

Form 5500

Annual Return/Report of Employee Benefit Plan

OMB Nos. 1210-0110 1210-0089

2024

This Form is Open to Public Inspection

Department of the Treasury Internal Revenue Service

Department of Labor Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

Complete all entries in accordance with the instructions to the Form 5500.

Part I Annual Report Identification Information

For calendar plan year 2024 or fiscal plan year beginning 01/01/2024 and ending 12/31/2024

- A This return/report is for: a multiemployer plan, a multiple-employer plan, a single-employer plan, a DFE, etc.
B This return/report is: the first return/report, the final return/report, an amended return/report, a short plan year return/report, etc.
C If the plan is a collectively-bargained plan, check here.
D Check box if filing under: Form 5558, automatic extension, special extension, the DFVC program, etc.
E If this is a retroactively adopted plan permitted by SECURE Act section 201, check here.

Part II Basic Plan Information—enter all requested information

1a Name of plan: HOWARDS APPLIANCES, INC. EMPLOYEE STOCK OWNERSHIP PLAN
1b Three-digit plan number (PN): 003
1c Effective date of plan: 07/01/1974
2a Plan sponsor's name, mailing address, city or town, state or province, country, and ZIP or foreign postal code.
2b Employer Identification Number (EIN): 95-1595620
2c Plan Sponsor's telephone number: 714-871-2700
2d Business code (see instructions): 443141

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

Table with 4 columns: SIGN HERE, Signature of plan administrator, Date, Enter name of individual signing as plan administrator. Includes rows for plan administrator, employer/plan sponsor, and DFE.

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2024) v. 240311

3a Plan administrator's name and address <input checked="" type="checkbox"/> Same as Plan Sponsor	3b Administrator's EIN	
	3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN	
	4d PN	
5 Total number of participants at the beginning of the plan year	5	232
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits..... c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g(1) Number of participants with account balances as of the beginning of the plan year (only defined contribution plans complete this item) g(2) Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6a(1)	145
	6a(2)	111
	6b	0
	6c	101
	6d	212
	6e	2
	6f	214
	6g(1)	198
6g(2)	211	
6h	0	
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:
2I 2P 2Q 3I

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)	9b Plan benefit arrangement (check all that apply)
(1) <input type="checkbox"/> Insurance	(1) <input type="checkbox"/> Insurance
(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts	(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts
(3) <input checked="" type="checkbox"/> Trust	(3) <input checked="" type="checkbox"/> Trust
(4) <input type="checkbox"/> General assets of the sponsor	(4) <input type="checkbox"/> General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules	b General Schedules
(1) <input checked="" type="checkbox"/> R (Retirement Plan Information)	(1) <input checked="" type="checkbox"/> H (Financial Information)
(2) <input type="checkbox"/> MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary	(2) <input type="checkbox"/> I (Financial Information – Small Plan)
(3) <input type="checkbox"/> SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	(3) <input type="checkbox"/> A (Insurance Information) – Number Attached _____
(4) <input type="checkbox"/> DCG (Individual Plan Information) – Number Attached _____	(4) <input type="checkbox"/> C (Service Provider Information)
(5) <input type="checkbox"/> MEP (Multiple-Employer Retirement Plan Information)	(5) <input type="checkbox"/> D (DFE/Participating Plan Information)
	(6) <input type="checkbox"/> G (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) Yes No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) Yes No

11c Enter the Receipt Confirmation Code for the 2024 Form M-1 annual report. If the plan was not required to file the 2024 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2024 This Form is Open to Public Inspection
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For calendar plan year 2024 or fiscal plan year beginning 01/01/2024 and ending 12/31/2024	
A Name of plan HOWARDS APPLIANCES, INC. EMPLOYEE STOCK OWNERSHIP PLAN	B Three-digit plan number (PN) ▶ 003
C Plan sponsor's name as shown on line 2a of Form 5500 HOWARDS APPLIANCES, INC.	D Employer Identification Number (EIN) 95-1595620

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets	(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	
b Receivables (less allowance for doubtful accounts):		
(1) Employer contributions	1b(1)	
(2) Participant contributions	1b(2)	
(3) Other	1b(3)	
c General investments:		
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	78648
(2) U.S. Government securities	1c(2)	82819
(3) Corporate debt instruments (other than employer securities):		
(A) Preferred	1c(3)(A)	
(B) All other	1c(3)(B)	
(4) Corporate stocks (other than employer securities):		
(A) Preferred	1c(4)(A)	
(B) Common	1c(4)(B)	
(5) Partnership/joint venture interests	1c(5)	
(6) Real estate (other than employer real property)	1c(6)	
(7) Loans (other than to participants)	1c(7)	
(8) Participant loans	1c(8)	
(9) Value of interest in common/collective trusts	1c(9)	
(10) Value of interest in pooled separate accounts	1c(10)	
(11) Value of interest in master trust investment accounts	1c(11)	
(12) Value of interest in 103-12 investment entities	1c(12)	
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)	
(15) Other	1c(15)	

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities.....	1d(1)	14663052	74842
(2) Employer real property.....	1d(2)		
e Buildings and other property used in plan operation.....	1e		
f Total assets (add all amounts in lines 1a through 1e).....	1f	14741700	157661
Liabilities			
g Benefit claims payable.....	1g		
h Operating payables.....	1h		
i Acquisition indebtedness.....	1i	7495558	7018851
j Other liabilities.....	1j		
k Total liabilities (add all amounts in lines 1g through 1j).....	1k	7495558	7018851
Net Assets			
l Net assets (subtract line 1k from line 1f).....	1l	7246142	-6861190

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers.....	2a(1)(A)	714573	
(B) Participants.....	2a(1)(B)		
(C) Others (including rollovers).....	2a(1)(C)		
(2) Noncash contributions.....	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		714573
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)	4170	
(B) U.S. Government securities.....	2b(1)(B)		
(C) Corporate debt instruments.....	2b(1)(C)		
(D) Loans (other than to participants).....	2b(1)(D)		
(E) Participant loans.....	2b(1)(E)		
(F) Other.....	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		4170
(2) Dividends:			
(A) Preferred stock.....	2b(2)(A)		
(B) Common stock.....	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		
(3) Rents.....	2b(3)		
(4) Net gain (loss) on sale of assets:			
(A) Aggregate proceeds.....	2b(4)(A)		
(B) Aggregate carrying amount (see instructions).....	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result.....	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets:			
(A) Real estate.....	2b(5)(A)		
(B) Other.....	2b(5)(B)	-14588210	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all income amounts in column (b) and enter total	2d		-13869467

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)		
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		237865
i Administrative expenses:			
(1) Salaries and allowances	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Recordkeeping fees	2i(3)		
(4) IQPA audit fees	2i(4)		
(5) Investment advisory and investment management fees	2i(5)		
(6) Bank or trust company trustee/custodial fees	2i(6)		
(7) Actuarial fees	2i(7)		
(8) Legal fees	2i(8)		
(9) Valuation/appraisal fees	2i(9)		
(10) Other trustee fees and expenses	2i(10)		
(11) Other expenses	2i(11)		
(12) Total administrative expenses. Add lines 2i(1) through (11)	2i(12)		
j Total expenses. Add all expense amounts in column (b) and enter total	2j		237865

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-14107332
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) Unmodified (2) Qualified (3) Disclaimer (4) Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) DOL Regulation 2520.103-8 (2) DOL Regulation 2520.103-12(d) (3) neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: PKF SAN DIEGO, LLP

(2) EIN: 81-3391684

d The opinion of an independent qualified public accountant is **not attached** as part of Schedule H because:

(1) This form is filed for a CCT, PSA, DCG or MTIA. (2) It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l. DCGs do not complete lines 4e, 4f, 4k, 4l, and 5, and DCGs generally complete the rest of Part IV collectively for all plans in the DCG, except as otherwise provided (see instructions).

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		X	
e Was this plan covered by a fidelity bond?	X		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? Yes No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) Yes No Not determined

If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

SCHEDULE R (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2024 This Form is Open to Public Inspection.
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For calendar plan year 2024 or fiscal plan year beginning 01/01/2024 and ending 12/31/2024

A Name of plan <u>HOWARDS APPLIANCES, INC. EMPLOYEE STOCK OWNERSHIP PLAN</u>	B Three-digit plan number (PN) ▶	<u>003</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>HOWARDS APPLIANCES, INC.</u>	D Employer Identification Number (EIN) <u>95-1595620</u>	

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....

1	
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2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):
 EIN(s): _____

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....

3	
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Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? Yes No N/A
If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____
If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a	
b Enter the amount contributed by the employer to the plan for this plan year	6b	
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c	

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline?..... Yes No N/A

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? Yes No N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... Increase Decrease Both No

Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? Yes No

11 a Does the ESOP hold any preferred stock? Yes No

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) Yes No

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? Yes No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that (1) contributed more than 5% of total contributions to the plan during the plan year or (2) was one of the top-ten highest contributors (measured in dollars). See instructions. Complete as many entries as needed to report all applicable employers.

a Name of contributing employer _____

b EIN _____ **c** Dollar amount contributed by employer _____

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: Hourly Weekly Unit of production Other (specify): _____

a Name of contributing employer _____

b EIN _____ **c** Dollar amount contributed by employer _____

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: Hourly Weekly Unit of production Other (specify): _____

a Name of contributing employer _____

b EIN _____ **c** Dollar amount contributed by employer _____

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: Hourly Weekly Unit of production Other (specify): _____

a Name of contributing employer _____

b EIN _____ **c** Dollar amount contributed by employer _____

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: Hourly Weekly Unit of production Other (specify): _____

a Name of contributing employer _____

b EIN _____ **c** Dollar amount contributed by employer _____

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: Hourly Weekly Unit of production Other (specify): _____

a Name of contributing employer _____

b EIN _____ **c** Dollar amount contributed by employer _____

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: Hourly Weekly Unit of production Other (specify): _____

14 Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: <input type="checkbox"/> last contributing employer <input type="checkbox"/> alternative <input type="checkbox"/> reasonable approximation (see instructions for required attachment).....	14a	
b The plan year immediately preceding the current plan year. <input type="checkbox"/> Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....	14b	
c The second preceding plan year. <input type="checkbox"/> Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....	14c	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....	16b	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment

19 If the total number of participants is 1,000 or more, complete lines (a) and (b):

a Enter the percentage of plan assets held as:
 Public Equity: _____% Private Equity: _____% Investment-Grade Debt and Interest Rate Hedging Assets: _____%
 High-Yield Debt: _____% Real Assets: _____% Cash or Cash Equivalents: _____% Other: _____%

b Provide the average duration of the Investment-Grade Debt and Interest Rate Hedging Assets:
 0-5 years 5-10 years 10-15 years 15 years or more

20 PBGC missed contribution reporting requirements. If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? Yes No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:
 Yes.
 No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.
 No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.
 No. Other. Provide explanation.....

Part VII IRS Compliance Questions

21a Does the plan satisfy the coverage and nondiscrimination tests of Code sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules? Yes No

21b If this is a Code section 401(k) plan, check all boxes that apply to indicate how the plan is intended to satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under Code sections 401(k)(3) and 401(m)(2).
 Design-based safe harbor method
 "Prior year" ADP test
 "Current year" ADP test
 N/A

22 If the plan sponsor is an adopter of a pre-approved plan that received a favorable IRS Opinion Letter, enter the date of the Opinion Letter ___/___/____ (MM/DD/YYYY) and the Opinion Letter serial number _____.

HOWARD'S APPLIANCES, INC. EMPLOYEE STOCK OWNERSHIP PLAN
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE
DECEMBER 31, 2024



Howard's Appliances, Inc. Employee Stock Ownership Plan

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1 - 3
FINANCIAL STATEMENTS:	
Statements of Net Assets (Deficit) Available for Benefits as of December 31, 2024 and 2023.....	4
Statement of Changes in Net Assets (Deficit) Available for Benefits for the Year Ended December 31, 2024	5
Notes to Financial Statements	6 - 13
SUPPLEMENTAL SCHEDULE:	
Schedule H, Line 4(i) - Schedule of Assets (Held at End of Year).....	14



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INDEPENDENT AUDITORS' REPORT

To the Trustee of the Howard's Appliances, Inc.
Employee Stock Ownership Plan

Qualified Opinion

We have audited the accompanying financial statements of the Howard's Appliances, Inc. Employee Stock Ownership Plan (the "Plan"), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), which comprise the statements of net assets available for benefits as of December 31, 2024 and 2023, and the related statement of changes in net assets available for benefits for the year ended December 31, 2024, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Howard's Appliances, Inc. Employee Stock Ownership Plan as of December 31, 2024 and 2023, and the changes in its net assets available for benefits for the year ended December 31, 2024 in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As more fully described in Note 4 to the financial statements, the financial statements include investments valued at \$74,842 whose values were provided by an independent appraisal. Management did not provide the detail and inputs for the stock valuation model and related estimates, which did not permit us to extend our auditing procedures to obtain sufficient appropriate audit evidence about the investment fair value. In our opinion, those procedures are not adequate to measure the fair value of the investments in accordance with accounting principles generally accepted in the United States of America. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Plan 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 qualified audit opinion.

Substantial Doubt about the Plan's Ability to Continue as a Going Concern

As described in Notes 1 and 8 to the financial statements, subsequent to year end, management has elected to terminate the Plan, thus liquidation and termination of the Plan is imminent. As a result, effective March 16, 2025, the Plan has changed its basis of accounting from the going concern basis to the liquidation basis of accounting. Our opinion is not modified with respect to this matter.

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

Management is also responsible for maintaining a current plan instrument, including all plan amendments; administering the plan; and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

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 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, 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 Plan'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 Plan'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 audits.

Supplemental Schedule Required by ERISA

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule, Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year) as of December 31, 2024, is presented for the purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in conformity with the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the information in the accompanying schedule is fairly stated, in all material respects, in relation to the financial statements as a whole, and the form and content are presented in conformity with the Department of Labor’s Rules and Regulations for Reporting and Disclosure under ERISA.

San Diego, California
October 13, 2025

PKF San Diego, LLP

PKF San Diego, LLP

Howard's Appliances, Inc. Employee Stock Ownership Plan
Statements of Net Assets (Deficit) Available for Benefits
December 31, 2024 and 2023

	December 31, 2024			December 31, 2023		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
Assets:						
Cash and cash equivalents	\$ 82,819	\$ -	\$ 82,819	\$ 78,648	\$ -	\$ 78,648
Common stock of Employer	39,716	35,126	74,842	7,215,721	7,447,331	14,663,052
Total assets	122,535	35,126	157,661	7,294,369	7,447,331	14,741,700
Liabilities:						
Loan 1	-	1,071,103	1,071,103	-	1,249,620	1,249,620
2014 Loan	-	256,113	256,113	-	305,479	305,479
2015 Loan	-	626,837	626,837	-	720,107	720,107
2016 Loan	-	1,370,382	1,370,382	-	1,411,337	1,411,337
2017 Loan	-	989,366	989,366	-	1,020,925	1,020,925
2019 Loan	-	1,776,318	1,776,318	-	1,830,032	1,830,032
2020 Loan	-	928,732	928,732	-	958,058	958,058
Total liabilities	-	7,018,851	7,018,851	-	7,495,558	7,495,558
Net (deficit) assets available for benefits	\$ 122,535	\$ (6,983,725)	\$ (6,861,190)	\$ 7,294,369	\$ (48,227)	\$ 7,246,142

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

Howard's Appliances, Inc. Employee Stock Ownership Plan
Statement of Changes in Net Assets (Deficit) Available for Benefits
For the Year Ended December 31, 2024

	Allocated	Unallocated	Total
Additions to net assets attributed to:			
Employer contributions	\$ -	\$ 714,573	\$ 714,573
Interest income	4,170	-	4,170
Allocation of 1,237 shares of common stock of Employer, at fair value	2,887	(2,887)	-
Total additions	7,057	711,686	718,743
Deductions to net assets attributed to:			
Net depreciation in fair value of common stock of Employer	7,178,891	7,409,319	14,588,210
Interest expense	-	237,865	237,865
Total deductions	7,178,891	7,647,184	14,826,075
Net decrease	(7,171,834)	(6,935,498)	(14,107,332)
Net assets (deficit) available for benefits:			
Beginning of year	7,294,369	(48,227)	7,246,142
End of year	\$ 122,535	\$ (6,983,725)	\$ (6,861,190)

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

NOTE 1 - PLAN DESCRIPTION

The following description of the Howard's Appliances, Inc. (the "Company", "Employer") Employee Stock Ownership Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Company established the Howard's Appliances, Inc. Stock Ownership Plan effective as of July 1, 1976. The Plan was amended and operates, in relevant part, as a leveraged employee stock ownership plan, and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986, as amended ("Code") and is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Board of Trustees has been delegated with the responsibility of administrative and fiduciary oversight of the Plan.

The Plan purchased Company common shares ("ESOP shares") using the proceeds of note borrowings from the Company and holds the stock in a trust established under the Plan. The borrowings may be repaid over a period of fifteen or thirty years by fully deductible Company contributions to the trust fund. As the Plan makes each payment of principal and interest, an appropriate percentage of stock will be allocated to eligible employees accounts in accordance with applicable regulations under the Code.

The borrowings are collateralized by the unallocated shares of common stock and is guaranteed by the Company. The lender has no rights against shares of common stock once they are allocated to participants in accordance with the terms of the Plan. Accordingly, the financial statements of the Plan as of December 31, 2024 and 2023, and for the year ended December 31, 2024, present separately the assets and liabilities and changes therein pertaining to:

- a. The accounts of employees with vested rights in allocated common stock (allocated), and
- b. Common stock not yet allocated to employees (unallocated).

Subsequent to December 31, 2024, the Trustees of Howard's Appliances, Inc. Employee Stock Ownership Plan elected to terminate the Howard's Appliances, Inc. Employee Stock Ownership Plan with an effective date of March 16, 2025, in conjunction with the sale of the Company. As a result, the Plan is not a going concern. The financial statements do not include any adjustments that might be necessary upon liquidation (see Note 8).

Administration of Plan Assets

The Plan's assets are managed by the Trustee, who chooses investments. The Plan Administrator determines benefits payable to participants, authorizes distributions to participants, and administers the payment of interest and principal on loans payable. Certain administrative functions are performed by officers of the Company. No such officers or employees receive compensation from the Plan.

NOTE 1 - PLAN DESCRIPTION (Continued)

Eligibility

All employees of the Company other than leased employees and those employees whose employment and retirement benefit are governed by collective bargaining agreements who are employees of the Company on the first day of the plan year, completed 1,000 eligible hours in 12 months of service and are age twenty-one or older are eligible to participate in the Plan. Participants who do not have 1,000 hours of service during such plan year or are not employed on the last day of a plan year are not eligible for an allocation of Employer contributions for such year.

Payment of Benefits

Distributions from the Plan will be made when a participant retires, dies, becomes totally disabled, or otherwise terminates employment with the Company. Generally, the Plan allows participants who have attained normal retirement age, i.e., age 65, to withdraw up to 20% of the total balance of their accounts once a year at their election. Payments will continue for retired participants who return to work and do not have 1,000 hours of service during the year. The Plan was amended effective January 2023 to state that terminated participants are paid out a lump sum distribution for any amount less than \$5,000 (\$7,000 with respect to Plan Years commencing on or after January 1, 2024). For balances greater than \$5,000 and less than \$1,330,000, the terminated participant will receive their balance in five equal installments. For balances greater than \$1,330,000, the equal annual installments will be increased to five years plus 1 additional year (not to exceed 5 additional years) for each \$265,000, or fraction thereof, by which the balance exceeds \$265,000. Distributions that are triggered due to death are comprised of an initial installment amount equaling the greater of \$50,000 or 40% of the participant's benefit, with the remaining balance being paid in three equal annual installments. Distributions are made in cash or, if a participant elects, in the form of Company common shares plus cash for any fractional share. Under the Plan provision, benefit distributions of Company common stock will only be made to participants who consent to the immediate resale of the distributed stock to the Company by exercise of the Plan's "put option" rights.

Rights

In general, the Trustees vote the Company common stock in accordance with the directions of the Plan Committee. Under the Code, whenever a vote concerns a corporate matter subject to the Plan provision, the Trustee is required to solicit voting instructions from participants attributable to the shares allocated to his or her account. If the Trustee disagrees with the participant voting directions, fiduciary law requires the Trustee to vote the shares in accordance with his or her own judgment.

Participant Accounts and Forfeitures

The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participant's account is credited as of the last day of each year with an allocation of shares of the Company's common stock released by the Trustees from the unallocated account and forfeitures of terminated participants non-vested accounts and investment income thereon, net of Plan expenses. Employer contributions and Plan forfeitures are allocated to each participant's account based upon the relation of the participant's compensation to total compensation for the Plan year and the participant's eligible years of service. There were no forfeitures of terminated non-vested account balances at December 31, 2024. At December 31, 2023, forfeitures of terminated non-vested accounts totaled 179 shares in the amount of \$569.

NOTE 1 - PLAN DESCRIPTION (Continued)

Vesting

If a participant's employment with the Company ends for any reason other than retirement, permanent disability or death, he or she will vest in the balance in his or her account based on total years of service with the Company. Participants are 100% vested after seven vesting years of services. Additionally, participants become fully vested upon death or permanent disability.

Diversification

Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in the Company common stock into investments which are more diversified. Participants who are at least age 55 and met the years of participation requirement may elect to diversify a portion of their account. For the year ended December 31, 2024, there were no diversification distributions.

Put Option

Under federal income tax regulations, the employer stock that is held by the Plan and its participants and is not readily tradable on an established market, or is subject to trading limitations, includes a put option. The put option is a right to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The put price is representative of the fair market value of the stock. The Company can pay for the purchase in either a lump-sum distribution or in substantially equal, annual installments, together with income and gains and losses thereon, realized or unrealized, over a period of up to five years. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Estimates

The preparation of financial statements in conformity with GAAP requires the Plan Administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. The fair value of common shares of the Company is determined by annual independent appraisal. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Changes in the fair value of the investment from the prior year are reflected as unrealized appreciation (depreciation). The difference between the cost and selling price of the investment is reflected as a realized gain (loss).

The Plan presents in the statement of changes in net assets available for benefits the net unrealized depreciation in the fair value of common stock of the Employer.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents are comprised of the Plan's investment in a money market fund that are highly liquid and readily convertible to known amounts of cash.

Distributions to Participants

Distributions to participants are recorded when paid. During the year ended 2024 and 2023, required distributions were not made due to the Plan's lack of liquidity. Due to the Plan's termination in 2025, the remaining Plan assets are expected to be disbursed to participants (see Note 8).

Operation Expenses

All expenses of maintaining the Plan are paid by the Company.

Risks and Uncertainties

The Plan maintains its cash and cash equivalents with a federally insured financial institution. The account is insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At December 31, 2024 and 2023, the Plan's cash and cash equivalents balance was not in excess of the FDIC limit.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for plan benefits and the statement of changes in net assets available for plan benefits.

NOTE 3 - INVESTMENTS

Plan investments as of December 31, were as follows:

	2024		2023	
	Allocated	Unallocated	Allocated	Unallocated
Howard's Appliances, Inc. Common Shares:				
Number of Shares	17,044	15,077	15,807	16,314
Cost	\$ 3,254,268	\$ 4,003,833	\$ 2,925,772	\$ 4,332,329
Fair Value	\$ 39,716	\$ 35,126	\$ 7,215,721	\$ 7,447,331

In 2024, the Plan released 1,237 shares in conjunction with the paydowns of the loans. In 2023, the Plan released 1,261 shares in conjunction with the paydowns of the loans. As of December 31, 2024 and 2023, the total number of shares were 32,121.

NOTE 4 - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board ("FASB"), Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, ("FASB ASC 820") establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs, which are summarized as follows:

Level 1 – Quoted prices in active markets for assets identical to the securities to be valued. (Examples include securities sold on the NYSE, NASDAQ, etc.)

Level 2 – Inputs other than quoted prices that are observable for securities, either directly or indirectly. (Examples include matrix pricing utilizing yield curves, prepayment speeds, credit risks, etc.; quoted prices for similar assets in active markets; and inputs derived from observable market data by correlation or other means.)

Level 3 – Unobservable inputs, which contain assumptions by the party valuing those assets. For level 3 inputs, there is no market data or correlations with market assumptions. (Examples would include independent valuations of limited partnership interests, closely held stock, etc.)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the valuation methodologies used at December 31, 2024 and 2023.

Common shares of Howard's Appliances, Inc.: Valued at the appraisal value. In 2023, the appraiser applied the income approach in determination of the valuation. Under the income approach, value is derived by discounting future cash flows available for distribution at present value at an appropriate rate of return.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Plan Trustee believes its valuation methods are appropriate and consistent with other market participants, the use of different methods or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level within the fair value hierarchy, the Plan's assets at fair value as of December 31:

	Fair Value Measurements Using Significant	
	Unobservable Inputs (Level 3)	
	2024	2023
Howard's Appliances, Inc. Common Stock	\$ 74,842	\$ 14,663,052

The Employer's common stock is not actively traded. The fair value of the Employer's common stock is determined by an annual independent appraisal.

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

For the year ended December 31, 2024, the Plan received a valuation opinion from an independent appraiser noting a stock price of \$2.33. The valuation model and estimates used to arrive at the stock price were not disclosed within the valuation opinion. Management did not provide the details and inputs for the stock valuation made and related estimates, which did not permit us to extend our auditing procedures to obtain sufficient appropriate audit evidence about the investment fair value which resulted in a qualified audit opinion for the year ended December 31, 2024.

The valuation model used was the Income Approach: Discounted Cash Flow method in 2023, which allows for variations in margins, growth rates, debt repayment and other items in future years that may not remain static. For the year ended December 31, 2023, unobservable inputs in the stock models included a discount rate of 25% and EBITDA multiples ranging from 5.25 – 6.25. Additionally, the overall valuation was discounted 10% for lack of marketability in 2023, which is also an unobservable input.

Because of the inherent uncertainty of valuations, estimated fair value may differ significantly from the value that would have been used had a ready market for the securities existed, and the differences could be material. In the opinion of the Trustee, the existing valuation provides reasonable measure of the fair value of the Company's common stock. The fair value was \$2.33 and \$456.49 per share at December 31, 2024 and 2023, respectively.

NOTE 5 - LOANS PAYABLE

In 2001, the Plan acquired a 30-year \$5,400,000 loan ("Loan 1") from the Company with interest at 6.25% per annum. The proceeds of the loan were used to repurchase the Company's common stock from participants requesting distributions. Principal payments of \$178,517, plus accrued interest are due annually. The loan matures on December 31, 2030. The unallocated ESOP shares are pledged as collateral for this loan.

In 2014, the Plan acquired a 15-year \$700,000 loan ("2014 Loan") from the Company with interest at 2.91% per annum. The proceeds of the loan were used to repurchase the Company's common stock from participants requesting distributions. Principal plus accrued interest payments totaling \$58,256 are due annually. The loan matures on December 31, 2029. The unallocated ESOP shares are pledged as collateral for this loan.

In 2015, the Plan acquired a 15-year \$1,367,982 loan ("2015 Loan") from the Company with interest at 3.25% annually. The proceeds of the loan were used to repurchase the Company's common stock from participants requesting distributions. Principal plus accrued interest payments totaling \$116,673 are due annually. The loan matures on December 31, 2030. The unallocated ESOP shares are pledged as collateral for this loan.

In 2016, the Plan acquired a 30-year \$1,661,760 loan ("2016 Loan") from the Company with interest at 3.5% annually. The proceeds of the loan were used to repurchase the Company's common stock from participants requesting distributions. Principal plus accrued interest payments totaling \$90,352 are due annually. The loan matures on December 31, 2046. The unallocated ESOP shares are pledged as collateral for this loan.

NOTE 5 - LOANS PAYABLE (Continued)

In 2017, the Plan acquired a 30-year \$1,194,760 loan ("2017 Loan") from the Company with interest at 2.5% annually. The proceeds of the loan were used to repurchase the Company's common stock from participants requesting distributions. Principal plus accrued interest payments totaling \$57,083 are due annually. The loan matures on December 31, 2047. The unallocated ESOP shares are pledged as collateral for this loan.

In 2019, the Plan acquired a 30-year \$2,033,955 loan ("2019 Loan") from the Company with interest at 2.09% annually. The proceeds of the loan were used to repurchase the Company's common stock from participants requesting distributions and to pay off the 2018 Prohibited Transaction Exemption Note Payable, which was paid off in full by December 31, 2019. Principal plus accrued interest payments totaling \$91,949 are due annually. The loan matures on December 31, 2049. The unallocated ESOP shares are pledged as collateral for this loan.

In 2020, the Plan acquired a 30-year \$1,044,420 loan ("2020 Loan") from the Company with interest at 1.31% annually. The proceeds of the loan were used to repurchase the Company's common stock from participants requesting distributions. Principal plus accrued interest payments totaling \$42,462 are due annually. The loan matures on December 31, 2050. The unallocated ESOP shares are pledged as collateral for this loan.

The scheduled principal payments of the loans for the next five years and thereafter are as follows:

Year Ending December 31:	Principal Payments
2025	\$ 485,785
2026	493,790
2027	502,477
2028	511,418
2029	507,499
Thereafter	4,517,882
	\$ 7,018,851

Due to the termination of the Plan on March 16, 2025, the Plan amendment states the remaining principal balance of any of the ESOP loans existing on the termination date are expected to be written off.

NOTE 6 - RELATED PARTY AND PARTY-IN-INTEREST TRANSACTIONS

The Trustee is authorized under the Plan provisions, or by ERISA regulations providing an administrative or statutory exemption, to invest in funds under its control and in common stock of the Company.

The Company provides certain accounting, administrative, and investment management services to the Plan for which no fees are charged.

At December 31, 2024 and 2023, the Plan held 32,121 shares of common stock of Howard's Appliances, Inc., the sponsoring employer, respectively.

These transactions qualify as exempt party-in-interest transactions.

NOTE 7 - TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated January 9, 2017 that the Plan and related trust is tax-exempt under appropriate sections of the Code. Although the Plan has been amended since receiving the determination letter, the Plan Administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code and therefore believe that the Plan is qualified and the related trust is tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan Administrator has analyzed the tax position taken by the Plan and has concluded that as of December 31, 2024 and 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2021.

NOTE 8 - SUBSEQUENT EVENTS

On March 16, 2025, the Plan was terminated in conjunction with the sale of the Company. The remaining principal balance on any of the ESOP loans existing on the termination date are expected to be written off and the remaining allocated asset balance to be distributed to the participants. As of the date the financial statements were available to be issued, the distributions to participants had not yet occurred.

The Plan Administrator has evaluated subsequent events through October 13, 2025, which is the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULE

Howard's Appliances, Inc. Employee Stock Ownership Plan
Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year)
December 31, 2024

Howard's Appliances, Inc. Employee Stock Ownership Plan
Howard's Appliances, Inc.
EIN 95-1595620
Plan number 003
Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year)

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment	(d) Cost	(e) Current Value
	Vanguard Federal Money Market Fund	Cash and Cash Equivalents	\$ 82,819	\$ 82,819
*	Howard's Appliances, Inc.	32,121 Shares of Common Stock	<u>7,258,101</u>	<u>74,842</u>
	Total		<u>\$ 7,340,920</u>	<u>\$ 157,661</u>

* Represents a party-in-interest to the Plan for which a statutory exemption exists.

Federal Statements

FYE: 12/31/2024 **Howards Appliances, Inc. Employee Stock Ownership
Plan: 003**

Assets Held for Investment

<u>Party in Interest</u>	<u>Identity</u>	<u>Description</u>	<u>Cost</u>	<u>Current Value</u>
X	Vanguard Federal MMK Howard's shares	cash and cash equiv 32121 common stock	\$ 82,819 7,258,101	\$ 82,819 74,842