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NATIONAL LIFT TRUCK SERVICE OF PR, INC.

REPORT ON FINANCIAL STATEMENTS

For The Year Ended December 31, 2024

CPA RICARDO AGUIRRE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
of National Lift Truck Service of PR, Inc.
Guaynabo, PR

I have audited the accompanying financial statements of National Lift Truck Service of PR, Inc. (a Puerto Rican Corporation), which comprises the balance sheet as of December 31, 2024 , and the related statements of income, retained earnings, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Lift Truck Service of PR, Inc. as of December 31, 2024 , and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of National Lift Truck Service of PR, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 National Lift Truck Service of PR, Inc. 's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 generally accepted auditing standards 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 generally accepted auditing standards, I:

- 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 National Lift Truck Service of PR, Inc. '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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about National Lift Truck Service of PR, Inc. 's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.



CPA Ricardo Aguirre
Lic. 4638
Guaynabo, PR
Stamp No. **D4638-91**
January 29, 2026



D4638-91
NATIONAL LIFT TRUCK SERVICE OF PR,
INC.

NATIONAL LIFT TRUCK SERVICE OF PR, INC.
(A Corporation)
Balance Sheet
As of December 31, 2024

ASSETS

CURRENT ASSETS	
Cash	\$ 155,134
Accounts Receivable Trade	464,323
Inventory	339,039
Prepaid Expenses	22,859
Total Current Assets	981,355
LAND, BUILDING AND EQUIPMENT	
Machinery and Equipment	857,516
Furniture and Fixtures	3,500
Motor Vehicles	66,000
	927,016
Less: Accumulated Depreciation	(424,794)
Land, Building, and Equipment - Net	502,222
Right-of-Use Assets Under Operating Lease, Net	351,595
TOTAL ASSETS	\$ 1,835,172

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES	
Income Tax Payable	\$ 67,456
Accounts Payable	505,478
Accrued Expenses	140,894
Current Portion of Operating Lease Obligation	115,633
Current Portion of Finance Lease Obligation	16,207
Total Current Liabilities	845,668
LONG-TERM DEBT, Less Current Portion	439,778
OPERATING LEASE OBLIGATIONS, Less Current Portion	185,793
FINANCE LEASE OBLIGATIONS, Less Current Portion	72,247
Total Long-Term Liabilities	697,818
TOTAL LIABILITIES	1,543,486
SHAREHOLDERS' EQUITY	
Common Stock, Par Value \$10 Per Share, Authorized 1,000,000 and 100 Issued and Outstanding.	100
Retained Earnings	291,586
Total Shareholders' Equity	291,686
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,835,172

NATIONAL LIFT TRUCK SERVICE OF PR, INC.

(A Corporation)

**Statement of Income and Retained Earnings
For The Year Ended December 31, 2024**

Revenue	\$ 4,541,335
Cost of Revenue	<u>3,897,595</u>
Gross Profit	643,740
General and Administrative Expenses	
Advertising	16,810
Bad Debts	20,447
Bank Charges	2,830
Commissions	12,204
Computer and Internet Expenses	11,925
Insurances	11,272
Licenses and Permits	6,097
Meals and Entertainment	4,644
Office Expense	16,200
Professional Services	56,088
Rent	150,925
Repair and Maintenance	3,083
Telephone	7,157
Travel Expenses	17,991
Utilities	2,612
Total General and Administrative Expenses	<u>340,285</u>
Income from Operations	303,455
Other Income and (Expense)	
Interest Expense	(66,186)
Other Income	12,909
Total Other Income and Expense	<u>(53,277)</u>
Income Before Income Tax Provision	250,178
Provision for Income Tax Expense (Benefit)	<u>67,456</u>
Net Income	182,722
Change in Retained Earnings - For the Beginning of Year	108,864
Change in Retained Earnings - For the End of Year	\$ 291,586

NATIONAL LIFT TRUCK SERVICE OF PR, INC.
(A Corporation)
Statement of Cash Flows
For The Year Ended December 31, 2024

Cash Flows from Operating Activities

Net Income	\$ 182,722
Adjustments to Reconcile Net Income (Loss) to Net	
Cash Provided (Used) by Operating Activities	
Depreciation and Amortization	141,599
Bad Debts	20,447
(Increase) Decrease in Accounts Receivable	59,405
(Increase) Decrease in Prepaid Taxes	12,639
(Increase) Decrease in Inventories	(67,570)
Increase (Decrease) in Accounts Payable	(112,296)
Increase (Decrease) in Accounts Payable-Related Party	(13,636)
Increase (Decrease) in Income Taxes Payable	67,456
Increase (Decrease) in Accrued Expenses and Withholding	<u>47,920</u>
Total Adjustments	<u>155,963</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 338,686</u></u>

Cash Flows from Financing Activities

Repayment of Long-Term Debt	(375,815)
Net Cash Provided (Used) by Financing Activities	<u>\$ (375,815)</u>

Net Increase (Decrease) in Cash	(37,129)
Cash at Beginning of Year	<u>192,263</u>
Cash at End of Year	<u>\$ 155,134</u>

Supplemental Disclosures

Noncash Investing and Financing Activities

Right of Use Assets Acquisition through Operating Lease	351,595
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NATIONAL LIFT TRUCK SERVICE OF PR, INC.
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2024

NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

NOTE A- NATURE OF BUSINESS

Reporting Entity National Lift Truck Service of PR, Inc. (the "Company") is a for-profit corporation organized and existing under the laws of the Commonwealth of Puerto Rico. The Company's principal office and operating facilities are located at Amelia Industrial Park, Calle Diana Lot 22, Guaynabo, Puerto Rico 00966.

Nature of Business The Company is primarily engaged in the sale, rental, service, and supply of parts for material handling equipment and industrial machinery. As an authorized distributor, the Company represents industry-leading product lines, including Yale and Hyster, offering a full range of forklifts, stackers, and industrial cleaning equipment. Its client base is diverse, covering industrial sectors, pharmaceutical manufacturing, construction, government entities, and logistics contractors throughout Puerto Rico. The Company operates under a comprehensive business model that not only provides the physical asset but ensures its continuous operation through maintenance contracts and sales of original parts, generating a recurring revenue stream complementary to capital sales.

NOTE B- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The Company's functional and reporting currency is the United States Dollar (\$).

Use of Estimates The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include, but are not limited to: the allowance for doubtful accounts, inventory obsolescence, useful lives of property, plant, and equipment, valuation of right-of-use assets and lease liabilities, and the provision for income taxes. Actual results could differ materially from those estimates due to changes in the economic or regulatory environment.

Revenue Recognition (ASC 606) The Company accounts for revenue in accordance with Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers. The core principle is to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company applies the five-step model:

1. **Identify the contract:** An approved contract exists (written purchase order or signed agreement) with identifiable commercial rights and clear payment terms, and it is probable that the Company will collect the consideration.
2. **Identify performance obligations:**
 - Equipment Sales: The obligation is to deliver the specified equipment.
 - Maintenance Services: The obligation is to perform the repair or maintenance.
 - Parts Sales: The obligation is to deliver the part.
 - Leasing: Accounted for separately under ASC 842 (see lease policy).

NATIONAL LIFT TRUCK SERVICE OF PR, INC.
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2024

NOTE B-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. **Determine transaction price:** The price is fixed according to the accepted price list or quote. There are no significant financing components or material variable considerations (rebates, volume discounts) requiring complex estimation.
4. **Allocate price:** For contracts with multiple elements (e.g., equipment sale + initial service contract), the price is allocated based on relative Standalone Selling Prices.
5. **Recognize revenue:**
 - Sale of Goods (Equipment and Parts): Recognized at a point in time when the customer obtains physical and legal control of the asset (generally upon delivery or pickup).
 - Services: Recognized over time as the service is performed, as the customer simultaneously consumes the benefits.

Cash and Cash Equivalents The Company considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents. Cash is maintained at major financial institutions in Puerto Rico. Balances in these accounts may, at times, exceed federally insured limits by the Federal Deposit Insurance Corporation (FDIC) of \$250,000 per depositor. Management periodically evaluates the financial strength of these institutions and has not experienced historical losses in this regard.

Accounts Receivable and Allowance for Credit Losses Accounts receivable are recorded at original invoice value less an estimate for doubtful accounts. The Company does not charge interest on past-due accounts receivable. The allowance for credit losses is based on the Company's historical collection experience, the aging of receivables, the credit quality of its customers, and current and expected future economic conditions. Accounts are written off against the allowance when deemed uncollectible. As of December 31, 2024, the provision was adjusted to reflect an expense of \$20,447.

Inventories, consisting of new and used equipment for sale and parts, are valued at the lower of cost or net realizable value. Cost is determined using the specific identification method for large equipment units (forklifts) and the weighted average cost method for parts and minor accessories. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The Company periodically evaluates inventory for obsolescence or slow movement and records a provision if necessary.

Property, Plant and Equipment Property, plant, and equipment are recorded at acquisition cost. Expenditures for major improvements and renewals that extend the useful life of assets are capitalized. Maintenance and ordinary repair costs are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, as follows:

- Machinery and Equipment (including rental fleet): 5 to 10 years.
- Motor Vehicles: 5 years.
- Furniture and Fixtures: 5 to 7 years.
- Leasehold improvements: The shorter of the asset's useful life or the lease term.

The decrease in the net balance mainly reflects the depreciation expense for the year (\$141,599) and the disposal or retirement of certain obsolete machinery equipment. No indicators of impairment of long-lived assets were identified at year-end.

NATIONAL LIFT TRUCK SERVICE OF PR, INC.
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2024

NOTE C. LEASES ASC 842

The Company adopted ASC 842, Leases, which requires lessees to recognize a Right-of-Use Asset ("ROU") and a lease liability on the balance sheet for most leases.

- **Classification:** At contract inception, the Company determines if a contract is or contains a lease. Leases are classified as finance (formerly capital) or operating.
- **Measurement:** The lease liability is initially measured at the present value of future lease payments, discounted using the rate implicit in the lease or, if not readily available, the Company's Incremental Borrowing Rate (IBR). The ROU asset is measured at the initial liability amount plus any initial direct costs and prepaid lease payments, less incentives received.
- **Expense Recognition:**
 - Operating Leases: A single lease expense is recognized on a straight-line basis over the lease term.
 - Finance Leases: Amortization expense of the ROU asset and interest expense on the lease liability are recognized separately.
 - Lease Term: Includes the non-cancellable period and any periods covered by extension options that the Company is reasonably certain to exercise.

The Company leases its office and warehouse facilities, as well as certain service and delivery vehicles.

Operating Lease Obligation Consist of:

12/31/2024

5.50% payable to The Lugo-Viña, Inc. (LVI) Real Estate Lease in 30 installments of \$10,777.08 including principal and interest.	\$ 301,425
	<u>\$ 301,425</u>
Less Current Portion	115,633
LONG TERM PORTION	<u>\$ 185,793</u>

The following is a schedule showing the future minimum lease payments by period under capital lease obligation for the period ending December 31, 2024

December 31, 2025	\$ 129,325
December 31, 2026	129,325
December 31, 2027	64,662
December 31, 2028	-
December 31, 2029	-
Thereafter	-
Total minimum lease payments	323,312
Less amount representing interest	(21,887)
Present value of net minimum lease payments	301,426
Less current portion	115,633
Long-term portion	<u>\$ 185,793</u>

NATIONAL LIFT TRUCK SERVICE OF PR, INC.
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2024

NOTE D- LEASES ASC 842(CONTINUED)

Finance Lease Obligation Consist of:

12/31/2024

8.50% payable to Popular Auto Leasing (Popular Auto, LLC) in 60 installments of \$555.57 including principal and interest. This loan is guaranteed with a Ford Transit (Modelo 2023/2024) Contrato U 61798 (Identificador Interno: Van 2). Maturity on March 2024.	44,227
8.25% payable to Popular Auto Leasing (Popular Auto, LLC) in 60 installments of \$954.21 including principal and interest. This loan is guaranteed with a Ford Transit (Modelo 2024) Contrato U 61797 (Identificador Interno: Van 4). Maturity on August 2029.	44,227
	<u>\$ 88,454</u>
Less Current Portion	<u>16,207</u>
LONG TERM PORTION	<u>\$ 72,247</u>

The following is a schedule showing the future minimum lease payments by period under financial lease obligation for the period ending December 31,2024

December 31, 2025	\$ 22,901
December 31, 2026	22,901
December 31, 2027	22,901
December 31, 2028	22,901
December 31, 2029	15,267
Thereafter	-
Total minimum lease payments	<u>106,872</u>
Less amount representing interest	<u>(18,417)</u>
Present value of net minimum lease payments	<u>88,454</u>
Less current portion	<u>16,207</u>
Long-term portion	<u>\$ 72,247</u>

NOTE E- LONG TERM DEBTS

As of December 31, 2024, long-term debt consisted primarily of obligations under equipment financing agreements.

Agreement with Acrecent Financial LLC The Company maintains a strategic financial relationship with Acrecent Financial LLC. The debt is structured under a "Loan and Equipment Security Agreement" (Master Agreement Number 01).

Collateral: Obligations are secured by a first-priority security interest in specific equipment (including Yale Veracitor, ERP, GC models, and other forklifts), present and future inventory, and accounts receivable generated by such assets.

Repayment Terms: Individual Schedules dictate specific terms. For example, Schedule 001 (formalized in subsequent events) establishes a structure of 54 rent payments with a declining Casualty Value.

Guarantees: The debt is personally and unconditionally guaranteed by the Company's President, Mr. Robert Siano, via a Continuing Personal Guaranty reaffirmed in 2025 documents.

NATIONAL LIFT TRUCK SERVICE OF PR, INC.
NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2024

The current portion of long-term debt (maturity less than 12 months) has been classified on the balance sheet as a current liability. The Company met its payment obligations during 2024, reducing the outstanding principal by \$375,815.

NOTE F- INCOME TAXES ASC 740

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well as for operating loss carryforwards and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The Company recognizes tax benefits from uncertain tax positions only if it is "more likely than not" (probability greater than 50%) that the position will be sustained upon examination by the tax authority. The Company classifies interest and penalties related to income taxes as part of the provision for income taxes.

NOTE G- SUBSEQUENT EVENTS

The Company has evaluated subsequent events and transactions from the balance sheet date through March 29, 2025 (the date of report issuance) to determine the need for adjustments or additional disclosures.

Refinancing and New Debt Instruments During the first half of 2025, the Company executed a series of financing agreements with **Acrecent Financial LLC** to restructure its debt and improve liquidity:

- **January 2025:** **Schedule 001** was formalized, and a new Personal Guaranty was executed by the principal shareholder to secure present and future obligations.
- **April 2025:** **Schedule 002** and Addendum No. 2 were signed, extending the credit line and reaffirming collateral over all inventory and equipment.
- **July 2025:** Closing of **Schedule 003** was completed, including a significant wire transfer to settle obligations with supplier Hyster-Yale Materials Handling, thus consolidating debt under Acrecent.

These subsequent transactions ensure operational continuity and provide the necessary capital to execute the 2025 growth plan, although they increase the corporation's level of encumbered assets. No other events requiring adjustment to balances as of December 31, 2024, have been identified.