Western Funding, Inc.

300 S. 4th Street, Las Vegas, NV 89101
702-777-6160
https://www.westernfundinginc.com/
investorrelations@westernfundinginc.com

Quarterly Report

For the period ending 9/30/2026 **(the "Reporting Period")**

Outstanding Shares

The number of shares outstanding of our Common Stock was:

61,922,190 as of 9/30/2026 *(Current Reporting Period Date or More Recent Date)*

61,922,190 as of 12/31/2025 *(Most Recent Completed Fiscal Year End)*

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Change in Control

Indicate by check mark whether a Change in Control[5] of the company has occurred during this reporting period:

Yes: ☐ No: ☒

[5] "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer and names used by predecessor entities, along with the dates of the name changes.

Western Funding, Inc.

Current State and Date of Incorporation or Registration: Nevada
Standing in this jurisdiction: (e.g. active, default, inactive): Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

N/A

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

N/A

List any company name change, stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

N/A

Address of the issuer's principal executive office:

300 S. 4th Street, Suite 300, Las Vegas, NV 89101

Address of the issuer's principal place of business:
X *Check if principal executive office and principal place of business are the same address:*

Same

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If Yes, provide additional details below:

_____

2) Security Information

Transfer Agent

Name: Securities Transfer Corporation (STC)
Phone: (469) 633-0101
Email: mflores@stctransfer.com
Address: 2901 Dallas Pkwy Suite 380, Plano, TX 75093

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	WFDI
Exact title and class of securities outstanding:	ST480-CS1 - Common Stock - Western Funding Inc
CUSIP:	958252108
Par or stated value:	.0001
Total shares authorized:	120,000,000 as of date: 9/30/2026
Total shares outstanding:	61,922,190 as of date: 9/30/2026
Total number of shareholders of record:	176 as of date: 9/30/2026

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.

_____

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the security:	_____
Par or stated value:	_____
Total shares authorized:	_____ as of date: _____
Total shares outstanding:	_____ as of date: _____
Total number of shareholders of record:	_____ as of date: _____

Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.

N/A

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

Each share of stock has equal voting power. No dividend is authorized by the BOD.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

N/A

3. Describe any other material rights of common or preferred stockholders.

N/A

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

N/A

3) Issuance History

*The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.*

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:
No: ☐ Yes: ☒ (If yes, you must complete the table below)

Shares Outstanding Opening Balance: Date 12/31/2023 Common: 10,321,765 Preferred: 0			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	**Transaction type (e.g., new issuance, cancellation, shares returned to treasury)**	**Number of Shares Issued (or cancelled)**	**Class of Securities**	**Value of shares issued ($/per share) at Issuance**	**Were the shares issued at a discount to market price at the time of issuance? (Yes/No)**	**Individual/ Entity Shares were issued to. ***You must disclose the control person(s) for any entities listed.**	**Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided**	**Restricted or Unrestricted as of this filing.**	**Exemption or Registration Type.**
05/30/2024	6 for 1 Stock Split	51,608,825	Common	.0001	No	N/A	Stock Split	Both depending on Shareholder	Exemption 701
5/30/2024	Share Repurchase	(8,400)	Common	.0001	No	N/A	Share Repurchase	Unrestricted	Exemption 701

Shares Outstanding on Date of This Report:	
	Ending Balance:
Date 9/30/26	Common: 61,922,190
	Preferred: 0

Example: A company with a fiscal year end of December 31st 2024, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2023 through December 31, 2024 pursuant to the tabular format above.

Any additional material details, including footnotes to the table are below:

The Company is currently working with Securities Transfer Corporation to adjust the total outstanding shares related to a small share repurchase (impacting seven individual shareholders no longer employed by the Company) in 2024

B. Convertible Debt

The following is a complete list of the Company's Convertible Debt which includes all promissory notes, convertible notes, convertible debentures, or any other debt instruments convertible into a class of the issuer's equity securities. The table includes all issued or outstanding convertible debt at any time during the last complete fiscal year and any interim period between the last fiscal year end and the date of this Certification.

[☒] Check this box to confirm the Company had no Convertible Debt issued or outstanding at any point during this period.

Date of Note Issuance	Principal Amount at Issuance ($)	Outstanding Balance ($) (include accrued interest)	Maturity Date	Conversion Terms (e.g., pricing mechanism for determining conversion of instrument to shares)	# Shares Converted to Date	# of Potential Shares to be Issued Upon Conversion[6]	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g., Loan, Services, etc.)

Total Outstanding Balance: **Total Shares:**

Any additional material details, including footnotes to the table are below:

___

[6] The total number of shares that can be issued upon full conversion of the Outstanding Balance. The number should not factor any "blockers" or limitations on the percentage of outstanding shares that can be owned by the Noteholder at a particular time. For purposes of this calculation, please use the current market pricing (e.g. most recent closing price, bid, etc.) of the security if conversion is based on a variable market rate.

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations.
Ensure that these descriptions are updated on the Company's Profile on www.OTCMarkets.com.

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

Western Funding Incorporated (WFI) is an indirect lender in the automobile finance space. WFI was founded in 1962 and was acquired out of bankruptcy in 2013 by its parent company, Westlake Services LLC (dba Westlake Financial Services). WFI is headquartered in Las Vegas, NV, and is operating in all U.S. states.

WFI has a target market of all franchise and independent automobile dealers in the US that sell automobiles and arrange financing of such sales for sub-prime to prime consumers. WFI competes with all other lenders and dealerships that offer automobile financing.

WFI employs both an internal (located in Las Vegas) and external (located in-market) sales force to identify and enroll prospective dealers. All executive, risk assessment, loan funding reviews, and dealer compliance activities are handled by teams located in its Las Vegas, NV headquarters. Loan servicing is handled by teams in Los Angeles, CA and at the Las Vegas, NV headquarters. WFI also employs offshore servicing operations in Mexico and the Philippines.

As of September 30, 2026, WFI employs approximately 191 team members in total across the United States and approximately 66 team members in Mexico and the Philippines for a total of 257.

B. List any subsidiaries, parent company, or affiliated companies.

Westlake Services LLC (dba Westlake Financial Services)	Parent Company
Global Track GPS, LLC	Subsidiary

C. Describe the issuers' principal products or services.

Indirect auto financing

5) Issuer's Facilities

The goal of this section is to provide investors with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

Western Funding's only facility is its headquarters at 300 S. 4th Street, Suite 300, Las Vegas, NV 89101. Western Funding leases the 3rd floor (144 seats, 125 seats occupied, 17,000 sqft.) in an office building known as Tower 300 in downtown Las Vegas. A related party to its parent company owns 50% (majority owner) of the building and Western Funding leases the space at commercially comparable rents under a long-term lease. The building was built in 1975 and is in very good condition with 16 floors and 75% occupancy.

6) All Officers, Directors, and 5% Beneficial Owners of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities.
If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.

Individual Name (First, Last) or **Entity Name** (Include names of control person(s) if a corporate entity)	**Position/Company Affiliation** (ex: CEO, ≥ 5% beneficial owner)	**City and State** (Include Country if outside U.S.)	**Number of Shares Owned** (List common, preferred, warrants and options separately)	**Class of Shares Owned**	**Percentage of Class of Shares Owned** (undiluted)
Westlake Services LLC (Don Hankey, Chairman)	>5% beneficial owner	Las Vegas, NV	60,000,000	Common	96.88%
Ian Anderson	Director	Los Angeles, CA	60,000	Common	0.10%
Paul Kerwin	Director	Los Angeles, CA	18,000	Common	0.03%
James D Murray Jr	President, Director	Las Vegas, NV	1,538,840	Common	2.49%
Don Hankey	Chairman	Las Vegas, NV	60,000	Common	0.10%
Amber Hahn	VP Originations	Las Vegas, NV	1,200	Common	0.002%
Chad Cutcliff	VP Controller	Las Vegas, NV	18,000	Options on Common	0

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, log in to www.OTCIQ.com to update your company profile.

7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

N/A

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

N/A

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

N/A

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

N/A

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

N/A

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

N/A

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

N/A

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.
Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, update your company profile.

Securities Counsel

Name:	Troy Gould PC (David Ficksman)
Address 1:	1801 Century Park East, Suite 1600
Address 2:	Los Angeles, CA 90067-2367
Phone:	310-789-1290
Email:	dficksman@troygould.com

Accountant or Auditor

Name:	Tom Shannon

Firm: RSM US LLP
Address 1: 10845 Griffith Peak Drive, Suite 450
Address 2: Las Vegas, NV 89135
Phone: 702-759-4040
Email: tom.shannon@rsmus.com

Investor Relations

Name: _____
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: investorrelations@westernfundinginc.com

All other means of Investor Communication:

X (Twitter): _____
Discord: _____
LinkedIn _____
Facebook: _____
Website: https://www.westernfundinginc.com/investors/

Other Service Providers
Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: N/A
Firm:
Nature of Services:
Address 1:
Address 2:
Phone:
Email:

9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name: **James D. Murray Jr**
Title: **President**
Relationship to Issuer: **Principal Executive Officer**

B. The following financial statements were prepared in accordance with:

☐ IFRS
☒ U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: **Chad Cutcliff**
Title: **Controller**
Relationship to Issuer: **Executive Employee**
Describe the qualifications of the person or persons who prepared the financial statements:[7] **CPA with over 30 years's experience.**

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity);
- Financial Notes

Financial Statement Requirements:

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be "machine readable." Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, James D. Murray Jr, certify that:

1. I have reviewed this Disclosure Statement for Western Funding, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

[7] The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

10/15/2026

/s/ James D. Murray Jr

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Principal Financial Officer:

I, Chad Cutcliff certify that:

1. I have reviewed this Disclosure Statement for Western Funding, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

10/15/2026

/s/ Chad Cutcliff

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Balance Sheet

	2025 September (Unaudited)	2026 September (Unaudited)	Change	%
Assets				
Current Assets				
Cash and Marketable Securities	(334,409)	634,294	968,703	-290%
Restricted Cash	57,791,404	67,952,007	10,160,603	18%
Accounts Receivable - Other	12,578,946	12,667,420	88,474	1%
Other Current Assets	319,267	318,246	(1,021)	0%
Total Current Assets	**70,355,208**	**81,571,967**	**11,216,759**	**16%**
Loan Receivables	1,405,385,080	1,508,917,601	103,532,521	7%
Allowance for Losses	(384,074,213)	(474,933,077)	(90,858,864)	24%
Net Loan Receivable	**1,021,310,867**	**1,033,984,524**	**12,673,656**	**1%**
Fixed Assets, Net	85,203	58,463	(26,739)	-31%
Total Assets	**1,091,751,278**	**1,115,614,955**	**23,863,676**	**2%**
Liabilities & Equity				
Liabilities				
Current Liabilities				
Accounts Payable / Accrued Expenses	9,036,811	9,809,269	772,458	9%
Other Current Liabilities	32,058,532	35,708,585	3,650,053	11%
Total Current Liabilities	**41,095,343**	**45,517,854**	**4,422,511**	**11%**
Notes Payable				
Non-Recourse Securitized Debt	499,077,501	729,807,698	230,730,197	46%
Intercompany Debt	425,995,589	189,227,916	(236,767,673)	-56%
Total Notes Payable	**925,073,090**	**919,035,614**	**(6,037,476)**	**-1%**
Total Liabilities	**966,168,433**	**964,553,468**	**(1,614,965)**	**0%**
Equity				
Capital Stock	10,710,130	10,710,130	-	0%
Retained Earnings	114,872,715	140,351,356	25,478,641	22%
Total Equity	**125,582,845**	**151,061,486**	**25,478,641**	**20%**
Total Liabilities & Equity	**1,091,751,278**	**1,115,614,955**	**23,863,676**	**2%**

Income Statement

	YTD September 2025 (Unaudited)	YTD September 2026 (Unaudited)	Change	%
Revenue				
Finance Charge	155,113,777	159,744,913	4,631,136	3%
Other Income	14,833,017	1,572,939	(13,260,078)	-89%
Total Revenue	**169,946,794**	**161,317,852**	**(8,628,942)**	**-5%**
Cost Of Revenue				
Interest Expense	44,376,176	37,783,544	(6,592,633)	-15%
Other Cost of Revenue	4,551,414	7,695	(4,543,719)	-100%
Total Cost Of Revenue	**48,927,590**	**37,791,239**	**(11,136,352)**	**-23%**
Gross Margin	**121,019,204**	**123,526,613**	**2,507,409**	**2%**
Total Operating Expenses	22,547,776	24,186,290	1,638,514	7%
Total Provision For Losses	47,579,281	67,803,799	20,224,519	43%
Net Operating Income	**50,892,147**	**31,536,524**	**(19,355,623)**	**-38%**
Total Taxes	15,058,025	9,671,895	(5,386,130)	-36%
Net Income	**35,834,122**	**21,864,630**	**(13,969,493)**	**-39%**

Statement of Stockholders' Equity / (Deficit)

	Common Stock			Treasury Stock		
	Shares Issued	Shareholders' Contributed Capital	Accumulated Earnings / (Deficit)	Shares Repurchased	Amount	Total Shareholders' Equity
Balance December 31, 2024	**61,930,590**	**$ 10,740,930**	**$ 79,038,593**	**(8,400)**	**$ (30,800)**	**$ 89,748,723**
Net Income			35,834,122			**35,834,122**
Balance September 30, 2025	**61,930,590**	**$ 10,740,930**	**$ 114,872,715**	**(8,400)**	**$ (30,800)**	**$ 125,582,845**
Net Income			**$ 3,614,012**			**3,614,012**
Balance December 31, 2025	**61,930,590**	**$ 10,740,930**	**$ 118,486,727**	**(8,400)**	**$ (30,800)**	**$ 129,196,857**
Net Income			**$ 21,864,630**			**21,864,630**
Balance September 30, 2026	**61,930,590**	**$ 10,740,930**	**$ 140,351,356**	**(8,400)**	**$ (30,800)**	**$ 151,061,486**

	Cash Flow Statement	Cash Flow Statement
	September 30, 2025	September 30, 2026
Cash and Equivalents (Beginning of Year)	393,449	1,530,652
Restricted Cash (Beginning of Year)	58,180,177	55,160,224
Cash and Restricted Cash (Beginning of Year)	58,573,626	56,690,877
Change in Cash, Cash Equivalents and Restricted Cash	(1,116,631)	11,895,425
Cash Year End	57,456,995	68,586,301
Cash and Equivalents (September 30, 2025 and 2026)	(334,409)	634,294
Restricted Cash (September 30, 2025 and 2026)	57,791,404	67,952,007
Cash and Restricted Cash (September 30, 2025 and 2026)	57,456,995	68,586,301
	-	-
Operating Activities		
Net Income	35,834,122	21,864,630
Depreciation and amortization expense	56,909	74,952
Provision for Credit Losses	46,984,628	66,532,697
Amortization of deferred financing costs	964,534	1,662,644
Other receivables and assets		
Repossessed Assets	3,607	-
Other Receivables	(1,531,929)	(83,186)
Other Assets	(455)	58,910
Other receivables and assets	(1,528,777)	(24,276)
Dealer Reserves	5,734,355	2,296,859
Other liabilities	(18,367,272)	978,157
Net cash used in operating	**69,678,500**	**93,385,664**
Investing Activities		
Furniture & Equipment, net change	6,307	74,952
Add: Depreciation	(56,909)	(74,952)
Purchase of Furniture & Equipment	(50,602)	-
Dealer Loan Receivables, Net	(90,472,258)	(33,696,503)
Provision for Credit Losses	(46,984,628)	(66,532,697)
Purchase of Dealer Loan Receivables, Net of Payments Thereon	(137,456,886)	(100,229,201)
Change in (Cash investment)	-	-
Other Investment activity	-	-
Net cash used in investing	**(137,507,488)**	**(100,229,201)**
Financing Activities		
Borrowing on senior debt, net of principal repayments	(230,000,001)	24,500,000
Borrowing on notes payable related party, net of principal repayments	(99,907,484)	(5,761,039)
Proceeds from term securitization debt	400,000,000	-
Borrowing on debt, net of principal repayments	**70,092,515**	**18,738,961**
Payments for Deferred Finance Costs	(3,380,157)	-
Payments for deferred finance costs	**(3,380,157)**	**-**
Proceeds from the Sale of Common Stock	-	-
Net cash used in financing	**66,712,357**	**18,738,961**
Net increase (decrease) in cash	(1,116,631)	11,895,425

1. Description of Business

General

Western Funding Incorporated ("WFI" or the "Company") was incorporated in Las Vegas, NV and is a 96.8% owned subsidiary of Westlake Services, LLC., dba Westlake Financial and part the holding company, Nowlake Technology LLC.

Western Funding is also the 100% owner of Global Track GPS, LLC, which offers GPS tracking products to dealers and consumers. This entity is immaterial in asset size and as of 12/31/2025 it entered "wind-down" mode. For proper income statement impact comparison, during the first three quarters of 2025, Global Track GPS, LLC contributed $4.4 million of Net Income while during the first three quarters of 2026 it contributed $(1.5) million to Net Income. It is expected that the "wind-down" will be substantially complete by year end 2026.

Principal Business

WFI primarily engages in the financing of automobile loans to consumers through auto dealers (indirect auto finance). The vast majority of the Consumer Loans assigned are made to consumers with impaired or limited credit histories. Under its Triple Pay program (the "Portfolio Program"), WFI advances money to Dealers ("Dealer Loan") in exchange for the right to service the underlying Consumer Loans.

Dealers receive the following under the Portfolio Program:

1. A down-payment from the consumer purchasing the vehicle
2. An advance from Western Funding based on estimated future collections, which is non-recourse to the Dealer.
3. Following the repayment of the advance balance, including the advance to Dealer, Dealer Loan fees and collection costs, a split of 81% to 90% of the remaining collections ("Dealer Holdback")

The Dealer Loan contracts are generally secured by lien notations and vehicle titles. WFI has the right to repossess the vehicle if the borrower fails to meet the obligation stated in the contract. The collections are split between the Company and the Dealers on the specified sharing structure.

The Master Servicing Agreement provides that collections received on Consumer Loans assigned by a Dealer are applied as follows:

- First, to reimburse us for any payments or credits required to be returned to the customer
- Second, to reimburse us for certain collection costs.
- Third, to pay us the servicing fee of 10% to 19% of gross collections.
- Fourth, to reduce the aggregate advance balance to the dealer and to pay any other amounts due from the Dealer to us; and
- Fifth, to the Dealer as payment of Dealer Holdback.

If the collections on Consumer Loans from a Dealer's pool are not sufficient to repay the advance balance and any other amounts due, the Dealer will not receive Dealer Holdback. Certain events may also result in Dealers forfeiting their rights to Dealer Holdback, including becoming inactive before assigning 50 Consumer Loans.

Dealers have an opportunity to receive an accelerated Dealer Holdback payment ("Express Dealer Check") each time a pool of Consumer Loans is closed. The amount paid to the Dealer is calculated using a formula that considers the related forecasted collections, advance balance and age of the underlying consumer loans.

As a result of the Dealer's potential earnout of Holdback payments and therefore their continued financial interest in the consumer loans, the advances made under the Portfolio Program are not considered to be loans to consumers; they are instead accounted for as loans to the dealers.

Since typically the combination of the advance and the consumer's down payment provides the Dealer with a cash profit at the time of sale, the Dealer's risk in the Consumer Loan is limited. WFI cannot demand repayment of the advance from the Dealer except in the event the Dealer is in default of the master servicing agreement.

Advances are made only after the consumer and Dealer have signed a Consumer Loan contract, Dealer has submitted all supporting documentation, and the related funding stipulations have been approved.

During the second quarter of 2026, Western Funding expanded its program to include consumer credit across the entire credit spectrum. Additionally, it began offering a Purchase Program for the super prime credit customers ("Purchase Program"). The Purchase Program is similar to programs offered by other discount lenders where Western Funding is purchasing the consumer loan from the dealer ("Purchase Loans"). Under this program the dealer is not entitled to the Dealer Holdback. As of 9/30/2026, this program is still in its early growth stages and the net book value of assets generated to date is approximately $8.0 million.

Operations

Sales and Marketing

We have area sales representatives located throughout the United States as well as internal sales representatives (collectively “Sales Representatives”) that market our programs to prospective Dealers, enroll new Dealers, and support active Dealers.

Once a Dealer has successfully enrolled in our program, their assigned Sales Representative will work closely with the newly enrolled Dealer, to educate them on how our program works and how to incorporate our program to help their customers to secure outside financing for the vehicle of their choice. The Sales Representative also provides active Dealers ongoing support and consulting, which includes focusing on portfolio performance, inventory management, and strategies for how the Dealer can increase their volume and performance.

Dealer Master Servicing Agreement

As a part of the enrollment process, a new Dealer is required to enter into a Master Servicing Agreement with WFI that defines the legal relationship between Western Funding and the Dealer ("Master Servicing Agreement"). The Master Servicing Agreement assigns the responsibilities for administering, servicing, and collecting the amounts due on Consumer Loans from the Dealers to Western Funding. Under the typical Master Servicing Agreement, a Dealer represents that it will only assign Consumer Loans to us that satisfy criteria established by us, meet certain conditions with respect to their binding nature and the status of the security interest in the purchased vehicle, and comply with applicable state and federal laws and regulations.

The Master Servicing Agreement may be terminated by WFI or by the Dealer upon written notice. We may terminate the Master Servicing Agreement immediately in the case of an event of default by the Dealer.

Events of default under the Master Servicing Agreement include, among other things:

- the Dealer’s refusal to allow us to audit its records relating to the Consumer Loans assigned to us.
- the Dealer, without our consent, is dissolved; merges or consolidates with an entity not affiliated with the Dealer; or sells a material part of its assets outside the course of its business to an entity not affiliated with the Dealer; or
- the appointment of a receiver for, or the bankruptcy or insolvency of, the Dealer.

A Dealer can cease assigning Consumer Loans to us at any time without terminating the Master Servicing Agreement. If the Dealer elects to terminate the Master Servicing Agreement and requests reassignment of the underlying consumer loans, we have the right to require that the Dealer immediately pay us:

- any unreimbursed collection costs on Dealer Loans
- any unpaid advances or other amounts owed by the Dealer to us; and
- a termination fee equal to 10% of the then outstanding amount of the Consumer Loans assigned to Western Funding. Upon receipt of such amounts in full, we reassign the Consumer Loans and our security interest in the financed vehicles to the Dealer. No dealer has to date exercised this option.

In the event of termination of the Master Servicing Agreement by us, we may continue to service Consumer Loans assigned by Dealers accepted prior to termination in the normal course of business without charging a termination fee.

Under the Purchase Program, dealers must already have been enrolled and signed the Master Servicing Agreement before becoming eligible. Once eligible, dealers must sign a Purchase Agreement to access the Purchase Program.

Consumer Loan Assignment

Once a Dealer has enrolled in our Portfolio Program, the Dealer may begin assigning Consumer Loans to us. For legal purposes, a Consumer Loan is considered to have been assigned to us after the following has occurred:

- the consumer and Dealer have signed a Consumer Loan contract; and
- we have received the executed Consumer Loan contract and supporting documentation in either physical or electronic form.

For accounting and financial reporting purposes, a Consumer Loan is considered to have been assigned to WFI after the following has occurred:

- the Consumer Loan has been legally assigned to us; and
- we have made a funding decision and generally have provided funding to the Dealer.

A Consumer Loan is originated by the Dealer when a consumer enters a contract with a Dealer that sets forth the terms of the agreement between the consumer and the Dealer for the payment of the purchase price of the vehicle.

Although the Dealer is named in the Consumer Loan contract, the Dealer generally does not have legal ownership of the Consumer Loan for more than a moment and Western Funding, not the Dealer, is listed as lien holder on the vehicle title. Consumers are obligated to make payments on the Consumer Loan directly to us, and any failure to make such payments will result in our pursuing payment through collection efforts.

All Consumer Loans submitted to us for assignment are processed through DealerCenter, a Dealer Management System created by an affiliate of Western Funding, Nowcom. Dealers may subscribe to DealerCenter and submit Consumer Loans directly to Western Funding or may submit through Dealertrack, which submits through DealerCenter's lending portal. Submitting Consumer Loans directly though DealerCenter allows Dealers to input a consumer's credit application and view the response, from the company, via the internet. It also allows Dealers to receive an automated approval from the company, interact with our scoring system to optimize the structure of each transaction prior to assignment, and create and electronically execute Consumer Loan documents.

All responses include the amount of funding, as well as any stipulations required for funding. The amount of funding is determined using a formula which considers several factors including the timing and amount of cash flows expected on the related Consumer Loan and our target profitability at the time a Consumer Loan is submitted to us for assignment or purchase.

Funding

While a Dealer can submit any legally compliant Consumer Loan to Western Funding for assignment or purchase, the decision whether to provide funding to the Dealer and the amount of any funding is made solely by WFI. Through our Funding department, we perform all significant functions relating to the processing of the Consumer Loan applications and bear certain costs of Consumer Loan assignment or purchase, including the cost of assessing the adequacy of Consumer Loan documentation, compliance with our underwriting guidelines, and the cost of verifying employment, residence, and other information provided by the Dealer.

WFI audits Consumer Loan files for compliance with our underwriting guidelines to assess whether our Dealers are operating in accordance with the terms and conditions of our Master Servicing Agreement.

WFI occasionally identifies breaches of the Master Servicing Agreement and depending upon the circumstances, and at our discretion, we may:

• Change pricing for future Consumer Loan assignments.

• Reassign the Consumer Loans back to the Dealer and require repayment of the related advances; or

• Terminate our relationship with the Dealer.

Portfolio Program

Dealers are granted access to the WFI Portfolio Program upon enrollment and begin to originate consumer auto loans which are assigned to WFI for servicing.

WFI records the amount advanced to the Dealer as a Dealer Loan, which is classified within Loans receivable in the consolidated balance sheets. Cash advanced to the Dealer is automatically assigned to the Dealer's open pool of advances. Groups of 50 loans are combined into pools that give the dealer the opportunity to receive additional advances based on loan performance. Consumer loans will be assigned to an open pool before it is closed, and subsequent advances are assigned to a new pool. Unless a request is received from the Dealer to keep a pool open, it is automatically closed once a group of 50 loans is reached. All advances within a Dealer's pool are secured by the future collections on the related Consumer Loans assigned to the pool. For Dealers with more than one pool, the pools are cross-collateralized, so the performance of other pools is considered in determining eligibility for Dealer Holdback.

For accounting purposes, the transactions described under the Portfolio Program reflect WFI as a lender to Dealers as opposed to a lender to the consumer. The classification as a Dealer Loan for accounting purposes is primarily a result of:

(1) the Dealer's financial interest in the Consumer Loan and

(2) certain elements of the legal relationship with the Dealer.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accounting and reporting policies of the Company are set forth in accordance with U.S. generally accepted accounting principles ("GAAP") and conform to industry practice.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the allowance for credit losses, the valuation of repossessed assets and the estimated amount of future collections. Such estimates and assumptions are subject to inherent uncertainties, which may result in actual amounts differing from reported amounts.

Concentration of Credit Risk

Concentration of credit risk with respect to loan receivables is limited due to the large number of dealers composing the Company's customer base and their dispersion among different geographical areas. However, the Company is exposed to a concentration of credit risk inherent in providing dealer financing program in which funds are advanced to the dealer.

The Company recognizes that there is an inherent risk associated with the loan portfolios. Such risk is primarily driven by credit quality, which is further affected by borrower-specific and economy-wide factors. An attempt to mitigate risk is done through WFI's underwriting, credit approval, and servicing practices and policies.

Underwriting Process

WFI has a formal risk assessment process, through the underwriting process, which is governed by the Buy Program and Guidelines. The primary underwriting tool is the Buy Program, in which the advance to the dealer is the primary mechanism used to adjust for the deal's risk level.

The methodology for calculating the advance has remained consistent over time. However, the inputs used, and each input's weighting is constantly evolving.

The Buy Program uses combination of the following for estimating the Collection Rate:

- Structure – LTV, PTI, Down,
- Vehicle – Make, Mileage, Book Value, Auto Check,
- Customer – Credit, Income amount and type, stability, alternative data, and
- Dealer – Tier, Type, State.

The estimate, at origination, is recorded as the **Score**. At each month-end thereafter, the Risk department generates a new estimate of the collection rate for each account, called the **Forecast,** which combines origination demographics with servicing results. As the account ages, the servicing results will play a larger role. Areas of the portfolio with variance between the Score and the Forecast are subject to future Buy Program changes.

The Buy Program converts the Collection Rate to an Advance Rate to achieve the **Target Return.** The Risk department tracks the Forecast trend, for origination periods, over time. A good forecast will remain the same, as opposed to fluctuating, over time.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Periodically, the Company maintains balances in various operating accounts in excess of federally insured limits. The Company has not experienced any losses in such accounts. Cash flows from the purchase of, and payments related to, finance receivables are recorded net.

Restricted Cash: Western Funding has debt facilities (discussed in the Debt section below) whose structures require the reporting of Restricted Cash. The governing documents of the debt facilities requires the servicer (Western Funding) to identify all collections associated with loans contributed to the respective facilities and remit them to a third-party administrator within two business days of receipt. The third-party administrator conducts a settlement procedure each month in the middle of the month to apply all collections via a waterfall approach for the benefit of all parties to pay any fees, interest, and/or principle on the loans as applicable. Because of the mid-month settlement procedure, cash collections remitted to the third party are required to be accounted for as "Restricted Cash" on the associated Financial Statements of Western Funding.

Recognition and Measurement Policies

Through the end of calendar year 2022, Western Funding operated under the **Originated Method** for the purposes of valuing its dealer loan portfolio. At the time of loan assignment, WFI:

• calculated the effective interest rate based on contractual future net cash flows.

• recorded a Loan receivable equal to the advance paid to the Dealer under the Portfolio Program, and

• recorded an allowance for credit losses equal to the difference between the initial Loan receivable balance and the present value of expected future net cash flows discounted at the effective interest rate. The initial allowance for credit losses is recognized as provision for credit losses expense.

Under the Portfolio Program, contractual collections that exceed initial expectations were substantially offset by additional Dealer Holdback payments.

Under the **Originated Method**, for each reporting period after assignment, WFI:

• recognized finance charge revenue using the effective interest rate that was calculated at the time of assignment based on contractual future net cash flows; and

• adjusted the allowance for credit losses so that the net carrying amount of each Loan equals the present value of expected future net cash flows discounted at the effective interest rate. The adjustment to the allowance for credit losses is recognized as either provision for credit losses expense or a reversal of provision for credit losses expense.

Accounting Standard Adopted In 2023

On January 1, 2023, WFI adopted the *ASU 2016-13 (aka the* **CECL- Current Expected Credit Loss) methodology,** which changed accounting policies for Loans.

This is applicable to the measurement of credit losses on financial assets measured at amortized cost, including loan receivables, held-to-maturity debt securities and reinsurance receivables. It also applies to off-balance-sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees and other similar instruments), and net investments in leases recognized by a lessor. **The scope excludes** financial assets measured at fair value through net income, available-for-sale securities, loans made to participants by defined contribution employee benefit plans, policy loan receivables of an insurance company, pledge receivables of a not-for-profit entity, and receivables between entities under common control. This ASU **will require** entities to immediately record the full amount of credit losses that are expected in their loan portfolios and to re-evaluate at each reporting period. The statement of income will reflect the credit loss provision (or expense) necessary to adjust the allowance estimate from the previous reporting date. The **expected credit loss estimate** should consider available information relevant to assessing the collectability of contractual cash flows, including information about past events (i.e., historical loss experience), current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount.

Dealer Loan Receivables

The outstanding balance of each Loan included in Loans receivable is comprised of the following:

• Cash paid to the Dealer (or to third party ancillary product providers on the Dealer's behalf) for the Consumer Loan assignment (advance under the Portfolio Program or Purchase Program)

• Finance charges;
• Dealer Holdback payments (excluding the Purchase Program);
• Recoveries;
• Transfers in;
• Less: collections (net of certain collection costs);
• Less: write-offs; and
• Less: transfers out.

Amounts advanced to Dealers for Consumer Loans are recorded as Dealer Loans and are aggregated by Dealer for purposes of recognizing revenue and measuring credit losses.

Allowance for Credit Losses

The Company estimates loan losses based on delinquency status, historical loss experience, estimated values of applicable underlying collateral, and various other economic factors. The allowance for credit losses is an amount that management believes will be adequate to absorb probable losses on existing loans that may become uncollectable. An allowance for credit losses is recorded when the amount of the dealer loan receivable is less than the adjusted carrying value, based on the net present value of the forecasted future cash flows on the loans being serviced, for a given dealer.

The Company uses a **static pool analysis** to stratify the finance receivable portfolio into separately identified pools, based on their period of origination, and then uses the historical performance of **seasoned pools** to estimate future losses on **current pools**. The Company adjusts the computed historical loss percentages, for qualitative factors, based on an assessment of internal and external influences on credit quality, that are not fully reflected in the historical loss data. Those qualitative factors can include trends in loan portfolio growth, delinquency, unemployment, bankruptcy and other economic trends.

WFI reports an allowance for credit losses through a provision for credit losses charged to expense. The loan receivable is charged against the allowance for credit losses when management believes collectability of the principal will be unlikely. Unlikely collectability is typically determined when a receivable reaches 91 days past due at the end of the month; however, unlikely collectability may be determined to be sooner if a loss becomes apparent before the receivable reaches the 91 days past due.

Expected future collections are forecasted for each individual Consumer Loan based on the historical performance of Consumer Loans with similar characteristics, adjusted for recent trends in payment patterns and economic conditions. Forecast of expected future collections includes estimates for prepayments and post-contractual-term cash flows. Unless the consumer is no longer contractually obligated to pay us, WFI forecasts future collections on each Consumer Loan for a 120-month period after the origination date. Expected future Dealer Holdback payments are forecasted for each individual Dealer, based on the expected future collections, and current advance balance of each Dealer Loan.

The Company initiates repossession proceedings when an account is 55 days delinquent and, in the opinion of management, the customer is unlikely to make further payments on the loan. The amount charged off upon repossession is the remaining principal balance of the receivable, after the application of the net proceeds, from the liquidation of the vehicle or other collateral.

Credit Quality

Most of the Consumer Loans assigned are made to individuals with impaired or limited credit histories. Consumer Loans made to these individuals generally entail a higher risk of delinquency, default, and repossession and higher losses than loans made to consumers with better credit. Since most of the revenue and cash flows are generated from these Consumer Loans, the ability to accurately forecast Consumer Loan performance is critical to business and financial results.

At the time a Consumer Loan is submitted, future expected cash flows from the Consumer Loan are forecasted. Based on these forecasts, an advance is made to the related Dealer at a price designed to achieve the Company's target Return on Assets. The credit quality of Consumer Loans is monitored and evaluated on a monthly basis by comparing current forecasted collection rates to initial expectations. A statistical model is used that considers a number of credit quality indicators to estimate the expected collection rate for each Consumer Loan at the time of assignment.

The credit quality indicators considered in the model include attributes contained in the consumer's credit bureau report, data contained in the consumer's credit application, Third Party risk scores, the structure of the proposed transaction, vehicle information, and other factors. WFI continues to evaluate the expected collection rate of each Consumer Loan after assignment primarily through the monitoring of consumer payment behavior. Evaluation of Consumer Loans becomes more accurate as they age, as actual performance data is used in the forecast.

When overall forecasted rates underperform initial expectations, the decline in forecasted collections has an adverse impact on the profitability of the Loans. For Dealer Loans, the decline in the forecasted collections is first offset by a decline in forecasted payments of Dealer Holdback. For Purchase Loans, there is no offset.

Troubled Debt Restructured Finance Receivables

Loan receivables associated with customers in bankruptcy are considered **Troubled Debt Restructured Finance Receivables**. The Company's policy for the accounts of customers in bankruptcy is to charge off the balance of accounts in a confirmed bankruptcy under Chapter 7 of the bankruptcy code. For customers in a Chapter 13 bankruptcy plan, the bankruptcy court reduces the interest rate the Company can charge, as it does for most creditors. Additionally, if the bankruptcy court converts a portion of a loan to an unsecured claim, the Company's policy is to charge off the portion of the unsecured balance that it deems uncollectable at the time the bankruptcy plan is confirmed. Once the customer is in a confirmed Chapter 13 bankruptcy plan, the Company receives payments with respect to the remaining amount of the loan at the reduced interest rate from the bankruptcy trustee. The Company does not believe that accounts in a confirmed Chapter 13 bankruptcy plan have a higher level of risk than non-bankrupt accounts.

If a customer fails to comply with the terms of the bankruptcy order, the Company will petition the trustee to have the customer dismissed from bankruptcy. Upon dismissal, the Company restores the account to the original terms and pursues collection through its normal collection activities. These finance receivables are placed on non-accrual, once the Company confirms the customer is in bankruptcy, upon receipt of a court order.

Repossessed Assets

WFI has an inventory of vehicles repossessed by the Company due to borrowers defaulting on payment terms, as stipulated in the installment contracts and/or loan agreements. Vehicles that are not redeemed by the customer are sold at auction. Repossessed vehicles are reported in WFI's inventory at the vehicles' estimated fair value less costs to sell. Any difference in the estimated sale price, net of expenses, and the contract receivable balance is treated as a charge-off against the allowance for credit losses.

Property and Equipment

Purchases of property and equipment are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful life of the asset. Estimated useful lives are generally as follows: buildings – 40 years, building improvements – 10 years, data processing equipment – 3 years, software – 5 years, office furniture and equipment – 7 years, and leasehold improvements – the lesser of the lease term or 7 years. The cost of assets sold or retired, and the related accumulated depreciation are removed from the balance sheet at the time of disposition and any resulting gain or loss is included in operations. Maintenance, repairs, and minor replacements are charged to operations as incurred; major replacements and improvements are capitalized. We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Costs incurred during the application development stage of software developed for internal use are capitalized and generally depreciated on a straight-line basis over five years. Costs incurred to maintain existing software are expensed as incurred.

Finance Charge

Finance Charge Revenue is recognized monthly, using the effective interest method based upon forecasted cash flows. Certain direct loan origination costs are deferred and amortized, as an adjustment to interest income, over the estimated life of each dealer loan portfolio.

Finance charges is comprised of: (1) interest income earned on Loans; (2) administrative fees earned from ancillary products; (3) program fees charged to Dealers under the Portfolio Program; (4) Consumer Loan assignment fees charged to Dealers; and (5) direct origination costs incurred on Dealer Loans.

WFI provides Dealers the ability to offer vehicle service contracts to consumers through our relationships with **Third Party Providers ("TPPs")**. A vehicle service contract provides the consumer with protection by paying for the repair or replacement of certain components of the vehicle in the event of a mechanical failure. The retail price of the vehicle service contract is included in the principal balance of the Consumer Loan. The wholesale cost of the vehicle service contract is paid to the TPP, net of an administrative fee retained. The difference between the wholesale cost and the retail price to the consumer is paid to the Dealer as a commission. Under the Portfolio Program, the wholesale cost of the vehicle service contract and the commission paid to the Dealer are charged to the Dealer's advance balance. TPPs process claims on vehicle service contracts that are underwritten by third party insurers. Vehicle service contracts are marketed directly to WFI Dealers.

WFI provides Dealers the ability to offer Guaranteed Asset Protection ("GAP") to consumers, which is serviced by the Company. GAP provides the consumer protection by paying the difference between the loan balance and the amount covered by the consumer's insurance policy in the event of a total loss of the vehicle due to severe damage or theft. The retail price of GAP is included in the principal balance of the Consumer Loan. Under the Portfolio Program, the wholesale cost of GAP is charged to the Dealer's advance balance.

Recognition Policy. We recognize finance charges under the interest method such that revenue is recognized, on a level yield basis, over the life of the Loan. Finance charges are calculated on a monthly basis by applying the effective interest rate of the Loan to the net carrying amount of the Loan (Loan receivable less the related allowance for credit losses). For Consumer Loans assigned on or after January 1, 2023, the effective interest rate is based on contractual future net cash flows. For Consumer Loans assigned prior to January 1, 2023, the effective interest rate was determined based on expected future net cash flows.

Income Taxes

WFI is fully taxable, as a C corporation, for federal and state income tax purposes. The entity files tax returns in various jurisdictions.

Advertising Costs

The Company expenses advertising costs as incurred. The Company also operates incentive programs for Dealers, which are expensed as incurred, as a marketing promotion.

Litigation and Contingent Liabilities

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

3. Loan Receivables

Under the Portfolio Program, WFI generates a Dealer loan receivable portfolio. Under this financing program, funds are advanced to the dealer in exchange for the right to service the underlying consumer loan. Groups of 50 loans are combined into pools. The pools give the dealer the opportunity to receive additional advances of expected future cash flows based on loan performance. Under the Purchase Program, WFI purchases the loan from the dealer, there are no future payouts to the dealer, and WFI bears all of the performance risk.

We recognize provision for credit losses on new Consumer Loan assignments for contractual net cash flows that were not expected to be realized at the time of assignment. We also recognize provision for credit losses on forecast changes in the amount and timing of expected future net cash flows subsequent to assignment.

The net Loan income (finance charge revenue less provision for credit losses expense) that we will recognize over the life of a Loan equals the cash we collect from the underlying Consumer Loan less the cash we pay to the Dealer. Under CECL, we are required to recognize a significant provision for credit losses expense at the time of assignment for contractual net cash flows we never expect to realize and to recognize in subsequent periods finance charge revenue that is significantly in excess of our expected yields.

4. Allowance for Credit Losses

The Company estimates loan losses based on delinquency status, historical loss experience, estimated values of applicable underlying collateral and various other economic factors. Additionally, the Company evaluates the loan portfolios for impairment. These activities are performed each month.

Loan Collection rate

At loan inception: The most critical time to correctly assess future loan performance since that is when the amount paid to the dealer is determined.

WFI uses a statistical model known as a credit scorecard to estimate the expected collection rate for that loan. Most consumer finance companies use such a tool to forecast the performance of the loans they originate. The credit scorecard combines credit bureau data, customer data supplied in the credit application, vehicle data, dealer data, and data captured from the loan transaction such as the initial loan term or the amount of the down payment received from the customer. The credit scorecard is revised periodically as new trends are identified through the evaluation of variances in expected collection rates. An accurate credit scorecard, across a population of loans, allows for proper pricing of new loan originations, which improves the probability that expected returns on capital will be realized.

After loan inception: WFI continues to evaluate the expected collection rate for each loan. The evaluation becomes more accurate as the loans age since actual loan performance data is used in the forecast. By comparing the current expected collection rate, for each loan, with the rate projected at the time of origination, the accuracy of that initial forecast is assessed.

5. Debt

The Company has three sources of debt capital; a $400M Asset Backed Securitization, a $650M Securitized Warehouse Financing Line and Intercompany debt from its parent company, Westlake Financial.

Asset Backed Securitization (“ABS”)-- Western Funding completed its inaugural ABS financing with a $400M bond issuance on July 30, 2025 known as WEFUN 2025-1. This financing is non-recourse to Western Funding and relies on the performance of the contributed loans to pay back any outstanding debt. Western Funding must identify all collections associated with contributed loans and remit them to a third-party administrator within two business days of receipt. The third-party administrator conducts a settlement procedure each month in the middle of the month to apply all collections via a waterfall approach for the benefit of all parties to pay any fees, interest, and/or principle on the loans as applicable. This financing was structured to revolve for 24 months and then amortize thereafter. It is subject to certain performance covenants based on collections performance, and bears a weighted average coupon of 5.05%

Warehouse Facility (“Facility”)-- Western Funding entered into a $450M securitized warehouse financing facility on October 18, 2023 with two commercial banks. This facility was expanded to $650m with the addition of one more bank and renewed as of October 15, 2025. The facility is governed by a Loan and Security Agreement. Western Funding can contribute Dealer Loans to a bankruptcy remote entity which in turn pledges them to the lenders in exchange for a 76% advance rate against the net book value of the pledged dealer loans. The facility is non-recourse to Western Funding and relies on the performance of the contributed loans to pay back any outstanding debt. Western Funding must identify all collections associated with loans contributed to the warehouse facility and remit them to a third-party administrator within two business days of receipt. The third-party administrator conducts a settlement procedure each month in the middle of the month to apply all collections via a waterfall approach for the benefit of all parties to pay any fees, interest, and/or principle on the loans as applicable. The facility bears interest at the 1 Month SOFR rate plus 150 basis points. The facility has revolving structure with Amortization triggers based on collection performance criteria.

Intercompany Debt – Debt not provided by the Warehouse facility is provided by our parent company, Westlake Financial, as intercompany debt. A portion of this debt is considered “Senior” and bears an intercompany rate of 1 Month SOFR plus 200 basis points. The remainder is considered Subordinated Debt and bears a rate of 1 Month SOFR plus 450 bps with a floor of 10%.

Debt Covenants

The Company is compliant with all stated debt covenants, consisting of EBITDA and Debt-to-Equity financial ratios requirements, as well as other financial conditions.

6. Stockholders’ Equity

The Company is authorized to issue 120,000,000 shares of common stock with $0.0001 value per share. As of September 30, 2026, the Company has issued 61,930,590 shares, with 61,922,190 shares outstanding.

7. Commitments and Contingencies

As a consumer finance company and during the ordinary course of business, WFI is subject to various legal claims, consumer claims and litigation, seeking damages, fines, and statutory penalties. The claims may allege, among other theories of liability, violations of state and federal **Truth-In-Lending Act (TILA),** credit availability, credit reporting, consumer protection, warranty, debt collection, insurance, and other consumer-oriented laws and regulations, including seeking damages for alleged physical and mental harm, relating to the repossession and sale of consumers' vehicles and other debt collection activities. The basis is, among other things, disclosure inaccuracies, wrongful repossession, violations of bankruptcy stay provisions, certificate of title disputes, fraud, breach of contract and discriminatory treatment of credit applicants. WFI must adhere to industry and financial regulations and other statutes set forth by the jurisdictions in which business operations occur. Some litigation against the Company and its affiliates could take the form of class action complaints by consumers. Among other types of claims, as the assignee of motor vehicle loan contracts originated by dealers, the Company and its affiliates may also be named as co-defendants in lawsuits filed by consumers or regulatory agencies principally against dealers. The damages and penalties claimed by consumers in these types of matters can be substantial. The relief requested by the plaintiffs varies but can include requests for compensatory, statutory and punitive damages. The Company believes that it has taken adequate steps to address and mitigate the litigation risks associated with its business activities. Presently, management believes the Company is not subject to litigation that, individually or in the aggregate, would materially adversely affect the Company's financial position, results of operations, or cash flows.

Considering recent conditions in the economic markets, federal and state governing authorities have increased their scrutiny over the financial services industry. As a result, proposals for legislation and increased regulation have led to increases in the scope and nature of restrictions on the financial services industry.

The scope and potential risks associated with these allegations are still unknown. However, the belief is that they will not have a material adverse effect on the Company's financial position, results of operations, or liquidity.

8. Related-Party Transactions

The Company engages in various related-party arrangements in order to help facilitate the Company's operations. Such related-party transactions not disclosed elsewhere consist of rent, as follows:

Rent

The Company headquarters location is 300 S. 4th Street Suite 300, an office building located in downtown Las Vegas. The Company's parent, Westlake Services LLC, rents multiple suites under a long-term lease from Barker Pacific, the management company for its building known as Tower 300. The Company pays rent directly to its parent for its occupied space. A related party affiliate of the Company is a 50% owner of the Tower 300 building.