U.S. Venture, Inc.

Annual Report for the Years Ended
July 31, 2024 and 2023

U.S. VENTURE, INC.

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U.S. VENTURE, INC.

MANAGEMENT EXPLANATION OF RESULTS— FISCAL 2024 AND 2023 (UNAUDITED)
(Amounts in thousands) (Unaudited)

Results—U.S. Venture, Inc. ("U.S. Venture" or the "Company") generated consolidated net income of $121,445 and $64,148 for the years ended July 31, 2024 and 2023, respectively, under accounting principles generally accepted in the United States of America ("GAAP" or "U.S. GAAP").

On a first-in, first-out (FIFO) adjusted economic basis ("Economic"), U.S. Venture generated consolidated net income of $95,567 and $92,578 for the years ended July 31, 2024 and 2023, respectively.

Management believes that adjustments for certain differences between our U.S. GAAP results and the Company's economic operational performance enhance the ability of users of its financial statements to evaluate results because such items better reflect economic performance. Therefore, the Company adjusts net income determined in accordance with U.S. GAAP to calculate these non-U.S. GAAP measures.

The results for the year and the differences between the GAAP and Economic results for the years ended July 31, 2024 and July 31, 2023, respectively were materially impacted by refined petroleum product price fluctuations. See the Reconciliation of U.S. GAAP Net Income to Economic Net Income and to Economic Adjusted EBITDA below for further information. The difference between the Company's Economic and its U.S. GAAP performance is due to adjustment for the impact of last-in, first-out (LIFO) inventory accounting, inclusion of the impact of valuing refined product inventories at market, recognition of the net renewable obligation or asset, and removal of non-recurring gains and losses that are not comparable year-over-year (see reconciliation to earnings in schedule below):

Reconciliation of U.S. GAAP Net Income to
Economic Net Income (Unaudited) and to Economic Adjusted EBITDA (Unaudited)
(In thousands)

	2024	2023
U.S. GAAP net income attributable to common shareholders (reflects LIFO method of inventory accounting)	$ 121,445	$ 64,148
Remove effects of LIFO accounting from net income: add/(subtract) — LIFO increment/(decrement)	22,054	(27,500)
FIFO basis net income (Note A)	143,499	36,648
Include effects of non-U.S. GAAP economic adjustments:		
Mark inventories and derivatives to market	(51,310)	57,791
Income/(Expense) related to renewable volume obligation	(12,534)	
Income/(Expense) related to environmental attribute service contracts	15,912	(1,861)
Economic net income (Note B)	95,567	92,578
Add:		
Economic depreciation and amortization	149,611	133,470
Economic interest expense	96,104	75,386
Income tax expense	2,097	1,726
Noncontrolling interest allocation of EBITDA	(2,498)	(1,705)
Economic net income before interest, taxes, depreciation and amortization ("EBITDA")	340,881	301,455
Remove non-recurring items from EBITDA	14,801	66,518
Economic Adjusted EBITDA (Note C)	$ 355,682	$ 367,973

Notes to Above Schedule:

Note A—FIFO basis net income is calculated as if the Company had used the FIFO method of inventory valuation.

Note B—Economic net income is calculated as if the Company had used the FIFO method of inventory valuation and had included the mark-to-market impact on inventories and the net renewable (obligation)/asset.

Note C— Economic Adjusted EBITDA is calculated as if the Company had used the FIFO method of inventory valuation, had included the mark-to-market impact on petroleum, the net renewable obligation and had removed the effects of any nonoperational gains/losses (e.g. acquisition related expenses, asset disposition gains/losses, etc.).

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of U.S. Venture, Inc.

Opinion

We have audited the consolidated financial statements of U.S. Venture, Inc. and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of July 31, 2024 and 2023, and the related consolidated statements of comprehensive income, equity and cash flows for the years then ended, and the related notes to the consolidated 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 Company as of July 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's 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 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 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 Company'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Deloitte & Touche LLP

October 11, 2024

U.S. VENTURE, INC.

CONSOLIDATED BALANCE SHEETS
AS OF JULY 31, 2024 AND 2023
(Amounts in thousands)

	2024	2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 9,327	$ 10,551
Margin deposits	29,567	33,050
Derivative assets	49,539	82,929
Accounts receivable—net of allowance of $7,542 and $10,161 in 2024 and 2023, respectively	604,012	669,700
Inventories—net	1,100,823	1,071,923
Notes receivable—current portion	33,275	19,567
Subchapter S income tax deposit—current portion	15,298	15,298
Other current assets	121,084	135,176
Total current assets	1,962,925	2,038,194
NOTES RECEIVABLE	11,027	21,351
PROPERTY AND EQUIPMENT—Net	329,986	330,279
FINANCE LEASE ASSETS—Net	97,662	66,147
RIGHT OF USE ASSETS—Net	384,746	352,664
OTHER INTANGIBLE ASSETS—Net	50,119	73,870
GOODWILL—Net	359,998	415,028
SUBCHAPTER S INCOME INCOME TAX DEPOSIT	6,007	7,441
DEFERRED COMPENSATION PLAN INVESTMENTS	110,997	91,338
OTHER NONCURRENT ASSETS	58,375	52,286
TOTAL	$ 3,371,842	$ 3,448,598

(Continued)

U.S. VENTURE, INC.

CONSOLIDATED BALANCE SHEETS
AS OF JULY 31, 2024 AND 2023
(Amounts in thousands)

	2024	2023
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 962,675	$ 1,012,636
Derivative liabilities	25,067	57,554
Sales, excise and property taxes payable	32,517	51,768
Accrued liabilities	196,840	202,676
Long-term incentive—current portion	64,712	70,223
Contingent consideration payable	209	235
Subchapter S income tax deposit obligation	6,007	7,441
Finance lease liability—current portion	27,555	19,023
Operating lease liability—current portion	60,495	52,774
Long-term debt—current portion	33,841	42,342
Total current liabilities	1,409,918	1,516,672
REVOLVING LINES OF CREDIT	809,000	904,040
LONG-TERM INCENTIVE	59,812	67,234
DEFERRED COMPENSATION	112,766	92,854
FINANCE LEASE LIABILITY	72,501	48,427
OPERATING LEASE LIABILITY	344,744	316,571
LONG-TERM DEBT	171,780	187,522
OTHER NONCURRENT LIABILITIES	6,418	10,594
Total liabilities	2,986,939	3,143,914
TOTAL COMMON SHAREHOLDERS’ EQUITY	371,598	289,983
NONCONTROLLING INTERESTS	13,305	14,701
TOTAL	$ 3,371,842	$ 3,448,598

See notes to consolidated financial statements (Concluded)

U.S. VENTURE, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
AS OF JULY 31, 2024 AND 2023
(Amounts in thousands)

	2024	2023
NET SALES	$ 14,591,936	$ 14,513,965
OPERATING COSTS AND EXPENSES:		
Petroleum and other product costs	13,301,140	13,315,095
Operating expenses	933,317	925,619
Depreciation and amortization	149,852	135,988
Gain on sale of operating assets	(2,965)	(2,658)
Total operating costs and expenses	14,381,344	14,374,044
OPERATING INCOME	210,592	139,921
OTHER INCOME (EXPENSE):		
Interest income	8,819	2,537
Interest expense	(96,104)	(76,054)
Other expense—net	(4,233)	(3,538)
Total other income (expense)—net	(91,518)	(77,055)
NET INCOME	119,074	62,866
LESS LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(2,371)	(1,282)
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	121,445	64,148
OTHER COMPREHENSIVE INCOME (LOSS):		
Change in value of interest rate swap	(4,776)	385
Foreign currency translation and other	266	(46)
COMPREHENSIVE INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 116,935	$ 64,487

See notes to consolidated financial statements.

U.S. VENTURE, INC.

CONSOLIDATED STATEMENTS OF EQUITY
FOR THE YEARS ENDED JULY 31, 2024 AND 2023
(Amounts in thousands, except per share amounts)

	Common Stock [1]		Additional Paid-In	Retained	Accumulated Other Comprehensive	Treasury Stock [2]		Total Common Shareholders'	Non-Controlling	Total
	Shares	Amount	Capital	Earnings	Income (Loss)	Shares	Amount	Equity	Interests	Equity
BALANCES—July 31, 2022	2,912	29	8,261	266,817	(100)	(127)	(26,632)	248,375	9,728	258,103
Net income (loss)	-	-	-	64,148	-	-	-	64,148	(1,282)	62,866
Distributions	-	-	-	(22,879)	-	-	-	(22,879)	-	(22,879)
Equity contribution from acquisition	-	-	-	-	-	-	-	-	6,525	6,525
Unrecognized gain related to interest rate swap valuation	-	-	-	-	385	-	-	385	-	385
Foreign currency translation and other	-	-	-	-	(46)	-	-	(46)	(270)	(316)
BALANCES—July 31, 2023	2,912	$ 29	$ 8,261	$ 308,086	239	(127)	$ (26,632)	$ 289,983	$ 14,701	$ 304,684
Net income (loss)	-	-	-	121,445	-	-	-	121,445	(2,371)	119,074
Distributions	-	-	-	(35,320)	-	-	-	(35,320)	-	(35,320)
Equity contribution from acquisition	-	-	-	-	-	-	-	-	975	975
Unrecognized loss related to interest rate swap valuation	-	-	-	-	(4,776)	-	-	(4,776)		(4,776)
Foreign currency translation and other	-	-	-	-	266	-	-	266	-	266
BALANCES—July 31, 2024	2,912	$ 29	$ 8,261	$ 394,211	$ (4,271)	(127)	$ (26,632)	$ 371,598	$ 13,305	$ 384,903

[1] $0.01 par value, 5,000 shares authorized, 2,785 shares outstanding.

[2] At cost.

See notes to consolidated financial statements.

U.S. VENTURE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023
(Amounts in thousands)

	2024	2023
OPERATING ACTIVITIES:		
Net income	$ 119,074	$ 62,866
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	149,852	135,988
Impairment losses on long-lived and intangible assets	1,633	2,455
Amortization of debt financing costs	1,796	1,659
Gain on sale of property and equipment and other assets	(2,965)	(2,658)
Bad debt and investment write off	7,662	16,293
Change in finance lease liability	(188)	(3,456)
Change in right of use asset	3,813	2,605
Equity in earnings of unconsolidated entities	528	284
(Income) Expense due to utilizing LIFO inventory method	22,054	(27,500)
Changes in operating assets and liabilities:		
Margin deposits	3,483	(17,457)
Derivative assets and liabilities—net	(3,535)	(28,532)
Accounts receivable—net	63,039	11,364
Inventories—net	(47,964)	(173,318)
Other assets	(16,399)	(88,815)
Accounts payable	(53,066)	(52,512)
Accrued liabilities	(29,836)	7,782
Other liabilities	11,296	14,310
Net cash provided (used) by operating activities	230,277	(138,642)
INVESTING ACTIVITIES:		
Purchase of long-lived assets	(42,952)	(52,949)
Acquisitions—net of cash received	(10,285)	(910)
Proceeds on sale of property and equipment and other assets	7,162	6,432
Proceeds on sale of business net of cash and cash equivalents	5,465	-
Purchase of equity investment	(2,655)	(1,800)
Distributions from equity investments	696	151
Deconsolidation of equity investment	-	(348)
Purchase of other investments	(11,277)	(5,726)
Repayments of notes receivable	5,036	5,834
Issuance of notes receivable	(8,372)	(28,929)
Net cash used for investing activities	(57,182)	(78,245)
FINANCING ACTIVITIES:		
Net (decrease) increase in line of credit borrowings	(95,040)	304,940
Payments of finance lease liability	(25,052)	(13,908)
Proceeds from long-term debt	18,703	57,081
Payments of long-term debt	(44,475)	(113,081)
Payments of debt financing costs	(268)	(1,199)
Payments of contingent consideration	(229)	(355)
Contributions from non-controlling interests	975	25
Distributions to shareholders	(29,320)	(25,358)
Net cash (used) provided by financing activities	(174,706)	208,145

(Continued)

U.S. VENTURE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023
(Amounts in thousands)

	2024	2023
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	$ 387	$ 280
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,224)	(8,462)
CASH AND CASH EQUIVALENTS:		
Beginning of year	10,551	19,013
End of year	$ 9,327	$ 10,551

See notes to consolidated financial statements. (Concluded)

1. DESCRIPTION OF OPERATIONS

U.S. Venture, Inc. and subsidiaries (the "Company") are engaged in the distribution of products to commercial and industrial customers in the transportation markets. Products include refined petroleum products, automotive products such as tires, lubricants, compressed natural gas (CNG), renewable natural gas (RNG) and certain other products and services. The Company's products and services are sold throughout the United States with significant refined product supply activity occurring in Chicago, Tulsa, and the Gulf Coast markets. The Company also operates CNG locations in Canada.

Net sales of refined petroleum products can fluctuate due to both volume and commodity price and are affected by available supply, worldwide events, and various other factors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting for Consolidated Entity—The consolidated financial statements include the accounts of U.S. Venture, Inc. and all of its subsidiaries that are more than 50% owned and controlled. All significant intercompany accounts and transactions have been eliminated in the consolidation.

Joint Ventures and VIEs—The majority of the Company's joint ventures are Variable Interest Entities ("VIEs"). The Company accounts for VIEs in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 810, *Consolidation*, which requires the consolidation of VIEs in which a company has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive the benefits from the VIE that could potentially be significant to the VIE. If a reporting enterprise meets these conditions, then it has a controlling financial interest and is the primary beneficiary of the VIE. See Footnote 5 Variable Interest Entities for further information.

Noncontrolling interests—ASC 810, *Consolidation*, establishes accounting and reporting standards for ownership interests in subsidiaries held by pa'rties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. ASC Topic 810 also establishes reporting requirements that provide sufficient disclosures that clearly identify and distinguish between the interest of the parent and the interests of the noncontrolling owner. The Company adjusts noncontrolling interest each reporting period for income or loss attributable to the noncontrolling interest. The ownership percentage of each subsidiary during the period is used to calculate the net income or loss attributable to the noncontrolling interest.

Accounting for Equity Method Investments— The equity method of accounting is used for certain ownership interests, over which the Company has significant influence but does not have effective control, and consolidation is not otherwise required. The Company's equity in the net income and losses of these investments is reported in Other expense – net in the accompanying consolidated statements of comprehensive income.

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

Cash Equivalents—The Company defines cash equivalents as highly liquid, short-term investments with an original maturity of three months or less.

Margin Deposits—Margin deposits represent funds on deposit with national commodity exchanges to satisfy margin requirements for futures contracts.

Accounts Receivable—In the normal course of business, credit is extended to customers resulting in accounts receivable on the Company's consolidated balance sheets. Accounts receivable are recorded at the invoiced amount, net of allowances. The allowance for credit losses is based on an expected loss model that estimates losses over the expected life of the accounts receivable. The Company estimates expected credit losses based on the Company's historical loss information, customer-specific account activity, current and future industry and macroeconomic conditions and reasonable forecasts. The Company writes off a receivable against the allowance when a determination is made that the balance is not collectible and collection of the receivable is no longer actively pursued.

The Company determines the allowance for credit losses for each of its businesses on a disaggregated basis. The following table shows the composition of the allowance for credit losses as of July 31:

	2024	**2023**
Refined petroleum products	$ 2,904	$ 3,226
Automotive parts and other	4,638	6,935
Total	$ 7,542	$ 10,161

Inventories—Substantially all inventories are valued at the lower of last-in, first-out cost (LIFO), or market.

Renewable Obligations—The Company is subject to obligations to deliver Renewable Identification Numbers (RINs) to comply with the Renewable Fuel Standard implemented by the Environmental Protection Agency (EPA) which sets annual quotas for the quantity of renewable fuels (such as ethanol) that must be blended into transportation motor fuels consumed in the United States. In general, the Company is able to produce enough RINs via its RNG operations and its ethanol and biodiesel blending operations to satisfy the obligations.

The Company records an accrued liability in the consolidated balance sheets for the future settlement of its renewable obligation to the EPA.

In fiscal year 2024, the Company settled the calendar years 2022 and 2023 obligations to the EPA. The Company recorded an inventory reserve of $1,223 to offset inventory to be used to settle the remaining obligation associated with calendar year 2024.

In fiscal year 2023, the Company settled the calendar years 2020 and 2021 obligations to the EPA. The EPA also extended the calendar 2022 obligation settlement date until fiscal year 2024.

Property and Equipment—Additions and improvements are capitalized at cost, whereas expenditures for normal maintenance and repairs are charged to expense as incurred. The cost of property and equipment is depreciated over the estimated useful lives of the assets or its corresponding lease term, whichever is shorter, principally by using the straight-line method. Estimated useful lives are as follows:

	Years
Buildings, tanks and improvements	15–40
Equipment and transportation vehicles	5–15
Software and hardware	3-7

Notes Receivable— In the normal course of business, the Company may enter into financing arrangements with third parties resulting in a note receivable recorded on the Company's consolidated balance sheets. In July 2023, the Company entered into a $25,000 note receivable with an unrelated third party. The proceeds were used to facilitate the third party's purchase of a property. The Company then entered into a lease to operate a portion of the property purchased by the third party. The note matures in 6 months and bears interest at 15%. Regarding this note as of July 31, 2024 and 2023, respectively, $25,752 and $12,500 was classified as Notes receivable - current portion and $0 and $12,500 as Notes receivable, a noncurrent asset in the consolidated balance sheets.

Concentration of Credit Risk—The majority of accounts and notes receivable are from other petroleum companies, commercial and industrial companies, gas stations, auto dealerships, and retailers of automotive parts. The Company sets credit limits and performs periodic credit evaluations of its customers' financial condition and may require collateral depending on the customers' financial condition. Certain notes receivable are secured by real estate mortgages, other security interests, or personal guarantees.

The Company is exposed to credit losses in the event of nonperformance by counterparties, including the Company's prime brokers, on forward and futures contracts. The Company also enters into inventory exchange transactions with counterparties and is exposed to counterparty nonperformance risk. The Company does not expect nonperformance by any of these counterparties. This is due to the quality of the counterparties and because futures contracts, the Company's primary derivative instruments, are traded on regulated exchanges that require margin posting, reducing potential credit and nonperformance risk.

Long-Lived Assets—The Company reviews its recoverability of the carrying amount of property, plant, and equipment assets (collectively, "long-lived assets"), using ASC 360, *Property, Plant, and Equipment,* when circumstances indicate that the carrying amount of the asset may not be recoverable. The Company evaluates the recoverability of the carrying amount of long-lived assets whenever events or changes in circumstance indicate that the carrying amount of an asset may not be fully recoverable through future cash flows. Factors that could trigger an impairment review include a significant decrease in the market value of an asset or significant negative economic trends. Impairment of long-lived assets of $1,633 in 2024 includes $1,193 related to certain costs capitalized from a headquarters building project, $250 related to a property the Company is in the process of selling that has declined in value and $190 of equipment that have been deemed to have no future value. Impairment of long-lived assets of $2,455 was recorded in 2023, $1,894 relating to certain costs capitalized from a headquarters building project that have been deemed to have no future value and $561 related to a property the Company is in the process of selling that has declined in value.

Intangible Assets—The Company reviews its recoverability of both finite and indefinite-lived intangible assets, excluding goodwill, using ASC 350, *Intangibles,* when circumstances indicate that the carrying amount of the asset may not be recoverable. Finite-lived intangible assets such as purchased supply contracts, customer relationship intangibles, and other contract assets are amortized over their estimated useful lives. Indefinite-lived intangible assets related to water rights are evaluated for impairment when circumstances indicate that the carrying amount of the assets may not be recoverable. No intangible asset impairment losses were recorded in 2024 and 2023.

The Company adopted FASB Accounting Standards Update (ASU) 2014-18, *Accounting for Identifiable Intangible Assets in a Business Combination*, effective August 1, 2018. The Company has elected not to recognize separately from goodwill (1) customer-related intangibles unless they are capable of being sold or licensed independently from other assets of the business or (2) noncompetition agreements.

Goodwill—The Company adopted FASB ASU 2014-02, *Accounting for Goodwill*, effective August 1, 2013. The Company has elected to amortize goodwill on a straight-line basis over a useful life of 10 years. The Company tests goodwill for impairment only when a triggering event occurs. When a triggering event occurs, the Company will test goodwill for impairment at the entity level and will measure the impairment as the excess of the entity’s carrying amount over its fair value. No goodwill impairment losses were recorded in 2024 and 2023.

Petroleum-Related Derivative Instruments—In the normal course of business, the Company enters into petroleum-related financially settled exchange-traded futures, options, and swap contracts that meet the definition of a derivative. In addition, a number of the Company’s forward contracts to buy and sell petroleum-related physical commodities in the future are also derivative instruments. The Company uses these derivative instruments to mitigate commodity price risk related to existing and anticipated purchases and sales of gasoline, oil, and other refined products in its petroleum operations business and for speculative purposes. The derivatives and hedging topic of ASC 815, *Derivatives and Hedging*, establishes accounting and financial reporting standards for derivative instruments and requires, in part, that the Company recognize derivative instruments on the consolidated balance sheets as assets or liabilities at their fair value. Due to the complexity and administrative burden of applying hedge accounting, the Company has not designated these instruments as accounting hedges. As a result, unrealized gains and losses on derivatives are recognized in income immediately, within petroleum and other product costs, based on the changes in market value of each contract and are reflected as either derivative assets or derivative liabilities on the consolidated balance sheets.

Interest Rate Swap—In the normal course of business, the Company enters into interest rate swaps to hedge the variability in future cash flows associated with the Company’s variable-rate debt. In accordance with ASC 815, the Company has designated these swaps as cash flow hedges. The Company additionally determined that the swaps qualified for the private company simplified hedge accounting approach and elected to measure the swaps at settlement value. Accordingly, changes in the settlement value of these cash flow hedges are initially recorded in accumulated other comprehensive income(loss) and reclassified to interest expense in earnings as interest payments are accrued.

Fair Value of Financial Instruments—The Company values its financial instruments at fair value, with the exception of the interest rate swap, which is measured at settlement value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various valuation approaches. ASC 820, *Fair Value Measurement*, establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1—Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. Level 1 inputs primarily consist of exchange-traded contracts. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2—Valuations based on quoted prices in markets for which all significant inputs are observable, either directly or indirectly. Level 2 inputs primarily consist of over-the-counter (OTC) broker quotes.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement. Level 3 inputs primarily consist of unobservable market data or are valued based on models and/or assumptions.

Contracts utilized by the Company include exchange-traded, OTC, and bilaterally executed derivative contracts. Exchange-traded derivatives, namely futures contracts, are valued at market based on unadjusted quoted prices in active markets and are classified within Level 1. Other actively traded derivative values are determined using broker or dealer quotations, similar observable market transactions in either the listed or OTC markets, or valued using pricing models where significant valuation inputs are directly or indirectly observable in active markets. Derivative instruments, primarily forward contracts that meet these characteristics, are classified within Level 2. Bilaterally executed agreements are derivative contracts entered into directly with third parties, and at times, these instruments may be tailored to meet the specific customer's requirements, such as delivery location. The Company uses a consistent modeling approach to value similar instruments. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, market corroborated inputs (i.e., inputs derived principally from, or correlated to, observable market data) and other observable inputs for the asset or liability. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. Certain OTC and bilaterally executed derivative instruments are executed in less active markets with a lower availability of pricing information, and are characterized as Level 3 instruments.

The Company has a risk oversight committee whose primary responsibility includes directly or indirectly ensuring that all valuation methods are applied in accordance with predefined policies. The development and maintenance of the forward price curves has been assigned to the risk control officer, who is part of the corporate finance function and is independent from any of the trading functions within the Company.

The fair value of the Company's financial instruments, including long-term debt, approximate their carrying value as of July 31, 2024 and 2023. The fair values of long-term debt instruments are estimated based on quoted market prices for the same or similar issues, or on the current rates offered to the Company for debt of the same remaining maturity, without considering the effect of third-party credit enhancements. Due to the short maturity of cash and cash equivalents, accounts and notes receivable, accounts payable, and revolving lines of credit, the carrying amounts approximate fair value.

Income Tax Status—As part of the Company's reorganization into U.S. Venture Holding, Inc. ("HoldCo") in October 2020, HoldCo's shareholders have elected to be taxed as an S-Corporation under the Internal Revenue Code (and similar state tax law provisions in certain states) and therefore, HoldCo and its subsidiaries, including the Company, generally are not directly subject to federal or state income taxes. Beginning in November 2020, tax payments were paid by the Company on behalf of HoldCo. For the years ended July 31, 2024 and 2023, the Company incurred $2,097 and $1,719, respectively, in income or franchise taxes where the Company is required or has elected to pay the tax at the entity level.

Based on their ownership in HoldCo, shareholders include the Company's taxable income or loss in their personal income tax returns. Shareholder distributions are made for the purpose of funding the shareholders' personal income tax liabilities pertaining to the taxable income of the Company. Because the Company has a fiscal year-end of July 31 and the individual shareholders generally use a calendar year-end for reporting income taxes, the Company is required to pay amounts to the Internal Revenue Service (IRS) relating to the Company's income not yet included in the individual shareholders' tax returns. These S-Corporation income tax assets are recorded on the Company's consolidated balance sheets as current or noncurrent depending on the status of taxable income for each fiscal year reported. The S-Corporation income tax balances represent either prepayments or amounts not yet paid to the IRS relating to the Company's income not yet included in the individual shareholders' tax returns.The S-Corporation income tax assets amounted to $21,305 and $22,739 at July 31, 2024 and 2023, respectively. The Company also recorded a current liability on its consolidated balance sheets for the deposit due to the IRS in May of the following year that relates to current fiscal year income. The S-Corporation income tax liability amounted to $6,007 and $7,441 recorded as of July 31, 2024 and 2023, respectively.

The Company accounts for its uncertain tax positions only if the position is more likely than not of being sustained on audit, based on the technical merits of the position. There were no liabilities for uncertain tax positions as of July 31, 2024 or 2023.

Shipping and Handling Fees and Costs—Shipping and handling fees billed to customers are included in net sales with the corresponding cost incurred included in petroleum and other product costs in the accompanying consolidated statements of comprehensive income. Shipping and handling costs that are not billed to customers are included in operating expenses in the accompanying consolidated statements of comprehensive income. Management believes this presentation of shipping and handling costs is consistent with the operating characteristics and management of the Company's businesses.

Sales and Other Taxes—The Company has elected to exclude sales and other taxes collected concurrent with revenue-producing activities from revenue.

Revenue Recognition—The Company recognizes revenue based on ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). See Footnote 3 Revenue Recognition for the Company's policies for recognizing revenue along other disclosures required by ASC 606.

Supplemental Cash Flows Information— The Company paid $94,569 and $69,953 for interest for the years ended July 31, 2024 and 2023, respectively. The Company paid $2,395 and $0 in income taxes for the years ended July 31, 2024 and 2023, respectively. The following table shows the significant noncash transactions as of July 31:

	2024	**2023**
Construction costs to property and equipment funded		
through accounts payable	$ 3,606	$ 5,161
S-Corporation income tax asset	6,007	7,441
S-Corporation income tax liability	6,007	7,441

New Accounting Pronouncements—In March 2023, the FASB issued Accounting Standards Update 2023-02, *Investments—Equity Method and Joint Ventures* (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method ("ASU 2023-02"), which allows the use of the proportional amortization method to amortize the cost of an investment in a tax credit structure in proportion to the income tax benefits received from the tax credit structure. The Company applies this accounting treatment to its investment in a limited partnership that provides 45Q tax credits and deductions to the Company's shareholders. See Footnote 9 Other Noncurrent Assets for further information.

In June 2016, the FASB issued Accounting Standards Update 2016-13, *Financial Instruments—Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"), which changes the impairment model for most financial assets and certain other instruments. Under the new guidance, entities will be required to measure expected credit losses for financial instruments, including trade receivables, based on historical experience, current conditions and reasonable forecasts. This guidance is effective for interim and annual periods beginning after December 15, 2022, with early adoption permitted for interim and annual periods beginning after December 15, 2018. The Company adopted ASU 2016-13 using the modified retrospective transition approach beginning August 1, 2023.

3. REVENUE RECOGNITION

At contract inception, the Company assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a good or service that is distinct. To identify the performance obligations, the Company considers all of the goods or services promised in the contract, regardless of whether they are explicitly stated or are implied by customary business practices.

Substantially all revenue recorded in the accompanying consolidated statements of comprehensive income is derived from contracts with customers.

Net sales, for the years ended July 31, 2024 and 2023, included in the results of operations are summarized below:

	2024	**2023**
Refined petroleum products	$ 9,324,684	$ 9,403,596
Automotive parts and other	5,267,252	5,110,369
Net sales	$ 14,591,936	$ 14,513,965

When Performance Obligations are Satisfied—For substantially all of the Company's product sales, revenue is recognized at a point in time when control is transferred to the customer, either at shipment or delivery, at which time the customer is able to direct the use of, and obtain substantially all of the benefits from, the goods transferred.

Principal agent consideration— In certain of the Company's arrangements, another party may be involved in providing services to its customer. The Company evaluates whether it can recognize revenue gross as a principal or net as an agent. The Company records revenue on a gross basis when it is the principal in the arrangement. To determine whether it is a principal or an agent, the Company identifies the specified good or service to be provided to the customer and assesses whether it controls the specified good or service before that good or service is transferred to the customer. The Company evaluates a number of indicators of whether it controls the good or service before the good or service is transferred to the customer, including whether the Company has primary fulfillment responsibility and obligation to perform the services being sold to the customer; the Company has latitude in establishing the sales price; and the Company has inventory risk.

Significant Payment Terms—For substantially all of the Company's wholesale refined petroleum products, payment is due within 30 days of delivery of the product. For sales of all other products and services, payment is generally due within 30 to 90 days.

Variable Consideration—The Company provides volume-based rebates related to sales of both refined petroleum and automotive and distribution products. When a customer is eligible for a rebate program, the Company reduces the revenue recognized using an estimate of rebates to be paid based on historical experience and current facts. In addition, a right of return exists for certain automotive and distribution products. When a right of return exists, the Company reduces the revenue recognized by an estimate of future returns based on historical experience and current facts. Based on the Company's historical experience, the likelihood of a significant reversal of revenue when the uncertainty associated with rebates and product returns is resolved is considered to be remote.

Contract Costs—The Company has elected to expense contract costs as incurred if the amortization period is expected to be one year or less. If the amortization period of these costs is expected to be greater than one year, the costs are capitalized.

Contract Balances—In certain cases, the Company bills customers in advance of goods being transferred or services being performed. In those cases, a contract liability exists when the Company has received consideration from the customer in advance of revenue recognition.

In certain circumstances, the Company provides upfront sales incentives to customers that sign long term retail supply agreements. In order to match the costs of these incentives with the supply agreement revenues, such incentives are capitalized as a contract asset and amortized over the life of the underlying contract as a reduction to net sales.

Details of the Company's balances related to contracts with customers at July 31, 2024 and 2023 are as follows:

	2024	2023
Receivables	$ 604,012	$667,660
Contract asset—current	2,903	2,619
Contract asset—noncurrent	30,565	22,395
Contract liability	14,546	14,391

The current and noncurrent portions of contract assets are recorded as other current assets and other noncurrent assets, respectively, within the consolidated balance sheets. Contract liabilities are recorded as accrued liabilities within the consolidated balance sheets.

4. ACQUISITIONS

In September 2023, the Company acquired RMG International Inc. d/b/a Pacific Tire Distributors ("Pacific Tire"), a wholesale tire operation with 4 locations in Oregon and Washington for $5,766 in cash. The transaction was accounted for as a business combination. The values assigned to the assets acquired and liabilities assumed are based on management's best estimates of fair value as of the acquisition date. The acquisition expanded the Company's automotive distribution business into the Northwest United States. No additional adjustment to assets or liabilities is expected over the remaining measurement period.

In December 2023, the Company acquired the Rockford and Mount Prospect, Illinois terminal assets from MCK Terminals LLC ("MCK") for $4,519 in cash. The values assigned to the assets acquired are based on management's best estimates of fair value as of the acquisition date. The asset acquisition expands the Company's presence in the Midwest United States.

The table below shows the recognized values of the assets acquired and liabilities assumed at the date of the acquisitions described above:

	Pacific Tire	MCK	Total
Accounts receivable	$ 1,547	$ -	$ 1,547
Inventories	5,334	-	5,334
Other current assets	13	-	13
Fixed assets	719	4,180	4,899
Finance lease assets	2,982	-	2,982
Identifiable intangible assets:			
Customer contracts	-	339	339
Goodwill	3,499	-	3,499
Total assets	14,094	4,519	18,613
Accounts Payable	(5,346)	-	$ (5,346)
Finance lease liability	(2,982)	-	(2,982)
Total liabilities	(8,328)	-	(8,328)
Total cash paid (net of cash received)	$ 5,766	$ 4,519	$ 10,285

There were no major acquisitions performed in fiscal 2023. Total acquisitions in 2023 were $910 for two asset purchases.

In 2024 the Company acquired definite-lived intangible assets of MCK which have a weighted average ("WAVG") useful life of 3.3 years and relate to purchased supply contracts. There were no definite-lived intangible assets acquired in 2023.

5. VARIABLE INTEREST ENTITIES

We consolidate VIEs if we determine we are the primary beneficiary of the project entity because we control the activities that most significantly impact the economic performance of the entity. The following is a summary of the significant VIEs where we are the primary beneficiary:

	July 31, 2024		July 31, 2023	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities
Flint Logistics Group	$ 41,029	$ 37,545	$ 51,205	$ 44,885
Intellifluids, LLC	$ 7,303	$ 5,064	$ 3,091	$ 1,475

Flint Logistics Group. Flint Logistics Group, a joint venture with Flint Energy Fuels, LLC, was established in August 2022 and the Company holds a 51% ownership interest. The legal entity was designed to provide last-mile logistics of fuel and lubricant products. The Company is the primary provider of these products. In accordance with the Company's policy, the Company was determined to be the primary beneficiary due to subordinated financial support provided to Flint Logistics Group. Creditors of Flint Logistics Group do not have recourse to the general credit of the Company. The Company shall contribute an additional $3,000 contingent upon Flint Logistics Group reaching an EBITDA of at least $5,000 for one trailing 12-months. This contribution shall not occur if Flint Logistics Group does not achieve this result by August 1, 2025. As of July 31, 2024 this additional contribution has not been made.

Intellifluids, LLC. Intellifluids, LLC, a joint venture with Energie Row, LLC, was established in August 2021 and the Company holds a 51% ownership interest. The legal entity was designed to purchase, store, distribute, and trade lubricants and base oils for lubricants (specifically chemicals). In accordance with the Company's policy the Company was determined to be the primary beneficiary due to subordinated financial support provided to Intellilfuids, LLC. The Company contributed an additional $1,200 in cash to the joint venture in October 2023 and provides a promissory note allowing up to $5,000 to cover working capital needs. Creditors of Intellifluids, LLC do not have recourse to the general credit of the Company.

6. INVENTORIES

Inventories at July 31, 2024 and 2023, are summarized as follows:

	2024	2023
Refined petroleum products at FIFO values	$ 287,715	$ 298,204
Lower of cost or market reserve	(4,610)	-
Less LIFO reserve	(90,029)	(56,693)
Refined petroleum products using LIFO valuation	193,076	241,511
Automotive parts inventory at FIFO values	994,480	896,142
Less LIFO Reserve	(104,141)	(115,423)
Automotive parts inventory using LIFO valuation	890,339	780,719
Other inventories	17,408	49,693
Inventory—net	$ 1,100,823	$ 1,071,923

The Company recorded a decrement in certain LIFO pools in the amount of $80,310 and $7,690 for the years ended July 31, 2024 and 2023, respectively.

7. PROPERTY AND EQUIPMENT—NET

Cost and accumulated depreciation of property and equipment at July 31, 2024 and 2023, are summarized as follows:

	2024	2023
Land and improvements	$ 49,995	$ 51,412
Buildings and improvements	35,027	33,418
Equipment and transportation vehicles	397,719	377,757
Software	80,227	60,957
Construction in progress	22,352	30,147
Property and equipment	585,320	553,691
Less—accumulated depreciation	(255,334)	(223,412)
Net property and equipment	$ 329,986	$ 330,279

In March 2023, the Company capitalized $23,770 related to enterprise resource planning software for the Company's distribution of automotive products. The software is depreciated over a seven year estimated life.

The Company recorded depreciation expense in the amount of $40,896 and $33,431 for the year ended July 31, 2024 and 2023, respectively.

8. GOODWILL AND OTHER INTANGIBLE ASSETS

Details of the Company's intangible assets, excluding goodwill, at July 31, 2024 and 2023, are as follows:

	2024		
	Gross Value	Accumulated Amortization	Net Book Value
Intangible assets:			
Customer relationship intangibles	$ 86,126	$ (69,396)	$ 16,730
Purchased supply contracts	10,158	(8,133)	2,025
Storage agreements	7,700	(7,443)	257
Marketing rights	12,300	(7,200)	5,100
Throughput agreements	3,010	(2,731)	279
Other intangible assets	61,414	(53,034)	8,380
Water rights	17,348	-	17,348
Total intangible assets	$ 198,056	$ (147,937)	$ 50,119

	2023		
	Gross Value	Accumulated Amortization	Net Book Value
Intangible assets:			
Customer relationship intangibles	$ 86,126	$ (64,232)	$ 21,894
Purchased supply contracts	10,158	(7,194)	2,964
Storage agreements	7,700	(6,673)	1,027
Marketing rights	12,300	(6,318)	5,982
Throughput agreements	2,672	(2,672)	-
Other intangible assets	61,414	(36,759)	24,655
Water rights	17,348	-	17,348
Total intangible assets	$ 197,718	$ (123,848)	$ 73,870

Intangible amortization expense for fiscal years 2024 and 2023 was $24,090 and $25,823, respectively.

Intangible amortization expense for each of the five succeeding fiscal years at July 31, 2024, is estimated to be:

2025	$ 13,296
2026	6,600
2027	6,276
2028	4,779
2029	894

Details of the Company's goodwill, at July 31, 2024 and 2023 are as follows:

	2024	2023
Gross value	$ 599,837	$ 596,338
Accumulated amortization	(239,839)	(181,310)
Net goodwill	$ 359,998	$ 415,028

Goodwill amortization expense for fiscal years 2024 and 2023 was $58,529 and $59,567, respectively.

During fiscal years 2024 and 2023, respectively, $3,499 and $7,829 of goodwill was recorded as part of acquisitions and consolidations. During fiscal years 2024 and 2023, respectively, there was no disposal of goodwill.

9. OTHER NONCURRENT ASSETS

Other noncurrent assets at July 31, 2024 and 2023, are summarized as follows:

	2024	2023
Long-term prepaid sales incentives	$ 32,495	$ 22,394
Tax-related investments	8,287	15,996
Other investments	7,849	6,649
Equity method investments	5,559	4,129
Investment property	2,511	2,536
Long-term derivative assets	1,674	582
Other noncurrent assets	$ 58,375	$ 52,286

In fiscal years 2024 and 2023, the Company invested $10,077 and $5,726, respectively, in a limited partnership to generate 45Q tax credits and deductions. The investment, classified in Tax-related Investments, had an initial asset and liability value of $22,904 and an initial maturity of 2 years. In September 2023 the Company amended its limited partnership unit purchase agreement to extend the maturity and payment schedule related to the investment from December 31, 2024 to July 31, 2025. The asset amortizes over the amended 2.6 year life of the partnership and the liability is reduced as payments are made. The balance of the investment as of July 31, 2024 and July 31, 2023 is $8,287 and $15,996, respectively.

In fiscal years 2024 and 2023, the Company has made additional investments of $1,200 and $2,300, respectively, in venture funds to assist start-up companies which are classified as Other investments.

In fiscal years 2024 and 2023, the Company invested $2,655 and $1,800, respectively, in a joint venture, Freedom RNG Project, LLC, classified as an Equity method investment, to build and operate a renewable natural gas dairy digester.

10. LONG-TERM DEBT

Long-term debt at July 31, 2024 and 2023, are summarized as follows:

	2024	2023
Revolving line of credit (at 7.05% and 6.93% interest on July 31, 2024 and 2023, respectively)	$ 809,000	$ 904,040
Long-term debt with bank (at 7.86% and 7.89% interest on July 31, 2024 and 2023, respectively)	115,746	130,329
Long-term debt of non-wholly-owned subsidiaries (weighted average interest rates of 6.86% and 15.67% on July 31, 2024 and 2023, respectively)	13,749	11,627
Mortgage and equipment notes payable—secured by corporate headquarters, barge vessels, and certain RNG assets (weighted average interest rates of 5.40% and 4.63% on July 31, 2024 and 2023, respectively)	24,028	19,629
Unsecured notes payable (weighted average interest rates of 9.72% and 9.14% on July 31, 2024 and 2023, respectively)	56,576	74,285
Unamortized deferred financing costs	(4,478)	(6,006)
Total long-term debt, net	1,014,621	1,133,904
Less:		
Long-term debt—current portion	35,605	44,100
Unamortized deferred financing cost - current portion	(1,764)	(1,758)
Long-term debt—long-term portion	$ 980,780	$ 1,091,562

In December 2021, the Company replaced its existing revolving credit facility set to mature on March 1, 2024 with a new revolving credit facility (“Credit Agreement”). This Credit Agreement, dated December 29, 2021, is an Asset Based Lending facility. Upon execution, the Credit Agreement allowed for a revolving borrowing capacity of up to $1,300,000, a term debt feature of $109,459 which was fully drawn in December 2021, and an accordion feature to increase the maximum borrowing amount up to $300,000, or to $1,709,459 in total, upon request.

In March 2022, the Company exercised an amendment (“March 2022 Amendment”) to access the accordion feature for $250,000, increasing the total revolver borrowing capacity to $1,550,000. Additionally, $50,000 of the accordion feature was set aside for an increase in the term debt.

In September 2022, under the “March 2022 Amendment”, $36,371 of the $50,000 accordion set aside for the term debt was funded leaving the remainder unused.

In July 2023, the Company exercised an amendment (“July 2023 Amendment”) which increased the total revolver borrowing capacity to $1,575,000.

As of July 31, 2023 the maximum borrowing amount was $2,005,329, which was comprised of a revolving borrowing capacity of up to $1,575,000, a term debt feature outstanding of $130,329, and an accordion feature to increase the maximum borrowing amount up to $300,000, upon request.

As of July 31, 2024 the maximum borrowing amount was $1,990,746, which was comprised of a revolving borrowing capacity of up to $1,575,000, a term debt feature outstanding of $115,746, and an accordion feature to increase the maximum borrowing amount up to $300,000, upon request.

The amounts available for borrowing under the Credit Agreement are limited to the borrowing base, as defined in the Credit Agreement. This agreement has a maturity date of December 29, 2026. Prior to the March 2022 Amendment, advances on the Credit Agreement, both revolving and term, bore interest at the 30-day London InterBank Offered Rate (LIBOR) plus a variable spread based on excess availability. After the March 2022 Amendment, advances on the Credit Agreement, both revolving and term, bear interest at the daily Secured Overnight Financing Rate (SOFR), plus a credit spread adjustment, plus a variable spread based on excess availability.

At July 31, 2024 and 2023, the Company classified the revolving amounts outstanding under the Credit Agreement as long-term on the consolidated balance sheets because (1) the Credit Agreement extends to December 29, 2026, and (2) management estimates that the Company will not be required to repay revolving amounts due under the Credit Agreement over the next twelve months.

The Credit Agreement also allows for the issuance by the lender banks of standby and documentary letters of credit for the account of the Company. These letters of credit, like the advances identified above, reduce the remaining amount available under the Credit Agreement. The Company had outstanding letters of credit of $14,821 and $10,157 as of July 31, 2024 and 2023, respectively. The unused amount under the Credit Agreement and the Prior Credit Agreement based on maximum capacity available was $751,179 and $660,803 as of July 31, 2024 and 2023, respectively.

All borrowings under the Credit Agreement are collateralized by a security agreement covering many of the Company's current assets and certain terminals. Such agreements restrict pledging the Company's assets to another party, except for warehouses and remaining terminals. The Credit Agreement contains various restrictive covenants relating to financial ratios that are either springing or fixed including, among others, fixed charge coverage ratio, cash dominion, position limits, and borrowing base limitations. In all circumstances, financial covenants under the Credit Agreements are measured using FIFO economic results, which removes the effects of LIFO inventory reserves and allows for the mark-to-market of refined products inventories. The Company has complied with all reporting and financial covenant testing requirements at July 31, 2024 and 2023.

Future debt payments related to long-term debt maturities at July 31, 2024, are as follows:

	Long-term Maturities	Revolver Maturity	Total Maturities
2025	$ 35,605	$ -	$ 35,605
2026	36,165	-	36,165
2027	28,682	809,000	837,682
2028	29,802	-	29,802
2029	20,590	12,000	32,590
Thereafter	47,255	-	47,255
Total	$ 198,099	$ 821,000	$ 1,019,099

The Company intends to renew or replace the Credit Agreement prior to maturity.

Interest Rate Swaps – From October 2023 through April 2024 the Company entered into several interest rate swaps. The swaps, with various maturities extending to April 2029, convert $300 million of the Company's variable-rate debt to fixed SOFR-based interest rates with a weighted average rate of 4.38%. The Company similarly entered into an interest rate swap on November 30, 2018, which converted $50 million of the Company's variable-rate debt to a fixed SOFR-based interest rate of 2.92%. This swap expired in November, 2023. Below is a summary of interest rate swaps. The settlement value of the swaps represented a liability of $4,366 and an asset of $410 as of July 31, 2024 and 2023, respectively, and is included in Other noncurrent assets/liabilities in the consolidated balance sheets.

	2024		**2023**	
Swaps by Tenor	Notional Amount	Weighted Average Rate	Notional Amount	Weighted Average Rate
2 Year	$ 87,500	4.57%	$ -	0.00%
3 Year	87,500	4.20%	-	0.00%
5 Year	125,000	4.38%	50,000	2.92%
	$ 300,000	4.38%	$ 50,000	2.92%

Debt Financing Costs – Debt financing costs are amortized on a straight-line basis over the debt term. Amortization expense was $1,796 and $1,659 in fiscal 2024 and 2023, respectively and recorded as a component of interest expense.

11. DERIVATIVE FINANCIAL INSTRUMENTS

As of July 31, the Company had the following notional volumes:

	2024		2023	
	Purchases	Sales	Purchases	Sales
Physical forward contracts:[1]				
Gasoline	6,566	(4,267)	3,763	(3,478)
Oil	1,344	(712)	2,260	(2,059)
Other	381	(269)	1,159	(498)
Financial contracts:[1]				
Oil	1,782	(3,431)	167	(3,089)
Gasoline	1	(3,391)	123	(2,158)
Other physical forward contracts:*				
RINs[2]	46,390	(36,750)	89,261	(131,515)
LCFS/OCFP[3]	12,000	(12,000)	5,000	(85,000)
Carbon Offset Credits[3]	270	(160)	341	-

[1] In barrels (in thousands)

[2] In RINs (in thousands)

[3] In carbon units - California Low Carbon Fuel Standard credits ("LCFS") and Oregon Clean Fuels Program credits ("OCFP")

*Note: Other physical forward contracts section consists of contracts that were reported in barrels in prior years. 2023 notional volumes have been updated, aligning the unit of measure presentation with 2024.

The following table shows the impact that petroleum-related derivative assets and liabilities had on the Company's consolidated balance sheets as of July 31:

	2024	
	Asset	Liability
Petroleum-related derivatives		
Derivative assets and liabilities	$ 49,539	$ 25,067
Other noncurrent assets and liability	1,674	568

	2023	
	Asset	Liability
Petroleum-related derivatives		
Derivative assets and liabilities	$ 82,929	$ 57,554
Other noncurrent assets and liability	173	3,505

The Company does not net derivative assets and derivative liabilities that are subject to master netting or similar arrangements. The following tables show the potential effect of netting positions that are subject to master netting or similar arrangements:

	July 31, 2024		
	Gross Amount	**Potential Effects of Netting, Including Cash Collateral**	**Net Amount**
Derivative assets subject to master netting or similar arrangements	$ 16,495	$ 7,110	$ 9,385
Derivative assets not subject to master netting or similar arrangments	34,718	-	34,718
Total derivative assets	$ 51,213	$ 7,110	$ 44,103
Derivative liabilities subject to master netting or similar arrangements	$ 9,045	$ 7,110	$ 1,935
Derivative liabilities not subject to master netting or similar arrangements	20,956	-	20,956
Total derivative liabilities	$ 30,001	$ 7,110	$ 22,891

	July 31, 2023		
	Gross Amount	**Potential Effects of Netting, Including Cash Collateral**	**Net Amount**
Derivative assets subject to master netting or similar arrangements	$ 22,771	$ 10,172	$ 12,599
Derivative assets not subject to master netting or similar arrangments	60,740	-	60,740
Total derivative assets	$ 83,511	$ 10,172	$ 73,339
Derivative liabilities subject to master netting or similar arrangements	$ 14,753	$ 10,172	$ 4,581
Derivative liabilities not subject to master netting or similar arrangements	46,306	-	46,306
Total derivative liabilities	$ 61,059	$ 10,172	$ 50,887

The Company classifies as trading activities those transactions that, at inception, are intended to be settled in the near term with the objective of generating profits on short-term differences in prices. All applicable gains and losses related to energy trading activities, whether or not settled physically, are shown net in the consolidated statements of comprehensive income in petroleum and other product costs. Cash flows from derivative activities are presented within the derivative assets and liabilities—net line item within operating activities in the consolidated statements of cash flows.

The following table shows the Company’s cash collateral positions as of July 31:

	2024	**2023**
Cash collateral provided to others	$ 29,567	$ 33,050

Cash collateral provided to others is recorded as margin deposits within the consolidated balance sheets.

As of July 31, 2024 and 2023, none of the derivative agreements with over-the-counter trading counterparties required the Company to provide cash collateral, letters of credit or other forms of collateral. Therefore, the Company is not subject to credit contingent collateral features with derivative contracts that would require the Company to post collateral in the future in the event of negative credit events affecting the Company.

12. FAIR VALUE MEASUREMENTS

The Company's assets and liabilities recorded at fair value have been categorized within the fair value hierarchy in accordance with ASC 820, *Fair Value Measurement*, which is discussed further within Footnote 2 Summary of Significant Accounting Policies.

The following table sets forth, by level within the fair value hierarchy, the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis as of July 31, 2024 and 2023. Each financial asset and liability is classified in its entirety based on the lowest level of input that is significant to the fair value measurement. There were no Level 3 valuations as of July 31, 2024 and 2023, respectively.

	July 31, 2024		
	Level 1	**Level 2**	**Total**
Assets:			
Cash and cash equivalents	$ 9,327	$ -	$ 9,327
Margin deposits	29,567	-	29,567
Rabbi trust investments	110,997	-	110,997
Derivative contracts	-	51,213	51,213
Total assets	$ 149,891	$ 51,213	$ 201,104
Total liabilities - derivative contracts	$ -	$ 30,001	$ 30,001

	July 31, 2023		
	Level 1	**Level 2**	**Total**
Assets:			
Cash and cash equivalents	$ 10,551	$ -	$ 10,551
Margin deposits	33,050	-	33,050
Rabbi trust investments	91,338	-	91,338
Derivative contracts	-	83,512	83,512
Total assets	$ 134,939	$ 83,512	$ 218,451
Total liabilities - derivative contracts	$-	$ 61,060	$ 61,060

Realized and unrealized gains and losses included in earnings are recorded through petroleum and other product costs on the consolidated statements of comprehensive income. Gains and losses on the Company's derivative instruments were as follows:

	Amount of Gain (Loss) Recognized in Income	
	2024	**2023**
Derivatives not designated as hedges:		
Financial contracts	$ 24,337	$ (13,508)
Forward contracts	100,034	33,071
Total derivatives not designated as hedges	$ 124,371	$ 19,563

13. POSTRETIREMENT AND OTHER COMPENSATION ARRANGEMENTS

The Company offers a nonqualified deferred compensation plan in which highly compensated associates, as defined by the Employee Retirement Income Security Act of 1974, are eligible to defer a percentage of their compensation for future retirement. As of July 31, 2024 and 2023, $110,997 and $91,338, respectively, was deferred by associates and reported as deferred compensation liability.

Amounts deferred by participants in the nonqualified deferred compensation plan are held in a Rabbi Trust. Investments in the Rabbi Trust consist of mutual funds and are recorded at fair value as deferred compensation plan investments in the consolidated balance sheets.

14. LONG-TERM INCENTIVE PLAN

The Company has established a long-term incentive plan ("LTIP") for officers, key employees, and the Board of Directors in which participants are awarded stock appreciation rights ("SARs") and restricted stock units ("RSUs") annually.

The SARs vest ratably on the first, second and third anniversaries of the date of grant. The employee RSUs have cliff vesting on the third anniversary of the date of grant. The Board of Director RSU's are 100% vested upon acceptance of the grant. The Company expenses the costs of these awards over the respective service period.

The SARs awards are granted with an exercise price equal to the appraised value of the Company's stock as of the date of the grant. The SARs provide for cash payment of the excess of the appraised value of the Company's stock on the date of exercise, plus profit distributions paid from grant date to exercise date, over the award value as of the grant date. SARs can be exercised any time after the second anniversary date until the seventh anniversary date at which time all SARs are paid in full.

The RSU awards are granted with an exercise price equal to the current appraised value of the Company. The RSUs provide for cash payment of the appraised value of the Company's stock on the date of exercise plus profit distributions paid from grant date to exercise date. Employee RSUs are paid in full at the third anniversary date of the award. Board of Directors RSU's are paid in full when the Board member leaves the Board.

The following table summarizes the activity of the SARs and RSUs awarded units for all participants, including Board members, as of July 31, 2024 and 2023:

Total awards outstanding	**SAR**	**RSU**
Outstanding—July 31, 2022	159,712	202,374
Granted	23,917	18,782
Exercised	(18,335)	(116,128)
Outstanding—July 31, 2023	165,294	105,028
Granted	31,537	21,334
Exercised	(11,510)	(24,202)
Outstanding—July 31, 2024	185,321	102,160
Vested as of July 31, 2024	171,459	92,311

As of July 31, 2024, total compensation expense related to SARs and RSUs not yet vested that will be recognized in future periods is $55 and $5,509, respectively. The following table summarizes the compensation expense for all LTIP participants for the years ended July 31, 2024 and 2023:

Compensation Expense for LTIP Award	**2024**	**2023**
SAR	$ (4,319)	$ 2,568
RSU	10,312	12,229
Total compensation expense	$ 5,993	$ 14,797

The total LTIP liability for all participants as of July 31, 2024 and 2023 was $94,254 and $107,838, respectively.

The Company has also established incentive plans that have a long-term component for certain other key employees. Total compensation expense related to these plans for the years ended July 31, 2024 and 2023 was $18,596 and $20,932, respectively. The total liability for these plans as of July 31, 2024 and 2023 was $30,270 and $23,371, respectively.

15. LEASES

The Company leases various types of equipment, warehouse space, office facilities and storage, under noncancelable agreements, which expire at various dates. The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, Operating lease liability – current portion, and Operating lease liability on the consolidated balance sheets. Finance leases are reported separately as Finance lease assets, Finance lease liability – current portion and Finance lease liability on the consolidated balance sheets. Equipment leases have remaining terms of 1-19 years, Vehicle leases have remaining terms of 1-7 years and Real estate leases have remaining terms of 1-26 years.

As of July 31, 2024, the Company had entered into lease agreements that had not commenced; these leases include various types of equipment, warehouse space, and storage, which expire at various dates. The Company entered into one material real estate leases that has not yet commenced with future short-term and long-term lease payments of $734 and $14,382 respectively, that is not yet recorded on its consolidated balance sheets. This lease will commence in fiscal year 2025 with a non-cancelable lease term of 10 years.

The Company's components of lease expense for the year ended July 31, are as follows:

	2024	2023
Operating lease cost	$71,035	$67,728
Variable lease cost	$27,637	$23,673
Short-term lease cost	$15,879	$18,241
Amortization of right-of-use assets	26,337	17,167
Interest on lease liabilities	4,197	2,025
Finance lease cost	$30,534	$19,192

Other information related to leases as of and for the year ended July 31, are as follows:

	2024	2023
Finance leases		
Net finance lease assets	$ 97,662	$ 66,147
Current portion of lease liability	$ 27,555	$ 19,023
Non-current portion of lease liability	72,501	48,427
Total lease liability	$ 100,056	$ 67,450
Average remaining lease term (years)	4.15	4.42
Average discount rate	5.20%	4.03%
Assets capitalized through finance leases	57,629	27,488
Operating cash flows	4,196	2,025
Financing cash flows	25,052	16,426
Operating leases		
Leased assets	$ 384,746	$ 352,664
Current portion of lease liability	$ 60,495	$ 52,774
Non-current portion of lease liability	344,744	316,571
Total lease liability	$ 405,239	$ 369,345
Average remaining lease term (years)	7.81	8.15
Average discount rate	3.83%	3.05%
Assets capitalized through operating leases	90,444	65,873
Operating cash flows	67,176	65,303
Short term leases		
Operating cash flows	$ 15,879	$ 18,241

Future minimum lease payments under noncancellable leases as of July 31, 2024:

	Operating Lease	Finance Lease
2025	$ 73,713	$ 31,927
2026	70,339	27,451
2027	64,329	21,204
2028	54,026	15,959
2029	48,226	9,868
Thereafter	162,078	4,484
Total future minimum payments	$ 472,711	$ 110,893
Less imputed interest	67,472	10,837
Total	$ 405,239	$ 100,056

16. RELATED-PARTY TRANSACTIONS

The Company, certain of its shareholders, and employees, have financial interests in companies that engage in business activities with the Company. Management reviews such transactions with the Board of Directors on a regular basis.

In October 2023, the Company sold the assets of its petroleum equipment business and related real property for $5,465 in cash. The purchaser of the assets was EnergiTech Services, LLC (“EnergiTech”). Energitech is owned by three shareholders of the Company. The transaction, which realized a loss of $1,761, did not represent a strategic shift that resulted in a major effect on the Company’s operations or financial results, and thus is not considered a discontinued operation.

Better Way Investments, LLC (“BWI”), is a wholly owned subsidiary of HoldCo, whose primary purpose is to own and operate facilities which are then leased to the Company. BWI currently leases four manufacturing and warehouse properties at market rate to the Company. In April 2024 BWI purchased a 10-story office building, of which it currently leases 4 floors to the Company also at market rate. The Company has right of use assets of $19,614 and $17,882 and operating lease liabilities of $20,203 and $17,882 for these leases in the consolidated balance sheets as of July 31, 2024 and 2023, respectively. Total lease costs incurred related to BWI totaled $2,747 and $2,357 for 2024 and 2023, respectively, which is recorded in operating expenses in the consolidated statements of comprehensive income.

The Company has made investments in strategic water assets through two entities, Great Plains Irrigation Company LLC (“GPIC”) and Basin Lands, LLC (“Basin”), of which certain shareholders of the Company also have directly invested in these entities and are actively involved in their operation.

The Company has administrative service arrangements with BWI, Basin and GPIC generally performing all administrative activities for these entities at rates that approximate market.

17. SAVINGS AND RETIREMENT PLAN

The Company has a qualified 401(k) plan covering substantially all associates who have met all service requirements. The Company matches employee contributions up to specified levels and also makes a discretionary contribution to qualified associates. Total matching and discretionary contributions expense amounted to $20,002 and $18,319 in fiscal years 2024 and 2023, respectively.

18. EQUITY

Common Stock Repurchase Agreement—The Company has a common stock repurchase agreement that provides the guidelines for establishing an appraised value for all common stock of the Company.

The agreement establishes the terms for trading and transferring the stock between shareholders and/or the Company. Under certain circumstances, the Company may be required to buy shares of common stock from a shareholder(s) up to 5% of first-in, first-out (FIFO) economic equity, or $26,038 and $23,292, as of July 31, 2024 and 2023, respectively. In 2024 and 2023, the Company did not purchase any shares under the terms of this agreement.

19. CONTINGENCIES

The Company accrues liabilities for contingent losses when management believes that a loss is probable and the amounts can be reasonably estimated, while contingent gains are recognized only when realized. In the event any losses are sustained in excess of accruals, the excess will be charged against income at that time.

The Company is also involved in various claims and lawsuits incidental to its business. In addition, the Company is contingently liable under performance guarantees in various contractual arrangements. In the opinion of management, the ultimate liabilities related to these claims and guarantees will not have a material effect on the consolidated financial statements.

Environmental Laws and Regulation—The Company is subject to extensive federal, state, and local environmental laws and regulations.

20. SUBSEQUENT EVENTS

Subsequent events were evaluated for potential recognition or disclosure through October 11, 2024, which is the date the financial statements were available to be issued.

On August 9, 2024, the Company entered into a two year interest rate swap with an effective date of July 31, 2024. The swap converts $40 million of the Company’s variable-rate debt to a fixed SOFR-based interest rate of 3.866%.

On September 5, 2024, the Company entered into a three year interest rate swap with an effective date of September 9, 2024. The swap converts $25 million of the Company’s variable-rate debt to a fixed SOFR-based interest rate of 3.372%.

On September 12, 2024, the Company entered into a two year interest rate swap with an effective date of September 30, 2024. The swap converts $25 million of the Company’s variable-rate debt to a fixed SOFR-based interest rate of 3.395%.

On September 27, 2024, the Company entered into (2) two year interest rate swaps. One swap with an effective date of September 30th, 2024 converts $30 million of the Company’s variable-rate debt to a fixed SOFR-based interest rate of 3.385%. The other swap with an effective date of October 1, 2024, converts $30 million of the Company’s variable-rate debt to a fixed SOFR-based interest rate of 3.369%.

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