The Group enters into dealership agreements with the manufacturers. These agreements permit the Group to stock, sell and service vehicles and products of the manufacturers and use of the manufacturers' name and trade symbols. These transactions result in both a receivable from and payable to the manufacturers. The Group's sales could be impacted by the manufacturers' inability or unwillingness to supply the Group with an adequate number or mix of vehicles.

The dealership agreements generally limit the location of the dealership and give the manufacturer rights to approve changes in the dealership ownership. The manufacturer is entitled to terminate the dealership agreement if the Group is in breach of its terms.

*LEASES*

Right of use assets represent the Group's right to use an underlying asset for the lease term and operating lease liabilities represent the Group's obligation to make lease payments arising from the lease. Right of use assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

If the lease does not provide an implicit rate, an incremental borrowing rate based on the information available at the lease commencement date is used in determining the present value of lease payments. The incremental borrowing rate for operating leases that commenced in the period is determined by using the Group's incremental borrowing rates.

THE HERB CHAMBERS COMPANIES

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*LEASES (CONTINUED)*

The Group has elected not to recognize a right of use asset and operating lease liability for leases with an initial term of twelve months or less as well as any lease covering immaterial assets. Lease expense is recognized for these leases on a straight-line basis over the lease term. Variable lease payments that are dependent on usage, output, or may vary for other reasons, are excluded from lease payments in the measurement of the right of use asset and operating lease liability, and accordingly are recognized as lease expense in the period the obligation for those payments is incurred. For lease agreements entered into or reassessed after the adoption of Topic 842, lease and non-lease components are combined.

Certain leases include renewal and/or termination options, with renewal terms that can extend the lease term from one to five years, and the exercise of lease renewal options under these leases is at the Group's sole discretion. These options are included in the lease term used to determine right-of-use assets and corresponding liabilities when it is reasonably certain the Group will exercise the option. The depreciable life of assets and leasehold improvements are limited by the expected lease term. The Group's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**NOTE 2 - INVESTMENTS**

Investments consist mainly of money market instruments, publicly traded fixed income, equity and other investment securities and are classified as available-for-sale because they can be sold at any time. Cost is determined by the specific identification method. Unrealized gains and losses on marketable equity and other investment securities are included in net income. Unrealized gains and losses on marketable fixed income securities are included in other comprehensive income.

**THE HERB CHAMBERS COMPANIES**

**NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2025**

**NOTE 2 - INVESTMENTS (CONTINUED)**

Investments classified as available-for-sale consisted of the following at March 31, 2025:

	Investments at Cost	Gross unrealized gains	Gross unrealized losses	Investments at fair value
Money market funds	\$ 5,378,253	\$ --	\$ --	\$ 5,378,253
Marketable fixed income securities	40,533,492	336,032	(103,948)	40,765,576
Marketable equity securities	20,199,383	8,253,240	(148,509)	28,304,114
Other investment securities	133,882	78,258	(1,235)	210,905
<b>Total</b>	<b>\$ 66,245,010</b>	<b>\$ 8,667,530</b>	<b>\$ (253,692)</b>	<b>\$ 74,658,848</b>

Contractual maturities of available-for-sale debt securities at March 31, 2025, are as follows:

	Cost	Estimated Fair Value
Due in one year or less	\$ 6,751,271	\$ 6,293,940
Due in 1–2 years	7,909,793	8,024,430
Due in 2–5 years	8,360,980	7,756,237
Due after 5 years	3,261,117	3,931,946
Bond funds with varying maturities	14,250,331	14,759,023
<b>Total investments with contractual maturities</b>	<b>\$ 40,533,492</b>	<b>\$ 40,765,576</b>

THE HERB CHAMBERS COMPANIES

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

---

NOTE 2 - INVESTMENTS (CONTINUED)

Proceeds and net investment income consisted of the following for the three months ended March 31, 2025:

Gross proceeds	\$ 5,411,413
Gross realized gains	\$ 872,539
Gross realized losses	(3,706)
Net unrealized gain	(1,167,838)
Interest income	336,264
Dividend income	223,738
Amortization of bonds	(37,878)
Agency expense	(85,525)
Investment income	\$ 137,594

NOTE 3 - FAIR VALUE

GAAP defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Group's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

A fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date. The fair values of money market funds and marketable equity securities that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges.

**THE HERB CHAMBERS COMPANIES**

**NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2025**

**NOTE 3 - FAIR VALUE (CONTINUED)**

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. The fair values of certificates of deposit are determined through inquiries of the financial institutions from which they originated. The fair values are typically the original principal balance plus accrued interest earned with no discounts for credit quality or liquidity determined to be applicable (market approach valuations technique). The fair values of the Group's marketable fixed income securities and other investments are determined by matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (market approach valuation technique).

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability. The Group has no Level 3 financial instruments at March 31, 2025.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at March 31, 2025.

Investments measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at March 31, 2025			
	Level 1	Level 2	Level 3	Total
<b>Investments:</b>				
Money market funds	\$ 5,378,253	\$ --	\$ --	\$ 5,378,253
Marketable fixed income securities	--	40,765,576	--	40,765,576
Marketable equity securities	28,304,114	--	--	28,304,114
Other investment securities	--	210,905	--	210,905
<b>Total investments</b>	<b>\$ 33,682,367</b>	<b>\$ 40,976,481</b>	<b>\$ --</b>	<b>\$ 74,658,848</b>

THE HERB CHAMBERS COMPANIES

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

NOTE 4 - ACCOUNTS RECEIVABLE

The Group adopted the provisions of ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)* on January 1, 2023 and, accordingly, measures credit losses on receivables using an expected loss model. The adoption of ASU 2016-13 did not have a material impact on the combined financial statements and related disclosures.

Accounts receivable classifications include the following:

- Vehicles and contracts in transit receivables primarily represent receivables from financial institutions for the portion of the vehicle sales price financed by the customer.
- Service and parts receivables are comprised of amounts due from customers.
- Factory, finance and other receivables represent amounts due from manufactures, including holdbacks, rebates, incentives, warranty claims and commissions on the sale of finance and insurance products.

The Group performs ongoing credit evaluations of its customers' financial condition and generally does not require collateral for accounts receivable arising in the normal course of business. Allowances for potential credit losses are determined by considering the financial condition of customers and other economic factors affecting customers, the Group, and their industries.

Accounts receivable consisted of the following at March 31, 2025:

Vehicles and contracts in transit	\$ 50,471,969
Service and parts	2,851,825
Factory, finance and other	<u>28,140,912</u>
	81,464,706
Less: allowance for credit losses	<u>888,584</u>
Total accounts receivable, net	<u>\$ 80,576,122</u>

**THE HERB CHAMBERS COMPANIES**

**NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2025**

**NOTE 4 - ACCOUNTS RECEIVABLE (CONTINUED)**

A roll forward of the allowance for credit losses is as follows at March 31, 2025:

Allowance for credit losses, beginning	\$	881,912
Provision for credit losses		45,139
Write-offs (recovery)		<u>(38,467)</u>
Allowance for credit losses, ending	\$	<u>888,584</u>

**NOTE 5 - INVENTORIES AND FLOORPLAN NOTES PAYABLE**

Inventories consisted of the following at March 31, 2025:

New vehicles	\$	317,467,240
Used vehicles		98,882,794
Lease and rental vehicles		52,879,322
Parts, shop and materials		<u>19,721,946</u>
		488,951,302
Less: LIFO reserves		<u>30,581,937</u>
Total inventories, net	\$	<u>458,369,365</u>

***INVENTORIES***

If the first-in, first-out (FIFO) method of inventory valuation on new vehicles had been used, inventory would have been higher by approximately \$30,582,000 at March 31, 2025, respectively, and net income would have increased by approximately \$625,000 for the three months ended March 31, 2025.

THE HERB CHAMBERS COMPANIES

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

---

NOTE 5 - INVENTORIES AND FLOORPLAN NOTES PAYABLE (CONTINUED)

*FLOORPLAN NOTES PAYABLE*

The Group has floorplan agreements with Bank of America, N.A., Mercedes-Benz Financial Services USA LLC, Toyota Motor Credit Corporation, Ford Motor Credit Company, and Wells Fargo Bank, N.A. for new, used, lease and rental vehicle financing. The notes are collateralized by all of the business assets of the respective dealerships, all of the products and proceeds thereof. The Mercedes-Benz Financial Services USA LLC, Toyota Motor Credit Corporation, Ford Motor Credit Company, and Wells Fargo Bank, N.A. have the personal guarantee of the Group's owner. The notes are due when the vehicles are sold. Floorplan notes payable on vehicles have variable interest rates. four agreements with interest based on SOFR rates (4.37 % at March 31, 2025) plus 1.0% to 1.7% and one floorplan agreement with interest based on the prime rate (7.5% at March 31, 2025) plus 1.50%.

The floorplan notes payable agreement with one of the banks is cross-defaulted with other loans from the bank to other entities of the Group and to related real estate entities that are 100% owned by the owner of the Group. These floorplan agreements are guaranteed by the members of the Group and the owner of the Group. The loan agreement contains various financial covenants. At Mar 31, 2025, the Group was in compliance with the financial covenants.

The Group also has loaner and rental vehicle notes payable agreements with BMW North America, Inc. (BMW) and Porsche Financial Services, Inc. for loaner and rental vehicle financing for certain dealerships. The BMW loaner and rental vehicle notes payable agreement has variable interest rates determined monthly based on the prime rate (7.5% at March 31, 2025) less .25%. Lease and rental vehicle notes payable are collateralized by specific vehicles.

At March 31, 2025 the Group had a maximum credit available under the various vehicle financing agreements of \$533,410,000, of which \$356,356,735, was outstanding. Financing sources provide temporary increases to accommodate fluctuations in units being delivered from the manufacturer.

Total interest expense on floorplan notes payable amounted to approximately \$4,800,000 for the three months ended March 31, 2025.

**THE HERB CHAMBERS COMPANIES**

**NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2025**

**NOTE 6 - NET PROPERTY AND EQUIPMENT**

Net property and equipment consisted of the following at March 31, 2025:

Buildings and improvements	\$ 11,017,059
Leasehold improvements	2,413,338
Furniture and fixtures	36,763,985
Machinery and equipment	23,416,630
Company vehicles	9,679,125
Parts and service equipment	9,501,466
Finance leases of buildings	<u>4,382,518</u>
	97,174,121
Less: accumulated depreciation	<u>76,075,938</u>
Net property and equipment	<u>\$ 21,098,183</u>

Depreciation and amortization expense for the three months ended March 31, 2025 was \$1,914,318.

**NOTE 7 - ACCOUNTS PAYABLE AND OTHER ACCRUED EXPENSES**

Accounts payable and other accrued expenses consisted of the following at March 31, 2025:

Accounts payable	\$ 29,590,770
Accrued payroll and payroll taxes	6,210,073
Accrued profit sharing	984,548
Provision for chargebacks	8,387,000
Interest payable	1,438,934
Customer deposits	9,127,317
Other accrued liabilities and current liabilities	<u>7,608,865</u>
Total accounts payable and other accrued expenses	<u>\$ 63,347,507</u>

THE HERB CHAMBERS COMPANIES

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

NOTE 8 - LINES OF CREDIT

The Group has a \$7,000,000 revolving line of credit with Toyota Motor Credit Corporation. The credit facility expires on May 31, 2026, with interest payable at Prime minus .49%. The Group has a \$10,000,000 revolving credit facility with Bank of America, N.A. The credit facility expires on October 31, 2025, with interest payable at SOFR plus 1.50%. The Group has a \$ 5,000,000 revolving credit facility with Wells Fargo Bank, N.A. The credit facility expires on August 31, 2025, with interest payable at SOFR plus 1.10%. The above lines of credit are guaranteed by various dealerships who are included in the respective bank's floorplan notes payable agreements.

The Group has an additional \$10,000,000 line of credit with Wells Fargo Bank, N.A. The credit facility expires on August 31, 2025, with interest payable at SOFR plus 1.25%. The line of credit is guaranteed by two operating entities in the Group, together with the owner.

No borrowings under the lines of credits were outstanding at March 31, 2025.

NOTE 9 - LEASES

*RIGHT OF USE ASSETS AND OPERATING LEASE LIABILITIES*

The Group leases land and facilities related to dealership operations. The property leases are generally from affiliated companies related by common ownership and management for an initial period of 5 years and are typically structured to include renewal options. The Group has included renewal options that they are reasonably certain to exercise in the measurement of lease liabilities and right-of-use assets. The Group also has leases for various storage and parking locations. Leases expire on various dates through September 2034.

The carrying amount of right of use assets and accumulated amortization as of March 31, 2025 are as follows:

Facilities	\$ 316,753,545
Parking and storage	11,887,953
	<u>328,641,498</u>
Less: accumulated amortization	<u>116,733,879</u>
Right of use assets, net	<u>\$ 211,907,619</u>

**THE HERB CHAMBERS COMPANIES**

**NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2025**

**NOTE 9 - LEASES (CONTINUED)**

***RIGHT OF USE ASSETS AND OPERATING LEASE LIABILITIES (CONTINUED)***

The right-of-use assets are amortized over the lease terms of the underlying assets which range from one to twelve years, on a straight-line basis. The weighted-average remaining lease term in years for operating leases is 5.91 and the weighted-average discount rate for operating leases is 5.55%. Amortization expense recognized for the three months ended March 31, 2025 was \$9,771,113.

Operating lease liabilities are recognized initially at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2022 for existing leases at adoption and for new leases after adoptions, the discounted rate based on the new terms of the new lease.

Operating lease liabilities at March 31, 2025, are as follows:

Current portion	\$ 42,239,300
Non-current portion	<u>169,493,875</u>
Operating lease liabilities	<u>\$ 211,733,175</u>

Aggregate future minimum lease maturities under these leases at March 31, 2025 are as follows:

For the Twelve Months Ending March 31,	
2026	\$ 51,261,245
2027	50,058,459
2028	45,768,969
2029	29,341,369
2030	23,812,279
Thereafter	<u>46,284,747</u>
Total	246,527,068
Less: amount representing interest	<u>34,793,893</u>
Present value of future minimum lease payments	<u>\$ 211,733,175</u>

THE HERB CHAMBERS COMPANIES

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

---

NOTE 9 - LEASES (CONTINUED)

*RIGHT OF USE ASSETS AND OPERATING LEASE LIABILITIES (CONTINUED)*

The components of operating lease expense for the three months ended March 31, 2025 included in operating expenses on the accompanying combined statements of operations and comprehensive income is approximately as follows:

Operating lease costs	\$ 18,500,000
Short-term lease costs	322,000
Sublease income	<u>(9,000)</u>
Total lease costs	<u>\$ 18,813,000</u>

The Group subleases portions of its facilities to companies related by common ownership and management as a tenant-at-will. Short-term leases mainly consist of month-to-month leases with unrelated parties for vehicle storage facilities and additional parking.

*FINANCING LEASE*

The Group has a finance lease for the use of a building located next to one of the dealerships expiring in January 2029, with a five-year renewal option. The lease includes monthly payments of \$ 38,446 through January 2024 and monthly payments of \$43,831 thereafter. The asset and liability under the financing lease are recorded at the present value of the minimum lease payments. The financing lease asset has been included in net property and equipment at \$4,382,518 at March 31, 2025. The asset is depreciated over its estimated productive life. Accumulated depreciation for the financing lease asset was \$2,010,802 at March 31, 2025, and depreciation expense was \$154,678 for the three months ended March 31, 2025. The remaining principal balance of \$1,822,434 at March 31, 2025, is recorded as financing lease liability, net of \$439,105, which is included in current portion of finance lease liability in the accompanying combined balance sheets.

**THE HERB CHAMBERS COMPANIES**

**NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2025**

**NOTE 9 - LEASES (CONTINUED)**

***FINANCING LEASE (CONTINUED)***

The following is a schedule of the future minimum lease payments under the finance lease and the present value of the net minimum lease payments at March 31, 2025:

For the Twelve Months Ending March 31,	
2026	\$ 525,968
2027	525,968
2028	525,968
2029	438,307
	2,016,211
Less: amount representing interest	193,777
<b>Total principal payments</b>	<b>\$ <u>1,822,434</u></b>

**NOTE 10 - RELATED PARTY TRANSACTIONS**

***MANAGEMENT AGREEMENTS***

JRM has management agreements with the dealerships owned by Herbert G. Chambers. The agreements are for a one-year term and automatically renew for successive one-year terms unless terminated in advance by the owner. Under these agreements, JRM collects an annual management fee.

The agreements require the dealerships to pay between \$35,000 and \$58,300 per month. The agreements include services relating to accounting, advertising, banking, controller, data processing and management information service, internet service, employee benefits, financing, factory relationships, human resource, insurance, internal audit, legal, marketing, operations, tax, training and used car management. In addition to the monthly management fees, certain dealerships pay an annual management fee that is computed at year end based on a formula which takes into account income earned by the certain dealerships and a return of invested equity in those dealerships. The proceeds of the annual management fee are used by JRM in calculation and payment of the consulting fee paid to Chambers Consulting Corp., as noted below.

THE HERB CHAMBERS COMPANIES

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

---

NOTE 10 - RELATED PARTY TRANSACTIONS (CONTINUED)

*MANAGEMENT AGREEMENTS (CONTINUED)*

For the three months ended March 31, 2025, management fees totaling \$19,652,000, respectively, are eliminated from sales and operating expenses and have no effect on reported net income on the accompanying combined statements of operations and comprehensive income.

*CONSULTING AGREEMENT*

The Group has an annual consulting agreement with Chambers Consulting Corp., a company related through common ownership. The annual fee is to be computed at year end based on a formula which takes into account total fees earned by The Herb Chambers Companies less direct expenses and overhead and profit for services not provided by the Group. The consulting agreement includes services relating to banking, financing, factory relationships, human resources, legal, marketing, tax, strategic planning, and acquisition planning. Total consulting fees for the three months ended March 31, 2025 is \$10,750,000, and is included in operating expenses on the accompanying combined statements of operations and comprehensive income.

*DUE FROM (TO) OWNER*

At March 31, 2025, the Group had amounts due to or from the owner. These amounts represent unsecured net non-interest bearing advances and borrowings with no specified maturity date. As of March 31, 2025, the net combined balance due from owner was \$105,320,982, and is classified as an other asset on the accompanying combined balance sheets.

*INSURANCE PROGRAM*

The Group administers high deductible programs for the workers' compensation and property and casualty insurance coverage for the dealerships. The policies, which renew annually on October 1, have deductibles ranging from \$5,000 to \$350,000; premiums cover all claims over the deductibles. At March 31, 2025, a \$245,847 escrow funded by the Group to pay claims is included in other assets on the accompanying combined balance sheets. The dealerships make payments to JRM to create an insurance loss fund which will be used to replenish the escrow as claims within the deductible amount are paid. Since the Group is not an insurance company, it accounts for these payments, net of related premiums and insurance claims paid, as an insurance loss fund liability with a balance of \$3,898,747 at March 31, 2025. At March 31, 2025, the insurance policies require the Group to maintain a letter of credit totaling \$4,117,000.

THE HERB CHAMBERS COMPANIES

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

---

**NOTE 10 - RELATED PARTY TRANSACTIONS (CONTINUED)**

*INVESTMENT IN PARTNERSHIPS*

JRM is the general partner of Avonwood Associates Limited Partnership and Geo Missy Limited Partnership. The Group has elected to account for its one percent ownership in each of the partnerships on the equity method of accounting as it believes that this method best reflects the position of the general partner. No income was recorded for these partnerships for the three months ended March 31, 2025.

*GUARANTEE*

Two operating entities in the Group, together with the owner, guarantee a \$200,000,000 revolving line of credit. At March 31, 2025, the borrowing entities of the line of credit consisted of twenty-five related party real estate entities that the Group leases primary operating facilities from and are owned by the Group's owner. The line of credit is used primarily for the purchase of operating facilities. The balance outstanding under the line of credit was \$76,847,800 at March 31, 2025. The line of credit expires on September 30, 2025; however, management expects they will renew and extend the line of credit prior to September 30, 2025.

**NOTE 11 - RETIREMENT PLAN**

The Group and its affiliated organizations maintain a 401(k) plan covering all employees who have completed one year of service and attained 18 years of age. Participants may make elective deferrals from 1% to 50% of the participant's eligible compensation, limited to a maximum annual as set periodically by the Internal Revenue Service. Participants' contributions are matched by the Group at the rate of 50% up to 4% of the participants' compensation. For the three months ended March 31, 2025, contributions were \$553,104 and is included in operating expenses on the accompanying combined statements of operations and comprehensive income.

THE HERB CHAMBERS COMPANIES

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

---

NOTE 12 - SUPPLEMENTAL CASH FLOWS

The following cash and non-cash transactions occurred during the three months ended March 31, 2025.

Supplemental disclosures of cash flow information:

Cash paid during the year for:

Interest	\$	4,904,899
Income taxes		3,081,258

Supplemental disclosures of non-cash financing and investing activities:

Reinvestment of investment sales proceeds through brokerage accounts	\$	5,411,413
Transfer of company vehicles to used vehicle inventory		350,726
Unrealized loss in other comprehensive income		34,906

NOTE 13 - CONTINGENCIES AND COMMITMENTS

The dealerships operated by the Group sell automobiles pursuant to franchise agreements with automobile manufacturers or authorized distributors of the manufacturer. Through the terms and conditions of these franchise agreements, manufacturers can exert considerable influence over the operations of the Group's dealerships. Each franchise agreement includes provisions for the termination or non-renewal of the manufacturer-dealer relationship for a variety of causes. Under the terms of the franchise agreements, the Group is required to maintain minimum working capital requirements and other specific financial ratios. The loss of a Group's franchise agreement could have a material adverse effect on the Group's business, financial condition, and results of operations.

THE HERB CHAMBERS COMPANIES

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

---

NOTE 13 - CONTINGENCIES AND COMMITMENTS (CONTINUED)

The Group participates in numerous factory incentive and warranty programs. The Group is reimbursed for these incentive and warranty claims based on individual program guidelines and rules. Such reimbursements are subject to audit and retroactive adjustments.

The Group is involved in lawsuits in the normal course of business. Management's assessment is that none of these matters are anticipated to have a material adverse impact on the financial position, results of operations, or cash flows of the Group.

The Group is subject to federal and state environmental regulations, including rules relating to air and water pollution, and the storage and disposal of gasoline, oil and other chemicals and waste. Local, state and federal regulations also affect automobile dealerships' advertising, sales and service, and financing activities. Management believes that the Group complies with all applicable laws and regulations relating to its business.

A significant portion of the Group's business involves the sale of vehicles, parts, or vehicles composed of parts that are manufactured outside the United States. As a result, the Group's operations are subject to customary risks of importing merchandise, including fluctuations in the relative values of currencies, import duties, exchange controls, trade restrictions, work stoppages and general political and socio-economic conditions in foreign countries. The United States or the countries from which the Group's products are imported may, from time to time, impose new quotas, duties, tariffs, or other restrictions; or adjust presently prevailing quotas, duties, or tariffs, which may affect the Group's operations and ability to purchase imported vehicles and/or parts at reasonable prices.

On September 10, 2024, the United States Attorney's Office sent Civil Investigative Demands to eight entities of the Group in connection with its investigation into possible violations of the False Claims Act related to applications submitted for the issuance and forgiveness of Paycheck Protection Program (PPP) loans totaling \$7,659,391. The issue concerns whether these entities were eligible for the PPP loans considering an Interim Final Ruling issued by the SBA which limited businesses that are part of a single corporate group to no more than \$20,000,000 of PPP loans in the aggregate. Although the Group denies any liability under the False Claims Act or any other law related to this dispute, the Group has agreed to resolve this matter with the United States Attorney's Office with a settlement payment of \$11,841,143, which has been included in accounts payable and other accrued expenses at March 31, 2025 on the accompanying combined balance sheet.

**THE HERB CHAMBERS COMPANIES**

**NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2025**

**NOTE 14 - COMMON STOCK**

Common stock is comprised of the following as of March 31, 2025:

	Par Value	Shares Authorized	Shares Issued and Outstanding	Amount
Jennings Road Management Corp.	\$ --	5,000	100	\$ 1,000
Herb Chambers Route 1, Inc.	1,500	200	200	300,000
Herb Chambers I-93, Inc.	25	200	200	5,000
Herb Chambers Commonwealth Avenue, Inc	--	200	200	1,000
Silver Star, Inc.	500	200	200	100,000
Herb Chambers 1172, Inc.	500	200	200	100,000
Herb Chambers Cambridge Street, Inc.	--	200	200	10,000
Herb Chambers Cadillac, Inc.	1	8,000	100	100
Herb Chambers 1186, Inc.	1	15,000	10,000	10,000
Herb Chambers 128, Inc.	1	15,000	10,000	10,000
Herb Chambers 44, Inc.	--	200	200	100,000
Herb Chambers Route 9, Inc.	--	200	200	10,000
Herb Chambers of Norwood, Inc.	--	200	200	50,000
Herb Chambers of Millbury, Inc.	2,500	200	200	500,000
Herb Chambers of Auburn, Inc.	1,630	500	200	326,000
Herb Chambers 1168, Inc.	2,500	200	200	500,000
Dave Dinger Ford, Inc.	--	2,000	1,000	284,000
Herb Chambers of Westborough, Inc.	5	200	200	1,000
Herb Chambers of Andover Street, Inc.	50	200	200	10,000
Herb Chambers 22 Brighton Ave, Inc.	5	200	200	1,000
Herb Chambers Boston Post Road, Inc.	--	200	200	10,000

**THE HERB CHAMBERS COMPANIES**

**NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2025**

**NOTE 14 - COMMON STOCK (CONTINUED)**

	Par Value	Shares Authorized	Shares Issued and Outstanding	Amount
Herb Chambers I-95, Inc.	\$ 1,250	200	200	\$ 250,000
Herb Chambers of Wayland, Inc.	--	200	200	10,000
Herb Chambers of Natick, Inc.	--	200	200	10,000
Herb Chambers of Sudbury, Inc.	--	200	200	10,000
Herb Chambers 75 Otis Street, Inc.	--	200	200	10,000
Herb Chambers of Burlington, Inc.	--	200	200	10,000
Herb Chambers of Millbury II, Inc.	--	200	200	10,000
Herb Chambers Boston Turnpike, Inc.	--	200	200	10,000
Herb Chambers 395 Broadway, Inc.	--	200	200	10,000
Herb Chambers of Brookline, Inc.	--	200	200	10,000
Herb Chambers 1188, Inc.	--	200	200	10,000
Herb Chambers 62 Cambridge Street, Inc.	--	200	200	10,000
		<u>50,900</u>	<u>26,800</u>	<u>\$ 2,689,100</u>

**NOTE 15 – SUBSEQUENT EVENT**

On July 21, 2025, subsequent to the combining balance sheet date, the Group completed its previously announced sale with Asbury Automotive Group, Inc. (“Asbury”) of substantially all of its assets, including real property and businesses of The Herb Chambers Companies (collectively, the “Businesses”), pursuant to a Purchase and Sale Agreement with various entities that comprise the Herb Chambers automotive dealership group for an aggregate net sale price of approximately \$1.45 billion, which includes \$750 million for goodwill, approximately \$610 million for the real estate and leasehold improvements, and approximately \$85 million for new vehicles, used vehicles, service loaners vehicles, fixed assets, parts and supplies, which is net of non-manufacturer floorplan of \$375 million. The Businesses includes 33 dealerships, 52 franchises and three collision centers. The Group will retain ownership of the Mercedes-Benz of Boston dealership in Somerville, Massachusetts (Herb Chambers I-93, Inc.).

**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The unaudited pro forma condensed combined financial information presented below is derived from the historical consolidated financial statements of Asbury Automotive Group, Inc. (the "Company") and the historical combined financial statements of The Herb Chambers Companies (the "Herb Chambers Dealerships"), as adjusted, to give effect to the recently completed acquisition (the "Acquisition") of substantially all of the assets, including real property and businesses of the Herb Chambers Dealerships (collectively, the "Businesses"), which includes 33 dealerships, 52 franchises and three collision centers, pursuant to the Asset Purchase Agreement (the "Asset Purchase Agreement"), executed on July 21, 2025.

The unaudited pro forma condensed financial information also reflects the drawdown of \$298.4 million under the new vehicle floor plan facility in our 2023 Senior Credit Facility (the "New Vehicle Floor Plan Facility"), \$300.0 million under the used vehicle floor plan facility in our 2023 Senior Credit Facility (the "Used Vehicle Floor Plan Facility"), \$650.0 million under the Revolving Credit Facility, \$546.5 million under a real estate term loan agreement (the "Real Estate Credit Agreement") and \$46.3 million of cash on hand used to fund the purchase price, collectively referred to as the "Financing Adjustments."

All references to the "Combined Company" refer to the historical consolidated financial statements of the Company and the combined financial statements of the Herb Chambers Dealerships, after giving pro forma effect to the Acquisition, collectively referred to as the "Pro Forma Transaction."

The unaudited pro forma condensed combined financial information should be read in conjunction with the following financial statements:

- the Company's Annual Report on Form 10-K for the year ended December 31, 2024 filed with the Securities and Exchange Commission (the "SEC") on February 26, 2025;
- the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2025 filed with the SEC on April 30, 2025;
- the audited combined financial statements of The Herb Chambers Companies as of and for the year ended December 31, 2024, which are included in Exhibit 99.2 to this Current Report on Form 8-K; and
- the unaudited combined financial statements of The Herb Chambers Companies as of and for the three months ended March 31, 2025, which are included in Exhibit 99.3 to this Current Report on Form 8-K.

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting under Accounting Standards Codification ("ASC") Topic 805, *Business Combinations*. The acquisition accounting is based on preliminary estimated valuation and other studies to the extent sufficient information is available. The Company will update its preliminary estimated valuation and finalize the acquisition accounting as soon as practicable within the required measurement period. These preliminary estimates are subject to change as the Company finalizes its valuation studies related to assets acquired and liabilities assumed, including identifiable intangible assets and fixed assets. These changes could have a material effect on the accompanying unaudited pro forma condensed combined financial information and the Combined Company's future results of operations and financial position.

Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the unaudited pro forma condensed combined financial information of the Combined Company.

**ASBURY AUTOMOTIVE GROUP, INC.**  
**Unaudited Pro Forma Condensed Combined Balance Sheet**  
**As of March 31, 2025**  
**(In millions)**

ASSETS	Asbury Automotive Group, Inc.	Herb Chambers Dealerships (Note 2)	Pro Forma Adjustments (Note 3)	Divestitures (Note 4)	Financing Adjustments (Note 5)	Pro Forma Combined
<b>CURRENT ASSETS:</b>						
Cash and cash equivalents	\$ 124.6	\$ 93.4	\$ (93.4) <sup>a</sup>	\$ 145.0	\$ (46.3) <sup>o</sup>	\$ 223.3
Short-term investments	6.6	74.7	(74.7) <sup>a</sup>	—	—	6.6
Contracts-in-transit, net	263.9	50.5	(50.5) <sup>a</sup>	—	—	263.9
Accounts receivable, net	264.7	30.1	(30.1) <sup>a</sup>	—	—	264.7
Inventories, net	1,822.4	405.5	0.6 <sup>b</sup>	(8.5)	—	2,220.0
Assets held for sale	409.9	—	—	(119.8)	—	290.1
Other current assets	355.1	55.0	(6.4) <sup>a,f</sup>	(0.5)	—	403.2
Total current assets	<u>3,247.1</u>	<u>709.1</u>	<u>(254.4)</u>	<u>16.2</u>	<u>(46.3)</u>	<u>3,671.8</u>
<b>INVESTMENTS</b>						
PROPERTY AND EQUIPMENT, net	2,475.1	21.1	608.1 <sup>c</sup>	(14.2)	—	3,090.1
OPERATING LEASE RIGHT-OF-USE-ASSETS	218.0	211.9	(184.2) <sup>a,d</sup>	—	—	245.7
GOODWILL	1,976.2	31.6	255.2 <sup>a,e</sup>	(0.8)	—	2,262.2
INTANGIBLE FRANCHISE RIGHTS	1,816.9	—	463.2 <sup>e</sup>	(6.1)	—	2,274.0
OTHER LONG-TERM ASSETS	128.9	105.6	(105.6) <sup>a</sup>	—	1.6 <sup>n,o</sup>	130.5
Total assets	<u>\$ 10,221.0</u>	<u>\$ 1,080.5</u>	<u>\$ 781.1</u>	<u>\$ (4.9)</u>	<u>\$ (44.7)</u>	<u>\$ 12,033.2</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
<b>CURRENT LIABILITIES:</b>						
Floor plan notes payable—trade, net	\$ 261.8	\$ 114.5	\$ (114.5) <sup>a</sup>	\$ —	\$ —	\$ 261.8
Floor plan notes payable—non-trade, net	1,201.6	290.3	(290.3) <sup>a</sup>	(12.5)	598.4 <sup>o</sup>	1,787.5
Current maturities of long-term debt	113.4	0.4	(0.4) <sup>a</sup>	—	—	113.4
Current maturities of operating leases	27.3	42.2	(42.2) <sup>a</sup>	—	—	27.3
Accounts payable and accrued liabilities	764.5	114.8	(66.0) <sup>a,f</sup>	(3.3)	—	810.0
Deferred revenue—current	239.0	—	—	—	—	239.0
Total current liabilities	<u>2,607.6</u>	<u>562.4</u>	<u>(513.5)</u>	<u>(15.8)</u>	<u>598.4</u>	<u>3,239.0</u>
<b>LONG-TERM DEBT</b>						
LONG-TERM LEASE LIABILITY	3,015.1	1.4	(1.4) <sup>a</sup>	(41.9)	1,190.8 <sup>n,o</sup>	4,164.0
DEFERRED REVENUE	198.8	169.5	(141.8) <sup>a,d</sup>	—	—	226.5
DEFERRED INCOME TAXES	529.3	—	—	—	—	529.3
OTHER LONG-TERM LIABILITIES	185.2	—	—	—	—	185.2
COMMITMENTS AND CONTINGENCIES	61.5	4.0	(4.0) <sup>a,f</sup>	—	—	61.5
Total shareholders' equity	<u>3,623.5</u>	<u>343.2</u>	<u>1,441.8</u>	<u>52.8</u>	<u>(1,833.9)</u>	<u>3,627.7</u>
Total liabilities and shareholders' equity	<u>\$ 10,221.0</u>	<u>\$ 1,080.5</u>	<u>\$ 781.1</u>	<u>\$ (4.9)</u>	<u>\$ (44.7)</u>	<u>\$ 12,033.2</u>

**ASBURY AUTOMOTIVE GROUP, INC.**  
**Unaudited Pro Forma Condensed Combined Statement of Income**  
**For the Three Months Ended March 31, 2025**  
(In millions, except per share data)

	Asbury Automotive Group, Inc.	Herb Chambers Dealerships (Note 2)	Pro Forma Adjustments (Note 3)	Divestitures (Note 4)	Financing Adjustments (Note 5)	Pro Forma Combined
<b>REVENUE:</b>						
New vehicle	\$ 2,138.1	\$ 409.5	(19.9) <sup>a</sup>	\$ (33.8)	\$ —	\$ 2,493.9
Used vehicle	1,235.8	240.8	(12.8) <sup>a</sup>	(21.2)	—	1,442.6
Parts and service	587.6	110.2	(7.9) <sup>a</sup>	(10.0)	—	679.9
Finance and insurance, net	187.0	30.0	(1.1) <sup>a</sup>	(2.2)	—	213.7
<b>TOTAL REVENUE</b>	<b>4,148.5</b>	<b>790.5</b>	<b>(41.8)</b>	<b>(67.2)</b>	<b>—</b>	<b>4,830.1</b>
<b>COST OF SALES:</b>						
New vehicle	1,995.0	371.9	(18.2) <sup>a,b</sup>	(30.9)	—	2,317.8
Used vehicle	1,171.3	224.0	(12.8) <sup>a</sup>	(20.4)	—	1,362.1
Parts and service	244.9	61.2	(3.3) <sup>a</sup>	(5.4)	—	297.4
Finance and insurance	13.1	—	—	—	—	13.1
<b>TOTAL COST OF SALES</b>	<b>3,424.3</b>	<b>657.1</b>	<b>(34.4)</b>	<b>(56.7)</b>	<b>—</b>	<b>3,990.4</b>
<b>GROSS PROFIT</b>	<b>724.2</b>	<b>133.4</b>	<b>(7.4)</b>	<b>(10.4)</b>	<b>—</b>	<b>839.7</b>
<b>OPERATING EXPENSES:</b>						
Selling, general, and administrative	456.4	115.9	(22.3) <sup>a,d</sup>	(7.4)	—	542.6
Depreciation and amortization	19.2	1.9	4.3 <sup>a,c</sup>	(0.1)	—	25.3
Asset impairments	14.3	—	—	—	—	14.3
<b>INCOME FROM OPERATIONS</b>	<b>234.3</b>	<b>15.5</b>	<b>10.6</b>	<b>(2.9)</b>	<b>—</b>	<b>257.5</b>
<b>OTHER EXPENSES (INCOME):</b>						
Floor plan interest expense	20.7	4.8	(4.8) <sup>a,i</sup>	(0.3)	8.7 <sup>j,k,n</sup>	29.1
Other interest expense, net	42.3	—	—	(0.1)	18.7 <sup>l,m,n</sup>	60.9
Gain on dealership divestitures, net	(4.1)	—	—	—	—	(4.1)
Total other expenses (income), net	58.9	4.8	(4.8)	(0.3)	27.4	85.9
<b>INCOME BEFORE INCOME TAXES</b>	<b>175.4</b>	<b>10.7</b>	<b>15.4</b>	<b>(2.6)</b>	<b>(27.4)</b>	<b>171.6</b>
Income tax expense (benefit)	43.3	3.5	3.2 <sup>h</sup>	(0.7) <sup>h</sup>	(7.0) <sup>h</sup>	42.3
<b>NET INCOME</b>	<b>\$ 132.1</b>	<b>\$ 7.2</b>	<b>\$ 12.2</b>	<b>\$ (1.9)</b>	<b>\$ (20.4)</b>	<b>\$ 129.3</b>
<b>EARNINGS PER SHARE:</b>						
Net income—Basic	\$ 6.73					\$ 6.60
Net income—Diluted	\$ 6.71					\$ 6.56
<b>WEIGHTED AVERAGE SHARES OUTSTANDING:</b>						
Basic	19.6					19.6
Performance share units	0.1					0.1
Diluted	19.7					19.7

**ASBURY AUTOMOTIVE GROUP, INC.**  
**Pro Forma Condensed Combined Statement of Income**  
**For the Year Ended December 31, 2024**  
(In millions, except per share data)  
(Unaudited)

	Asbury Automotive Group, Inc.	Herb Chambers Dealerships (Note 2)	Pro Forma Adjustments (Note 3)	Divestitures (Note 4)	Financing Adjustments (Note 5)	Pro Forma Combined
<b>REVENUE:</b>						
New vehicle	\$ 8,849.7	\$ 1,695.0	\$ (146.1) <sup>a</sup>	\$ (140.9)	\$ —	\$ 10,257.7
Used vehicle	5,218.2	954.6	(74.0) <sup>a</sup>	(80.3)	—	6,018.5
Parts and service	2,354.7	441.7	(39.9) <sup>a</sup>	(38.8)	—	2,717.7
Finance and insurance, net	766.0	128.1	(14.8) <sup>a</sup>	(7.9)	—	871.4
<b>TOTAL REVENUE</b>	<b>17,188.6</b>	<b>3,219.4</b>	<b>(274.8)</b>	<b>(267.8)</b>	<b>—</b>	<b>19,865.3</b>
<b>COST OF SALES:</b>						
New vehicle	8,209.3	1,519.5	(133.1) <sup>a,b</sup>	(128.3)	—	9,467.4
Used vehicle	4,972.7	882.2	(70.1) <sup>a</sup>	(77.4)	—	5,707.4
Parts and service	1,003.5	244.6	(18.7) <sup>a</sup>	(21.0)	—	1,208.4
Finance and insurance	54.4	—	—	—	—	54.4
<b>TOTAL COST OF SALES</b>	<b>14,240.0</b>	<b>2,646.3</b>	<b>(221.8)</b>	<b>(226.7)</b>	<b>—</b>	<b>16,437.6</b>
<b>GROSS PROFIT</b>	<b>2,948.6</b>	<b>573.2</b>	<b>(53.0)</b>	<b>(41.1)</b>	<b>—</b>	<b>3,427.7</b>
<b>OPERATING EXPENSES:</b>						
Selling, general, and administrative	1,888.5	487.5	(95.2) <sup>a,d,g</sup>	(29.6)	—	2,251.2
Depreciation and amortization	75.0	8.3	16.7 <sup>a,c</sup>	(0.5)	—	99.5
Asset impairments	149.5	—	—	—	—	149.5
<b>INCOME FROM OPERATIONS</b>	<b>835.6</b>	<b>77.4</b>	<b>25.5</b>	<b>(11.0)</b>	<b>—</b>	<b>927.5</b>
<b>OTHER EXPENSES (INCOME):</b>						
Floor plan interest expense	89.9	22.5	(22.5) <sup>a,i</sup>	(1.3)	34.8 <sup>j,k,n</sup>	123.4
Other interest expense, net	179.1	—	—	(0.3)	74.7 <sup>l,m,n</sup>	253.5
Gain on dealership divestitures, net	(8.6)	(13.2)	13.2 <sup>a</sup>	—	—	(8.6)
<b>Total other expenses (income), net</b>	<b>260.3</b>	<b>9.3</b>	<b>(9.3)</b>	<b>(1.6)</b>	<b>109.5</b>	<b>368.3</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>575.3</b>	<b>68.1</b>	<b>34.8</b>	<b>(9.5)</b>	<b>(109.5)</b>	<b>559.2</b>
Income tax expense (benefit)	145.0	8.9	17.4 <sup>h</sup>	(2.4) <sup>h</sup>	(28.0) <sup>h</sup>	140.9
<b>NET INCOME</b>	<b>\$ 430.3</b>	<b>\$ 59.1</b>	<b>\$ 17.5</b>	<b>\$ (7.1)</b>	<b>\$ (81.5)</b>	<b>\$ 418.3</b>
<b>EARNINGS PER SHARE:</b>						
Net income—Basic	\$ 21.58					\$ 21.02
Net income—Diluted	\$ 21.50					\$ 20.92
<b>WEIGHTED AVERAGE SHARES OUTSTANDING:</b>						
Basic	19.9					19.9
Performance share units	0.1					0.1
Diluted	20.0					20.0

## 1. Basis of Presentation

The unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of SEC Regulation S-X. The unaudited pro forma condensed combined information depicts the accounting for the Acquisition ("Pro Forma Adjustments"), along with the Acquisition financing ("Financing Adjustments") and present reasonably estimable synergies and other transaction effects that have occurred or are reasonably expected to occur ("Management's Adjustments"). In addition, the unaudited pro forma condensed combined information depicts the divestiture of two Lexus dealerships and two General Motors dealerships (the "Divestitures") due to manufacturer requirements upon the consummation of the Acquisition. The adjustments presented in the unaudited pro forma condensed combined financial information have been identified and presented to provide relevant information necessary to assist in understanding the Combined Company.

The acquisition of the Herb Chambers Dealerships is accounted for as a business combination using the acquisition method of accounting under ASC Topic 805, *Business Combinations*. Under the acquisition method of accounting, the purchase price is allocated to the underlying tangible and intangible assets acquired and liabilities assumed based on their respective fair values at the date of acquisition, with any excess purchase price allocated to goodwill. To date, the Company has estimated a preliminary allocation of the purchase price to the assets acquired and liabilities assumed based on available information, and will complete the allocation of such purchase price as further information becomes available. The final purchase price allocation may differ from that reflected in the unaudited pro forma condensed combined financial information and these differences may be material.

The unaudited pro forma condensed combined statements of income for the year ended December 31, 2024 and the three months ended March 31, 2025 assume that the Acquisition and the related financing, along with the Divestitures, occurred on January 1, 2024.

The unaudited pro forma condensed combined consolidated balance sheet as of March 31, 2025 assumes that the Transaction and the related financing, along with the Divestitures, occurred on March 31, 2025.

Additionally, the assets, liabilities and financial results of Herb Chambers I-93, Inc., and Herb Chambers Route 9, Inc. have also been excluded from the pro forma financial information since they were excluded from the Acquisition.

Management of the Company is currently in the process of conducting a more detailed review of accounting policies used in the historical financial statements of the Herb Chambers Dealerships to determine if differences in accounting policies require any reclassification to conform to the Company's accounting policies and classifications. As a result, we may identify differences between the accounting policies of the two companies that, when conformed, could have a material impact on the unaudited pro forma condensed combined financial information.

The pro forma adjustments reported in these financial statements are based upon available information and certain assumptions that the Company's management believe are reasonable. The unaudited pro forma condensed combined financial information is presented for informational purposes only and is not intended to represent or be indicative of what the results of operations or financial condition would have been had the Pro Forma Transaction actually occurred on the date indicated, nor is it meant to be indicative of future results of operations or financial condition for any future period or as of any future date. The unaudited pro forma condensed combined financial information does not reflect the realization of any expected cost savings or other synergies from the Acquisition. See the accompanying Note 6, Management's Adjustments, for details on expected cost savings. The unaudited pro forma condensed combined financial information of the Combined Company should be read in conjunction with the audited and unaudited historical financial statements and related notes of the Company and the Herb Chambers Dealerships for the year ended December 31, 2024 and the three months ended March 31, 2025.

## 2. Reclassifications

The following reclassification adjustments were made to conform the presentation of the Herb Chambers Dealerships financial information to the Company's presentation:

Presentation in Herb Chambers Dealerships Combined Statements of Operations and Comprehensive Income	Presentation in Unaudited Pro Forma Condensed Combined Statements of Income	Three Months Ended March 31, 2025	Year Ended December 31, 2024
(Dollars in millions)			
Operating expenses	Floor plan interest expense	\$ 4.8	\$ 22.5
Operating expenses	Depreciation and amortization	1.9	8.3
Operating expenses	Income tax expense (benefit)	3.5	8.9
Operating expenses	Selling, general, and administrative	115.9	468.5
Investment income, net	Revenue—Finance and insurance, net	0.1	4.9
Gain on sale of franchise	Gain on dealership divestitures, net	—	13.2
Settlement expense	Selling, general, and administrative	—	11.8
Other income, net	Revenue—New vehicle	3.5	16.5
Other income, net	Revenue—Used vehicle	0.5	1.6
Other income, net	Selling, general, and administrative	0.1	(4.7)

Presentation in Herb Chambers Dealerships Combined Balance Sheet	Presentation in Unaudited Pro Forma Condensed Combined Balance Sheet	As of March 31, 2025
(Dollars in millions)		
Accounts receivable, net	Contracts-in-transit, net	\$ 50.5
Due from related parties	Other current assets	0.6
Prepaid taxes and expenses	Other current assets	1.5
Inventories, net	Other current assets	52.9
Investment in partnerships	Investments	1.2
Due from owner	Other long-term assets	105.3
Current portion of finance lease liability	Current maturities of long-term debt	0.4
Floor plan notes payable	Accounts payable and accrued liabilities	51.5
Floor plan notes payable	Floor plan notes payable—trade, net	114.5
Floor plan notes payable	Floor plan notes payable—non-trade, net	290.3
Insurance loss fund	Other long-term liabilities	4.0
Finance lease liability, net of current portion	Long-term debt	1.4

## 3. Pro Forma Adjustments

The pro forma adjustments set forth in the unaudited pro forma condensed combined financial information reflect the following:

- a. The elimination of assets and liabilities not assumed in connection with the Acquisition and the related income and expense items. These adjustments include the elimination of rent expense of \$16.4 million and \$51.3 million for the three months ended March 31, 2025 and the year ended December 31, 2024, respectively, related to real property acquired by the Company.
- b. Recording the preliminary fair value estimate of inventory acquired of \$406.1 million adjusted to exclude a last-in, first-out ("LIFO") reserve of \$28.1 million. Based on the preliminary fair value estimate, no significant future income statement impact is anticipated related to this fair value adjustment. In addition, the impact of the LIFO reserve within the historical Herb Chambers Dealerships was eliminated from the Unaudited Pro Forma Condensed Combined Statements of Income for the year ended December 31, 2024 and the three months ended March 31, 2025, resulting in a \$2.3 million and \$0.6 million increase, respectively, to income before taxes.
- c. The preliminary adjustment of \$610.0 million to reflect the fair value of real property and leasehold improvements acquired. The estimated fair value of property and equipment is expected to be depreciated over their estimated useful lives as shown below. Depreciation expense of \$4.4 million and \$17.5 million for the three months ended March 31, 2025 and the year ended December 31, 2024, respectively, was recorded.

using the adjusted fair values and is reflected in the Unaudited Pro Forma Condensed Combined Statements of Income.

The asset classes and estimated useful lives are summarized below:

Asset Class	Estimated useful life
Land	N/A
Buildings	10-40 years
Parts and service equipment	5-10 years
Office furniture and equipment	3-10 years
Company vehicles and other transportation equipment	3-5 years
Construction in progress	N/A

- d. The preliminary adjustment to record the right-of-use assets for the operating leases assumed in the Acquisition was \$27.7 million, with corresponding adjustments to the long-term lease liability. In addition, an adjustment to selling, general, and administrative expenses of \$1.5 million and \$5.9 million for the three months ended March 31, 2025 and the year ended December 31, 2024, respectively, was recorded in the Unaudited Pro Forma Condensed Combined Statements of Income in connection with lease rent expense for the assumed leases.
- e. The recording of \$286.8 million of goodwill and \$463.2 million of franchise rights acquired. Goodwill represents the excess cost of the Herb Chambers Dealerships over the estimated fair value of the identifiable net assets acquired. Indefinite-lived franchise rights intangible assets represent the Company's rights under franchise agreements with manufacturers, which are recorded at an individual franchise level.
- f. The recording of assumed other current assets and accounts payable and accrued liabilities.
- g. Represents the recording of \$2.2 million in additional transaction costs incurred by the Company subsequent to March 31, 2025. These costs will not affect the Company's income statement beyond 12 months after the acquisition date.
- h. Represents an adjustment to income tax expense as a result of the Herb Chambers Dealerships historically being pass-through entities. The income tax rate of 25.6% used in this adjustment is based on the Company's expected blended statutory rate incorporating the Herb Chambers Dealerships.
- i. Elimination of floor plan interest expense associated with floor plan liabilities not assumed.

#### 4. Divestitures

The divestiture adjustments set forth in the unaudited pro forma condensed combined financial information reflect the pending disposal of stores driven by manufacturer requirements arising from the Acquisition.

The Company expects to sell four stores for an estimated \$202.6 million to satisfy these manufacturer requirements. As of March 31, 2025, two stores met the criteria to be classified as assets held for sale in the Unaudited Pro Forma Condensed Combined Balance Sheet. The \$119.8 million adjustment to assets held for sale relates to these two stores and is inclusive of approximately \$86.8 million carrying value of goodwill and franchise rights intangible assets and \$22.9 million carrying value of real property. The carrying value of goodwill and franchise rights intangible assets of \$6.9 million and of real property of \$13.3 million associated with the remaining two stores that did not meet the criteria for assets held for sale as of March 31, 2025 have been adjusted in the Unaudited Pro Forma Condensed Combined Balance Sheet.

The Company estimates a pre-tax gain of \$52.8 million as a result of the divestitures of these four dealerships.

The Unaudited Pro Forma Condensed Combined Statements of Income have been adjusted to remove all income and expense items associated with the four stores for the year ended December 31, 2024 and the three months ended March 31, 2025.

## 5. Financing Adjustments

The financing adjustments set forth in the unaudited pro forma condensed combined financial information reflect the resultant changes in the Company's cash, indebtedness and interest expense that have occurred in conjunction with the Acquisition. As it relates to the financings noted in (j), (k), (l) and (m) below for which interest expense is based on a variable interest rate, a change in the interest rate of 0.125% would result in an increase or decrease in floor plan interest expense of \$0.2 million and \$0.7 million for the three months ended March 31, 2025 and the year ended December 31, 2024, respectively, and in other interest expense, net of \$0.4 million and \$1.6 million for the three months ended March 31, 2025 and the year ended December 31, 2024, respectively. The financing adjustments include the following:

- j. Floor plan interest expense of \$4.2 million and \$16.7 million for the three months ended March 31, 2025 and year ended December 31, 2024, respectively, related to the \$298.4 million financing of new vehicle inventory acquired from the Herb Chambers Dealerships.
- k. Floor plan interest expense of \$4.4 million and \$17.7 million for the three months ended March 31, 2025 and year ended December 31, 2024, as a result of a \$300.0 million drawdown on the Company's Used Vehicle Floor Plan Facility used to finance the transaction.
- l. Other interest expense of \$8.8 million and \$35.0 million for the three months ended March 31, 2025 and year ended December 31, 2024, respectively, as a result of borrowings of \$546.5 million on the Company's Real Estate Credit Agreement.
- m. Other interest expense of \$9.8 million and \$39.1 million for the three months ended March 31, 2025 and year ended December 31, 2024, respectively, as a result of borrowings of \$650.0 million on the Company's Revolving Credit Facility.
- n. Represents debt issuance costs of \$1.6 million and \$5.7 million related to the borrowings on the Revolving Credit Facility and the Real Estate Credit Agreement, respectively. These costs are reflected as a \$1.6 million increase to other long-term assets and a \$5.7 million offset to the associated Real Estate Credit Agreement liability on the balance sheet. The Company estimates additional floor plan interest expense of \$0.1 million and \$0.3 million for the three months ended March 31, 2025 and year ended December 31, 2024, respectively, and other interest expense, net of \$0.1 million and \$0.6 million for the three months ended March 31, 2025 and year ended December 31, 2024, respectively, related to the amortization of these deferred financing fees.
- o. The balance sheet impact of the financing adjustments described above was a decrease in cash of \$46.3 million, an increase in other long-term assets of \$1.6 million, a \$598.4 million increase in new and used floor plan liabilities, and a \$1,190.8 million increase in long term debt related to the Real Estate Credit Agreement and Revolving Credit Facility borrowings.

## 6. Management's Adjustments

The tables below reflect estimated cost savings consisting of a reduction of executive compensation based on historical amounts reflected in the Herb Chambers Dealerships financial statements and transaction costs incurred by the Company and the Herb Chambers Dealerships directly related to the Herb Chambers Dealerships acquisition.

These items below reflect Management's Adjustments that are, in the opinion of management, deemed necessary for a fair statement of the unaudited pro forma combined financial information presented. The adjustments presented in the table below include forward-looking information subject to safe-harbor protections of the Securities Exchange Act of 1934, and future results may vary to what is presented below.

	<b>For the Three Months Ended March 31, 2025</b>	<b>For the Year Ended December 31, 2024</b>
	<b>(In millions)</b>	
Pro forma combined net income	\$ 129.3	\$ 418.3
Management's adjustments:		
Executive compensation savings	12.0	65.6
Transaction costs	4.7	—
Income tax expense	(4.3)	(16.8)
Pro forma combined net income after management's adjustments	<u>\$ 141.7</u>	<u>\$ 467.1</u>

**For the Three Months Ended March 31, 2025**

	<u>Pro forma combined</u>	<u>Cost savings, net of tax</u>	<u>Pro forma combined, after cost savings</u>
Earnings per share			
Basic	\$ 6.60	\$ 0.63	\$ 7.23
Diluted	\$ 6.56	\$ 0.63	\$ 7.19
Weighted average number of shares (in millions)			
Basic	19.6		19.6
Diluted	19.7		19.7

**For the Year Ended December 31, 2024**

	<u>Pro forma combined</u>	<u>Cost savings, net of tax</u>	<u>Pro forma combined, after cost savings</u>
Earnings per share			
Basic	\$ 21.02	\$ 2.45	\$ 23.47
Diluted	\$ 20.92	\$ 2.44	\$ 23.36
Weighted average number of shares (in millions)			
Basic	19.9		19.9
Diluted	20.0		20.0