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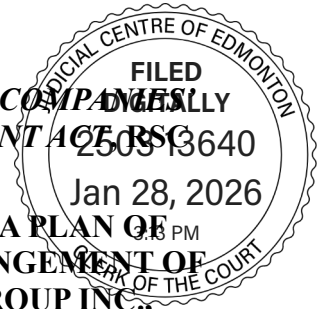
JUDICIAL CENTRE

EDMONTON

MATTER

**IN THE MATTER OF THE COMPANIES
CREDITORS ARRANGEMENT ACT, RSC
1985, c. C-36, as amended**

**AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF
COAST AUTOMOTIVE GROUP INC.,
COAST NORTH VANCOUVER AUTO
SALES INC., COAST AUTO DRAYTON
INC., AND 2461765 ALBERTA LTD.**



DOCUMENT

SUPPLEMENT TO THE THIRD REPORT OF
BDO CANADA, IN ITS CAPACITY AS
COURT-APPOINTED MONITOR OF COAST
AUTOMOTIVE GROUP INC., COAST
NORTH VANCOUVER AUTO SALES INC.,
COAST AUTO DRAYTON INC., AND
2461765 ALBERTA LTD.

ADDRESS FOR SERVICE AND
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**SUPPLEMENT TO THE THIRD REPORT OF THE MONITOR
BDO CANADA LIMITED
January 28, 2026**

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APPENDICES

Appendix “A” – Stellantis Reports

INTRODUCTION

1. On July 16, 2025 (the “**Filing Date**”), upon application (the “**CCAA Application**”) by the Bank of Montreal (“**BMO**” or the “**Applicant**”) in its capacity as senior secured lender to Coast North Vancouver Auto Sales Inc. (“**Coast North Van**”), Coast Auto Drayton Inc. (“**Coast Drayton Valley**”), and 2461765 Alberta Ltd. (“**246**”), the Honourable Justice M.E. Burns of the Court of King’s Bench of Alberta (the “**Court**”) issued an order (the “**Initial Order**”) granting protection to Coast North Van, Coast Drayton Valley, 246 and Coast Automotive Group Inc. (“**Coast Automotive**” and together with Coast North Van, Coast Drayton Valley, and 246, the “**Coast Auto Group**”, or the “**Company**”) from their creditors under the *Companies’ Creditors Arrangement Act*, RSC 1985, c. C-36, as amended (the “**CCAA**”, and the proceedings in relation to the Company, the “**CCAA Proceedings**”). Pursuant to the Initial Order, BDO Canada Limited (“**BDO**”) was appointed as monitor of the Company (in such capacity, the “**Monitor**”). The Coast Auto Group received notice of the hearing for the Initial Order and did not oppose the relief sought, nor has the Coast Auto Group sought to appeal the Initial Order.
2. Among other things, pursuant to the Initial Order, the Court granted expanded powers of the Monitor in the CCAA Proceedings. On July 25, 2025, the Initial Order was amended and restated (the “**ARIO**”). The ARIO, among other things, further expanded the powers of the Monitor in the CCAA Proceedings.
3. On the same day, the Court also granted an Order approving and authorizing the Monitor’s engagement of Dealer Solutions North American Inc. as sale agent (in such capacity, the “**Sale Agent**”) and authorizing the Monitor and the Sale Agent to conduct a sale and investment solicitation process (“**SISP**”) for the marketing and sale of the equity of the Company and/or the Company’s business and assets, including two dealerships comprised of: (1) a franchised Chrysler, Dodge, Jeep, and RAM (“**Stellantis**”) dealership located in North Vancouver, British Columbia (“**North Van Dealership**”), and (2) a franchised Stellantis dealership located in Drayton Valley, Alberta (the “**Drayton Valley Dealership**”, together with the North Van Dealership, the “**Dealerships**”), and certain ancillary and related relief.

4. The Coast Auto Group was represented by counsel at the hearing for the ARIO and SISP and did not oppose the relief sought, nor has the Coast Auto Group sought to appeal the ARIO or the SISP.
5. On October 16, 2025, the Court granted, among other things, the following orders:
 - a. an order (the “**Drayton Valley AVO**”) which, among other things, approved a purchase and sale agreement (the “**Drayton Valley Sale Agreement**”) between Coast Drayton Valley and 246 as vendors (the “**Drayton Valley Vendors**”) and Stetson CDJR Ltd. (the “**Operating Purchaser**”) and Stetson CDJR Properties Ltd. (the “**Real Property Purchaser**”) as purchasers (collectively, the “**Drayton Valley Purchasers**”) dated as of October 7, 2025, and the transactions contemplated therein (the “**Drayton Valley Transaction**”); and
 - b. an order (the “**North Van AVO**”, together with the Drayton Valley AVO the “**Approval and Vesting Orders**”) which, among other things, approved a purchase and sale agreement (the “**North Van Sale Agreement**”) between Coast North Van as vendor (the “**North Van Vendor**”) and 1559054 B.C. Limited as purchaser (the “**North Van Purchaser**”) dated as of October 6, 2025, and the transactions contemplated therein (the “**North Van Transaction**”, and together with the Drayton Valley Transaction, the “**Transactions**”).
6. The Coast Auto Group was represented by counsel at the hearing for the Drayton Valley AVO and North Van AVO and did not oppose approval of the Transactions. The Coast Auto Group has not sought to appeal the Drayton Valley AVO or the North Van AVO and both Transactions have closed.
7. On December 3, 2025, the Monitor filed its third report (the “**Third Report**”) and brought an application returnable December 9, 2025 (the “**Application**”) seeking an order:
 - a. extending the Stay of Proceedings from December 12, 2025, until and including January 30, 2026;

- b. terminating the CCAA Proceedings upon the filing of a certificate (the “**CCAA Termination Certificate**”) by the Monitor;
 - c. terminating the Administration Charge, Interim Lender’s Charge, Sales Agent Charge, D&O Charge and KERP Charge, all as defined in and created pursuant to the ARIO upon filing of the CCAA Termination Certificate;
 - d. discharging the Monitor and granting certain releases in favour of the Monitor, and its counsel effective upon filing of the CCAA Termination Certificate;
 - e. authorizing the Monitor to make distributions of any remaining funds less the Bankruptcy Reserve to BMO in its capacity as both Interim Lender and senior secured lender;
 - f. authorizing each of the Coast Auto Group entities to file an assignment in bankruptcy under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), prior to or following the termination of the CCAA Proceedings and authorizing the Monitor to take all steps necessary to make the assignments in bankruptcy, including transferring amounts from the Bankruptcy Reserve to the Trustee (as defined below) to fund the BIA proceedings;
 - g. authorizing BDO to act as Licensed Insolvency Trustee of the Coast Auto Group entities’ estates in BIA proceedings (in such capacity, the “**Trustee**”);
 - h. approving the fees of the Monitor and of its legal counsel, Blake, Cassels & Graydon LLP;
 - i. approving the Reports, and the actions, conduct and activities of the Monitor set out therein; and
 - j. such further and other relief as the Court may deem just and equitable.
8. On December 9, 2025, the Coast Auto Group and certain of its former principals and owners (the “**Founders**”) brought a cross-application (the “**Cross-Application**”) seeking certain relief, including an adjournment of the Application.

9. On December 9, 2025, the Court issued an Order extending the Stay Period to February 27, 2026, approving a final distribution to BMO, adjourning the balance of the relief sought in the Application and Cross-Application to February 18, 2026 and setting out a litigation timetable (the “**Litigation Timetable**”) in connection with the remainder of the relief sought in the Application and the Cross-Application.
10. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Third Report.

TERMS OF REFERENCE

11. The purpose of this supplement to the Third Report (the “**Supplement**”) is to provide information to the Court with respect to the current status of the CCAA Proceedings and certain matters raised in the course of cross-examinations leading up to the return date of the Application.
12. The Terms of Reference and Disclaimer set out in paragraphs 11 through 14 of the Third Report are incorporated into this Supplement by reference.

UPDATE SINCE THE THIRD REPORT

13. As set out in the Third Report, the extension of the Stay Period was necessary to allow the Monitor to advance the completion of certain Residual CCAA Matters including:
 - a. closing the North Van Transaction; and
 - b. advancing the general wind-down of the Company’s operations, including by monetizing assets not acquired pursuant to the North Van Transaction and Drayton Valley Transaction and making necessary statutory filings.
14. The North Van Transaction closed on December 16, 2025.
15. Following closing of both the Drayton Valley Transaction and North Van Transaction, the North Van Purchaser has been facilitating the monetization of obsolete parts for the benefit of the estate, the proceeds of which will be remitted to the Monitor in the next 60 to 90 days. The Monitor also anticipates a final refund in

respect of certain outstanding credits will be received from Stellantis within the next 120 days.

16. The Monitor is currently processing the final accounts payable on behalf of the Coast Auto Group and, provided the relief sought on the Application is granted, anticipates being in a position to terminate the CCAA Proceedings within the next 120 days.
17. Since filing the Third Report, the Monitor has been attending to the steps contemplated by the Litigation Timetable, including responding to a written interrogatories of the Founders and attending questioning on the Affidavit of Clark Lonergan sworn on December 2, 2025 and the Affidavit of Joe Randhawa sworn on December 8, 2025 (the “**Randhawa Affidavit**”).

STELLANTIS PERFORMANCE REPORTS

18. At paragraph 9 of the Randhawa Affidavit, Mr. Randhawa alleges that Stellantis performance reports show that Coast North Van outperformed the British Columbia Zone by 12.6% and Coast Drayton Valley performed 0.6% above the Alberta Zone average and Exhibit “C” to the Randhawa Affidavit is purported to evidence this statement.
19. Exhibit “C” was the subject of the cross-examination of Mr. Randhawa by BMO’s counsel.
20. To assist the Court, the Monitor has obtained copies of the raw Stellantis Reports for both Coast North Van and Coast Drayton Valley for July 2025 (the “**Stellantis Reports**”), copies of which are attached hereto as **Appendix “A”**.
21. The Stellantis Reports show that net earnings for both Coast North Van and Coast Drayton Valley are less than net earnings for western dealerships as follows:

| | Coast North Van Jul 25 YTD | Coast Drayton Valley Jul 25 YTD | Western Jul 25 YTD |
|--------------|-------------------------------|------------------------------------|-----------------------|
| Net Earnings | \$(1,825,284) | \$ (937,885) | \$169,590 |

NET SALE PROCEEDS WATERFALL ANALYSIS

22. The Monitor has prepared an interim statement of receipts and disbursements (as at January 28, 2026), set out below (the "Net Sale Proceeds Waterfall Analysis"). The Net Sale Proceeds Waterfall Analysis discloses (i) the quantum of proceeds of the Drayton Valley Transaction and North Van Transaction, (ii) an estimate of the remaining anticipated receipts and disbursements for the Coast Auto Group, and (iii) the distributions made to BMO to date, together with estimated future distributions to BMO and shortfall to BMO.

| Coast Automotive Group Estimated Sale Proceeds Waterfall as at January 28, 2026 | CDN\$ |
|--|--------------------|
| 1) Sales Proceeds Drayton Valley | \$8,198,116 |
| 2) Sales Proceeds North Vancouver | \$5,517,196 |
| Total Sale Proceeds | \$13,715,312 |
| Less: DSMA (Remaining Fees Paid, incl. GST) | (\$143,600) |
| Total Net Sale Proceeds | \$13,571,712 |
| 3) Interest less Bank Fees | \$16,071 |
| Less: | |
| BMO Distribution #1 - DIP Repayment (BMO incl. of interest) | (\$2,559,256) |
| BMO Distribution #2 | (\$9,340,744) |
| Total BMO Debt Repayments | (\$11,900,000) |
| Total Monitor Bank Accounts | \$1,687,784 |
| Plus: | |
| Estimated Net Cash (North Vancouver) | \$94,000 |
| Estimated Net Cash (Drayton Valley) | \$44,000 |
| Est. Remaining Obsolete Parts Refund | \$65,000 |
| Less Reserves for: | |
| a) Purchase Price Reimbursement North Vancouver | (\$151,000) |
| b) Excluded Employees Potential Priorities | (\$8,000) |
| c) Administration Charge | (\$600,000) |
| d) GST Outstanding | (\$229,609) |
| e) PST Outstanding Reserve | (\$135,473) |
| f) Bankruptcy Reserve | (\$75,000) |
| g) Litigation Reserve | (\$250,000) |
| Remaining Estimated Funds to Distribute to BMO | \$441,701 |
| Total Est. BMO Distribution | \$12,341,701 |
| Estimate BMO Debt Principal Only (inclusive of DIP) | (\$28,549,755) |
| Estimated BMO Shortfall | (\$16,208,054) |

23. As set out above, on December 9, 2025, the Court granted an Order approving a final distribution of any and all remaining funds in the possession of the Monitor to

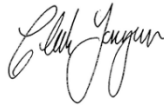
BMO. The distributions made to BMO to date are reflected in the Net Sale Proceeds Waterfall Analysis.

24. As set out above, it is estimated that approximately \$28.5 million in principal remains owing to BMO as at the date of this Supplement and BMO is anticipated to suffer a shortfall of approximately \$16.2 million.

All of which is respectfully submitted this 28th day of January 2026.

BDO Canada Limited

In its capacity as the Monitor of Coast Automotive Group Inc.,
Coast North Vancouver Auto Sales Inc., Coast Auto Drayton Inc.,
and 2461765 Alberta Ltd. and not in its personal or corporate capacity.



Per:

Clark Lonergan, CA, CPA, CIRP, LIT
Partner/Senior Vice President

Appendix “A”

Stellantis Reports

Balance Sheet KPI's

C9095-COAST NORTH VANCOUVER CHRYSLER DOD GE JE

Return on Sales - R.O.S.

Jul 25

| | | | |
|---|---------|----------|------------------|
| Actual Return on Sales | | | |
| Actual NET Earnings | P1, L70 | | -1,825,284 |
| / Total Sales for All Department | P5, L40 | | 18,346,661 |
| = Return on Sales | | = | -9.95% |
| Potential Return on Sales | | | |
| Total Sales for All Department | P5, L40 | | 18,346,661 |
| X Multiplied by desired Return on Sales % (one decimal place) | | X | 3.0% |
| = Potential NET Earnings | | | \$550,400 |
| Compared to | | | |
| Actual NET Earnings | P2, L70 | | -1,825,284 |
| = Potential NET Earnings Difference | | = | 2,375,684 |

Quick Analysis

| | | Dealer | Western | Dealer |
|---|---------|--------------------|------------|------------------|
| | | Jul 25 YTD | Jul 25 YTD | Jul 25 Avg Mo |
| Total Gross, All Departments | P5, L40 | 3,026,308 | 3,400,845 | 432,330 |
| - Total Expenses | P2, L67 | 4,875,525 | 3,429,377 | 696,504 |
| + or - Other Income and Deductions | P2, L69 | 23,933 | 198,121 | 3,419 |
| Net Earnings | P2, L70 | (1,825,284) | 169,590 | (260,755) |

Leverage Ratio - Debt to Equity Ratio

| Account | F/S Location | Amount |
|-------------------------------|--------------------|-------------------|
| Notes Payable | P1, L39 | 4,128,509 |
| + Subordinated Notes | P1, L40 | 0 |
| + Mortgages Payable | P1, L41 | 0 |
| + Other Notes | P1, L42 | 10,256,963 |
| = Long Term Debt | | 14,385,472 |
| Long Term Debt | | 14,385,472 |
| / Total Net Worth | divided by P1, L72 | -8,354,693 |
| = Debt to Equity Ratio | | -1.72:1 |

Guide = < 0.80:1

.80 to 1 Debt to Equity Ratio (at MAXIMUM). Less Debt is always preferred.

Highly leveraged dealerships (those with heavy debt in relation to net worth) are more vulnerable to business downturns than those with lower debt to worth positions. The higher the ratio, the greater the risk of creditors disruption.

A lower ratio generally indicates greater long term financial safety. A firm with a low debt ratio has greater flexibility to borrow in the future.

How do we calculate Net Cash?

The net cash position is displayed on the dealer performance report. It is calculated as follows:

| Account | F/S Location | Amount |
|----------------------------------|--------------|--------------------|
| Cash and Equivalent: | | |
| Total Cash and Equivalent: | P1, L6 | 552,637 |
| + Vehicle Accounts Receivable | P1, L9 | 20,727 |
| + Due from F&I Current | P1, L23 | 0 |
| + New Vehicle Inventory | P1, L33 | 8,170,652 |
| + Demo Inventory | P1, L34 | 647,868 |
| + Used Vehicle Inventory | P1, L39 | 1,216,104 |
| Subtotal | | 10,607,988 |
| Less: | | |
| - New Vehicle Liability | P1, L20 | 6,914,273 |
| - Demo Liability | P2, L21 | 254,832 |
| - Used Vehicle Liability | P1, L22 | 1,610,418 |
| - Used Vehicle CPOV Liability | P1, L24 | 0 |
| - Accounts Payable | P1, L2 | 350,529 |
| - Vehicle Lien Payoffs | P1, L5 | 32,980 |
| - Veh Protection/Exnded Warranty | P1, L6 | 27,615 |
| Subtotal | | \$9,190,647 |
| = Net Cash | | = 1,417,341 |

Debt to Effective Net Worth (ENW)

Ratio: Total Liabilities divided by Effective Net Worth = Debt to ENW

| | | |
|--|------------|--------------------|
| Effective Net Worth Calculation: | | |
| Reported Net Worth | P1, L72 | -8,354,693 |
| Less: | | |
| - Officer Receivables | P1, L56 | 21,060 |
| - Deposit | P1, L58 | 0 |
| - Cash Value - Life Insurance | P1, L59 | 0 |
| - Other Assets | P1, L62 | 4,807,325 |
| - Leaseholds | P1, L71 | 0 |
| Plus: | | |
| + Subordinated Debt | P1, L40 | 0 |
| + L.I.F.O Reserve (66% of amount) | P1, L45 | 0 |
| = Effective Net Worth | | -13,183,078 |
| + Total Liabilities | P1, L44 | 25,164,486 |
| Effective Net Worth (above) | divided by | -13,183,078 |
| = Debt to Effective Net Worth (ENW) | | = -2 |

Guide = 3:1 or Less

Balance Sheet KPI's

C9095-COAST NORTH VANCOUVER CHRYSLER DOD GE JE

| Frozen Capital | | Jul 25 | |
|--|--------------|--------|--------------------|
| Account | F/S Location | Amount | |
| Service and Parts Accounts Receivable Over 30 Days | P1, L8 | | 38,427 |
| + Vehicle Accounts Receivable Over 30 Days | P1, L9 | + | 0 |
| + Customer Notes Past Due | P1, L10 | + | 0 |
| + Other Customer Receivables Past Due | P1, L11 | + | 0 |
| + Warranty/Road Ready Over 30 Days | P1, L12 | + | 2,464 |
| + Used Cars Over 30 Days | P4, L35 | + | 342,485 |
| + Used Trucks Over 30 Days | P4, L36 | + | 937,141 |
| N/A | | | |
| N/A | | | |
| + Parts and Accessories Over 2.5 Months Supply | | + | 108,509 |
| = Total Frozen Capital | | | = 1,429,026 |

| Return on Investment | | | |
|--------------------------------------|--------------|------------|------------------|
| Account | F/S Location | Amount | |
| + Working Capital | P1, L29 | + | 900,571 |
| + Due from F&I Deferred | P1, L57 | + | 0 |
| + Service & Parts Equipment | P1, L67+L68 | + | 271,166 |
| + Company Car | P1, L69 | + | 0 |
| + Furniture, Signs & Equipment | P1, L70 | + | 99,245 |
| = Investment | | = | 1,270,982 |
| Net Earnings Annualized | | | -3,129,058 |
| / Investment | | divided by | 1,270,982 |
| = ROI (Return on Investment) | | = | -246.19% |

| Recap of Business Operations | | | | |
|------------------------------|------------|-------------------|------------------|-------------------|
| | Dealer | Western | Variance | |
| | Jul 25 YTD | Jul 25 YTD | | |
| New Vehicle Net | P2, L20 | -359,414 | 216,876 | -576,290 |
| % of Dept. Gross Profit | | (67.38) | 25.23 | |
| Used Vehicle Net | P2, L20 | 19,498 | 347,104 | -327,606 |
| % of Dept. Gross Profit | | 2.28 | 35.73 | |
| Service Net | P2, L33 | 424,980 | 346,517 | 78,463 |
| % of Dept. Gross Profit | | 41.59 | 44.93 | |
| Parts Net | P2, L44 | 374,287 | 457,578 | -83,291 |
| % of Dept. Gross Profit | | 60.61 | 66.14 | |
| Total Net | | 459,351 | 1,368,076 | -908,725 |
| Total Fixed Expenses | P2, L65 | 2,121,068 | 1,393,022 | 728,046 |
| % of Total Gross Profit | | 70.09 | 40.96 | |
| Salaries - Owners & Officers | P2, L66 | 187,500 | 69,180 | 118,320 |
| Other Income & Deductions | P2, L69 | 23,933 | 198,121 | -10,621 |
| Net Profit | | -1,825,284 | 169,590 | -1,994,874 |

| Contracts in Transit Test | | |
|--|--------------|-------------|
| Account | F/S Location | Amount |
| + New Units Sales (current month) | P3, L58 | + 10 |
| + Used Unit - Retail Sales (current month) | P4, L6 | + 23 |
| = Total | | = 33 |

Divide the total new and used sales by the number of days the store is open during the month (example - 26) divided by

Average Sales per Day = 1.10
(Round up to whole number)

Multiply the Average Sales Per Day by the guide (MAXIMUM of three) X

Total MAXIMUM days activity guide = 3.3

Multiply the total MAXIMUM days activity guide by the avg contract amount. (This represents the average amount per contract written in your store for the period selected.) X

MAXIMUM guide amount for Contracts in Transit = \$122,765

COMPARE:
Actual amount (from financial statement) P1, L5 (\$11,521)
Contracts in Transit Guide (from above) - \$122,765
Difference - Positive figure shows excess cash tied up (\$134,286)

The Net Retention Percentages are how much of each dollar in GROSS developed by the department is KEPT by the department before fixed expenses are deducted. For example, for every \$100 of gross that a dealer makes in the NV department that has a 45% retention rate, they are retaining \$45 (dollars) before Fixed Expenses.

A NEGATIVE department net variance indicates that a department may be performing poorly. The greater the negative balance, the less the department contributes as a "profit center" for the dealership.

Guide: The Contracts in Transit account should not exceed THREE day's worth of the average combined retail sales for BOTH the NEW and USED vehicle departments.

Balance Sheet KPI's

C8592-COAST DRAYTON VALLEY CHRYSLER DODG E JEE

Return on Sales - R.O.S.

Jul 25

| | | | |
|---|---------|----------|------------------|
| Actual Return on Sales | | | |
| Actual NET Earnings | P1, L70 | | -937,885 |
| / Total Sales for All Department | P5, L40 | | 10,908,801 |
| = Return on Sales | | = | -8.60% |
| Potential Return on Sales | | | |
| Total Sales for All Department | P5, L40 | | 10,908,801 |
| X Multiplied by desired Return on Sales % (one decimal place) | | X | 3.0% |
| = Potential NET Earnings | | | \$327,264 |
| Compared to | | | |
| Actual NET Earnings | P2, L70 | | -937,885 |
| = Potential NET Earnings Difference | | = | 1,265,149 |

Quick Analysis

| | | Dealer Jul 25 YTD | Western Jul 25 YTD | Dealer Jul 25 Avg Mo |
|---|---------|----------------------|-----------------------|-------------------------|
| Total Gross, All Departments | P5, L40 | 1,604,977 | 3,400,845 | 229,282 |
| - Total Expenses | P2, L67 | 2,494,991 | 3,429,377 | 356,427 |
| + or - Other Income and Deductions | P2, L69 | (47,871) | 198,121 | (6,839) |
| Net Earnings | P2, L70 | (937,885) | 169,590 | (133,984) |

Leverage Ratio - Debt to Equity Ratio

| Account | F/S Location | Amount |
|-------------------------------|--------------------|------------------|
| Notes Payable | P1, L39 | 3,771,366 |
| + Subordinated Notes | P1, L40 | 0 |
| + Mortgages Payable | P1, L41 | 0 |
| + Other Notes | P1, L42 | 4,484,871 |
| = Long Term Debt | | 8,256,237 |
| Long Term Debt | | 8,256,237 |
| / Total Net Worth | divided by P1, L72 | -3,089,928 |
| = Debt to Equity Ratio | | -2.67:1 |

Guide = < 0.80:1

.80 to 1 Debt to Equity Ratio (at MAXIMUM). Less Debt is always preferred.

Highly leveraged dealerships (those with heavy debt in relation to net worth) are more vulnerable to business downturns than those with lower debt to worth positions. The higher the ratio, the greater the risk of creditors disruption.

A lower ratio generally indicates greater long term financial safety. A firm with a low debt ratio has greater flexibility to borrow in the future.

How do we calculate Net Cash?

The net cash position is displayed on the dealer performance report. It is calculated as follows:

| Account | F/S Location | Amount |
|----------------------------------|--------------|--------------------|
| Cash and Equivalent: | | |
| Total Cash and Equivalent: | P1, L6 | 468,883 |
| + Vehicle Accounts Receivable | P1, L9 | 119,834 |
| + Due from F&I Current | P1, L23 | 2,519 |
| + New Vehicle Inventory | P1, L33 | 4,044,510 |
| + Demo Inventory | P1, L34 | 871,200 |
| + Used Vehicle Inventory | P1, L39 | 848,965 |
| Subtotal | | 6,355,911 |
| Less: | | |
| - New Vehicle Liability | P1, L20 | 3,748,937 |
| - Demo Liability | P2, L21 | 509,886 |
| - Used Vehicle Liability | P1, L22 | 1,108,662 |
| - Used Vehicle CPOV Liability | P1, L24 | 0 |
| - Accounts Payable | P1, L2 | 171,088 |
| - Vehicle Lien Payoffs | P1, L5 | 3,054 |
| - Veh Protection/Exnded Warranty | P1, L6 | 13,444 |
| Subtotal | | \$5,555,071 |
| = Net Cash | | = 800,840 |

Debt to Effective Net Worth (ENW)

Ratio: Total Liabilities divided by Effective Net Worth = Debt to ENW

| | | |
|--|------------|-------------------|
| Effective Net Worth Calculation: | | |
| Reported Net Worth | P1, L72 | -3,089,928 |
| Less: | | |
| - Officer Receivables | P1, L56 | 5,711 |
| - Deposit | P1, L58 | 0 |
| - Cash Value - Life Insurance | P1, L59 | 0 |
| - Other Assets | P1, L62 | 4,242,897 |
| - Leaseholds | P1, L71 | 0 |
| Plus: | | |
| + Subordinated Debt | P1, L40 | 0 |
| + L.I.F.O Reserve (66% of amount) | P1, L45 | 0 |
| = Effective Net Worth | | -7,338,536 |
| + Total Liabilities | P1, L44 | 14,655,812 |
| Effective Net Worth (above) | divided by | -7,338,536 |
| = Debt to Effective Net Worth (ENW) | | = -2 |

Guide = 3:1 or Less

Balance Sheet KPI's

C8592-COAST DRAYTON VALLEY CHRYSLER DODG E JEE

| Frozen Capital | | Jul 25 | |
|--|--------------|----------|----------------|
| Account | F/S Location | Amount | |
| Service and Parts Accounts Receivable Over 30 Days | P1, L8 | | 16,358 |
| + Vehicle Accounts Receivable Over 30 Days | P1, L9 | + | 141,758 |
| + Customer Notes Past Due | P1, L10 | + | 0 |
| + Other Customer Receivables Past Due | P1, L11 | + | -594 |
| + Warranty/Road Ready Over 30 Days | P1, L12 | + | 0 |
| + Used Cars Over 30 Days | P4, L35 | + | 67,248 |
| + Used Trucks Over 30 Days | P4, L36 | + | 780,699 |
| N/A | | | |
| N/A | | | |
| + Parts and Accessories Over 2.5 Months Supply | | + | -190,106 |
| = Total Frozen Capital | | = | 815,363 |

| Return on Investment | | | |
|--------------------------------------|--------------|------------|-----------------|
| Account | F/S Location | Amount | |
| + Working Capital | P1, L29 | + | 552,554 |
| + Due from F&I Deferred | P1, L57 | + | 0 |
| + Service & Parts Equipment | P1, L67+L68 | + | 271,381 |
| + Company Car | P1, L69 | + | 0 |
| + Furniture, Signs & Equipment | P1, L70 | + | 29,462 |
| = Investment | | = | 853,397 |
| Net Earnings Annualized | | | -1,607,803 |
| / Investment | | divided by | 853,397 |
| = ROI (Return on Investment) | | = | -188.40% |

| Recap of Business Operations | | | | |
|------------------------------|------------|-----------------|------------------|-------------------|
| | Dealer | Western | Variance | |
| | Jul 25 YTD | Jul 25 YTD | | |
| New Vehicle Net | P2, L20 | -182,532 | 216,876 | -399,408 |
| % of Dept. Gross Profit | | (44.91) | 25.23 | |
| Used Vehicle Net | P2, L20 | 63,958 | 347,104 | -283,146 |
| % of Dept. Gross Profit | | 11.86 | 35.73 | |
| Service Net | P2, L33 | 170,821 | 346,517 | -175,696 |
| % of Dept. Gross Profit | | 49.14 | 44.93 | |
| Parts Net | P2, L44 | 191,405 | 457,578 | -266,173 |
| % of Dept. Gross Profit | | 61.40 | 66.14 | |
| Total Net | | 243,652 | 1,368,076 | -1,124,424 |
| Total Fixed Expenses | P2, L65 | 989,754 | 1,393,022 | -403,268 |
| % of Total Gross Profit | | 61.67 | 40.96 | |
| Salaries - Owners & Officers | P2, L66 | 143,912 | 69,180 | 74,732 |
| Other Income & Deductions | P2, L69 | -47,871 | 198,121 | -54,209 |
| Net Profit | | -937,885 | 169,590 | -1,107,475 |

| Contracts in Transit Test | | | |
|--|--------------|----------|-----------|
| Account | F/S Location | Amount | |
| + New Units Sales (current month) | P3, L58 | + | 4 |
| + Used Unit - Retail Sales (current month) | P4, L6 | + | 19 |
| = Total | | = | 23 |

Divide the total new and used sales by the number of days the store is open during the month (example - 26) divided by

Average Sales per Day = **0.77**
(Round up to whole number)

Multiply the Average Sales Per Day by the guide (MAXIMUM of three) X

Total MAXIMUM days activity guide = **2.31**

Multiply the total MAXIMUM days activity guide by the avg contract amount. (This represents the average amount per contract written in your store for the period selected.) X

MAXIMUM guide amount for Contracts in Transit = **\$121,552**

COMPARE:
Actual amount (from financial statement) P1, L5 \$138,066
Contracts in Transit Guide (from above) - \$121,552
Difference - Positive figure shows excess cash tied up \$16,514

The Net Retention Percentages are how much of each dollar in GROSS developed by the department is KEPT by the department before fixed expenses are deducted. For example, for every \$100 of gross that a dealer makes in the NV department that has a 45% retention rate, they are retaining \$45 (dollars) before Fixed Expenses.

A NEGATIVE department net variance indicates that a department may be performing poorly. The greater the negative balance, the less the department contributes as a "profit center" for the dealership.

Guide: The Contracts in Transit account should not exceed THREE day's worth of the average combined retail sales for BOTH the NEW and USED vehicle departments.