

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

- ☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended June 30, 2023  
OR  
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number - 001-40133

**Anzu Special Acquisition Corp I**  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

86-1369123  
(I.R.S. Employer  
Identification No.)

12610 Race Track Road, Suite 250  
Tampa, Florida  
(Address of principal executive offices)

33626  
(Zip Code)

Registrant's telephone number, including area code: ~~202~~ 742-5870

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Units, each consisting of one share of Class A common stock and one-third of one redeemable warrant	ANZUU	The Nasdaq Stock Market LLC
Class A common stock, par value \$0.0001 per share	ANZU	The Nasdaq Stock Market LLC
Redeemable Warrants, each exercisable for one share of Class A common stock at an exercise price of \$11.50 per share	ANZUW	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No ☐

As of August 14, 2023, the registrant had 4,312,774 shares of Class A common stock, par value \$0.0001 per share, and 10,625,000 shares of Class B common stock, par value \$0.0001 per share, issued and outstanding.

ANZU SPECIAL ACQUISITION CORP I

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**PART I. FINANCIAL INFORMATION**
**Item 1. Unaudited Condensed Financial Statements**
**Anzu Special Acquisition Corp I  
Condensed Balance Sheets**

	June 30, 2023 (unaudited)	December 31, 2022
<b>ASSETS:</b>		
Current Assets:		
Cash	\$ 132,773	\$ 107,773
Prepaid expenses	264,924	112,649
Total current assets	397,697	220,422
Investments held in Trust Account	44,645,404	430,047,193
Forward purchase agreement assets	—	353,731
Total Assets	<u>\$ 45,043,101</u>	<u>\$ 430,621,346</u>
Liabilities, Class A Common Stock Subject to Possible Redemption, and Stockholders' Deficit		
Current Liabilities:		
Accounts payable	\$ 1,431,573	\$ 1,177,546
Accrued expenses	5,123,818	3,945,680
Working capital loan - related party	2,690,000	1,500,000
Income taxes payable	102,061	686,530
Total current liabilities	9,347,452	7,309,756
Prepaid forward derivative	144,770	—
Deferred underwriting fee payable	10,412,500	10,412,500
Derivative warrant liabilities	1,333,334	1,066,667
Total liabilities	<u>21,238,056</u>	<u>18,788,923</u>
Commitments and Contingencies		
Class A common stock subject to possible redemption, \$ 0.0001 par value; 400,000,000 shares authorized; 4,312,774 and 42,500,000 shares issued and outstanding as of June 30, 2023 and December 31, 2022 valued at \$10.34 and \$10.11 redemption value, respectively	44,595,404	429,747,193
Stockholders' Deficit		
Preferred stock, \$0.0001 par value; 1,000,000 shares authorized; 0 issued and outstanding as of June 30, 2023 and December 31, 2022	—	—
Class A common stock, \$0.0001 par value; 400,000,000 shares authorized; 0 issued and outstanding (excluding 4,312,774 and 42,500,000 shares subject to possible redemption) as of June 30, 2023 and December 31, 2022, respectively	—	—
Class B common stock, \$0.0001 par value; 40,000,000 shares authorized; 10,625,000 shares issued and outstanding as of June 30, 2023 and December 31, 2022	1,063	1,063
Additional paid-in capital	—	—
Accumulated deficit	(20,791,422)	(17,915,833)
Total stockholders' deficit	<u>(20,790,359)</u>	<u>(17,914,770)</u>
Total Liabilities, Class A Common Stock Subject to Possible Redemption, and Stockholders' Deficit	<u>\$ 45,043,101</u>	<u>\$ 430,621,346</u>

See accompanying notes to unaudited condensed financial statements.

**Anzu Special Acquisition Corp I**  
**Unaudited Condensed Statements of Operations**

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
<b>Operating expenses:</b>				
Formation and operating costs	\$ 98,596	\$ 901,356	\$ 2,591,177	\$ 2,390,442
Loss from operations	(98,596)	(901,356)	(2,591,177)	(2,390,442)
<b>Other income (expenses):</b>				
Interest earned on investments held in Trust Account	528,297	563,376	3,898,569	603,786
Change in fair value of Forward Purchase Agreements	(1,035,264)	70,348	(353,731)	(416,901)
Prepaid forward derivative	(144,770)	—	(144,770)	—
Change in fair value of warrant liabilities	(266,667)	3,466,666	(266,667)	17,863,972
Income (loss) before income tax expense	(1,017,000)	3,199,034	542,224	15,660,415
Income tax expense	(121,245)	(108,315)	(962,768)	(108,315)
<b>Net income (loss)</b>	<b>\$ (1,138,245)</b>	<b>\$ 3,090,719</b>	<b>\$ (420,544)</b>	<b>\$ 15,552,100</b>
Weighted average number of Class A redeemable common stock, basic and diluted	4,312,774	42,500,000	18,026,419	42,500,000
<b>Basic and diluted net income (loss) per share of common stock, Class A</b>	<b>\$ (0.08)</b>	<b>\$ 0.06</b>	<b>\$ (0.01)</b>	<b>\$ 0.29</b>
Weighted average shares outstanding of Class B common stock, basic	10,625,000	10,625,000	10,625,000	10,625,000
<b>Basic and diluted net income (loss) per share of common stock, Class B</b>	<b>\$ (0.08)</b>	<b>\$ 0.06</b>	<b>\$ (0.01)</b>	<b>\$ 0.29</b>

See accompanying notes to unaudited condensed financial statements.

**Anzu Special Acquisition Corp I**  
**Unaudited Condensed Statements of Changes in Stockholders' Deficit**

**For the Three and Six Months Ended June 30, 2023**

	Class B Common Stock		Additional	Accumulated	Total
	Shares	Amount	Paid-in Capital	Deficit	Stockholders' Deficit
Balance as of January 1, 2023	10,625,000	\$ 1,063	\$ —	\$ (17,915,833)	\$ (17,914,770)
Net income	—	—	—	717,701	717,701
Deemed dividend - increase in redemption value of Class A common stock subject to redemption	—	—	—	(2,025,746)	(2,025,746)
Balance as of March 31, 2023 (unaudited)	10,625,000	\$ 1,063	\$ —	\$ (19,223,878)	\$ (19,222,815)
Net loss	—	—	—	(1,138,245)	(1,138,245)
Deemed dividend - increase in redemption value of Class A common stock subject to redemption	—	—	—	(429,299)	(429,299)
Balance as of June 30, 2023 (unaudited)	10,625,000	\$ 1,063	\$ —	\$ (20,791,422)	\$ (20,790,359)

**For the Three and Six Months Ended June 30, 2022**

	Class B Common Stock		Additional	Accumulated	Total
	Shares	Amount	Paid-in Capital	Deficit	Stockholders' Deficit
Balance as of January 1, 2022	10,625,000	\$ 1,063	\$ —	\$ (36,714,587)	\$ (36,713,524)
Net income	—	—	—	12,461,381	12,461,381
Balance as of March 31, 2022 (unaudited)	10,625,000	1,063	—	(24,253,206)	(24,252,143)
Net income	—	—	—	3,090,719	3,090,719
Deemed dividend - increase in redemption value of Class A common stock subject to redemption	—	—	—	(290,817)	(290,817)
Balance as of June 30, 2022 (unaudited)	10,625,000	\$ 1,063	\$ —	\$ (21,453,304)	\$ (21,452,241)

See accompanying notes to unaudited condensed financial statements.

**Anzu Special Acquisition Corp I**  
**Condensed Statements of Cash Flows**  
**Unaudited**

	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Cash flow from operating activities:		
Net income (loss)	\$ (420,544)	\$ 15,552,100
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Amortization of prepaid expense	509,158	175,791
Change in fair value of warrant liabilities	266,667	(17,863,972)
Change in fair value of Forward Purchase Agreements	498,501	416,901
Interest earned on investments held in Trust Account	(3,898,569)	(603,786)
Changes in operating assets and liabilities:		
Prepaid expenses	(661,433)	73,791
Accounts payable	254,027	265,849
Accrued expenses	(584,468)	108,315
Income taxes payable	1,178,139	702,114
Net cash used in operating activities	<u>(2,858,522)</u>	<u>(1,172,897)</u>
Cash flows from investing activities:		
Trust account withdrawal for redemption of Class A Shares	387,606,836	—
Trust account withdrawal for payment of taxes	1,693,522	—
Net cash provided by investing activities	<u>389,300,358</u>	<u>—</u>
Cash flows from financing activities:		
Proceeds from working capital loan-related party	1,190,000	1,500,000
Redemption of Class A Shares	(387,606,836)	—
Net cash provided by (used in) financing activities	<u>(386,416,836)</u>	<u>1,500,000</u>
Net change in cash	25,000	327,103
Cash at beginning of the period	107,773	149,845
Cash at end of the period	<u>\$ 132,773</u>	<u>\$ 476,948</u>
Cash paid for taxes	\$ 1,693,522	\$ —

See accompanying notes to unaudited condensed financial statements.

**Anzu Special Acquisition Corp I**  
**Notes to Unaudited Condensed Financial Statements**  
**June 30, 2023**

**Note 1 - Organization and Business Operations**

**Organization and General**

Anzu Special Acquisition Corp I (the "Company") is a blank check company incorporated as a Delaware corporation on December 28, 2020 for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses (a "Business Combination").

Since completing the Company's initial public offering (the "IPO" or the "Initial Public Offering"), the Company has reviewed, and continues to review, a number of opportunities to enter into a Business Combination with an operating business, but the Company is not able to determine at this time whether it will complete a Business Combination with any of the target businesses that the Company has reviewed or with any other target business. The Company intends to effectuate a Business Combination using cash from the proceeds of the IPO and the sale of the Private Placement Warrants (as defined below), the Company's capital stock, debt, or a combination of cash, stock and debt.

As of June 30, 2023, the Company had not commenced any operations. All activity through June 30, 2023 relates to the Company's formation and the IPO described below, and, subsequent to the IPO, identifying a target company for a Business Combination. The Company does not expect to generate any operating revenues until after the completion of a Business Combination. The Company generates non-operating income in the form of interest income on proceeds from the IPO held in the Trust Account (as defined below).

The Company's sponsor is Anzu SPAC GP I LLC, a Delaware limited liability company (the "Sponsor").

**Financing**

On March 4, 2021, the Company consummated the IPO of 42,000,000 units (the "Units" and, with respect to the shares of Class A common stock included in the Units, the "public shares") and, on April 14, 2021, the Company issued an additional 500,000 Units in connection with the underwriters' partial exercise of their over-allotment option. Each Unit consists of one share of the Company's Class A common stock, par value \$0.0001 per share, and one-third of one warrant (the "Public Warrants") of the Company, with each whole warrant entitling the holder thereof to purchase one whole share of Class A common stock at a price of \$ 11.50 per share, subject to certain adjustments. The Units were sold at a price of \$10.00 per unit, generating aggregate gross proceeds to the Company of \$425,000,000 (see Note 3 and Note 7).

Simultaneously with the closing of the IPO, the Company completed the private sale (the "Private Placement") of 12,400,000 warrants (the "Private Placement Warrants") to the Sponsor and, on April 14, 2021, simultaneously with the closing of the underwriters' over-allotment option, the Company issued an additional 100,000 Private Placement Warrants to the Sponsor. The Private Placement Warrants were sold at a price of \$1.00 per Private Placement Warrant, generating aggregate gross proceeds of \$ 12,500,000. Transaction costs of the IPO prior to the underwriters' partial exercise of their over-allotment option amounted to \$23,731,835, consisting of \$8,400,000 of underwriting commissions, \$14,700,000 of deferred underwriters' commissions and \$631,835 of other offering costs. Offering costs associated with the closing of the underwriters' over-allotment option on April 14, 2021 amounted to \$280,500, consisting of \$100,000 of underwriting commissions, \$175,000 of deferred underwriters' commissions and \$5,500 of other offering costs.

**Anzu Special Acquisition Corp I**  
**Notes to Unaudited Condensed Financial Statements**  
**June 30, 2023**

**Trust Account**

Following the closing of the IPO on March 4, 2021, \$ 420,000,000 (\$10.00 per Unit) from the net proceeds of the sale of the Units in the IPO and the sale of the Private Placement Warrants was placed in a U.S. based trust account (the "Trust Account"). Following the closing of the underwriters' over-allotment option on April 14, 2021, an additional \$5,000,000 (\$10.00 per Unit) from the net proceeds of the sale of the additional Units and Private Placement Warrants was placed in the Trust Account. The funds in the Trust Account are invested in a money market fund investing solely in U.S. Treasuries and meeting certain conditions under Rule 2a-7 under the Investment Company Act of 1940, as amended. The Company will not be permitted to withdraw any of the principal or interest held in the Trust Account except for the withdrawal of interest to pay taxes, if any. The funds held in the Trust Account will not otherwise be released from the Trust Account until the earliest of (1) the Company's completion of a Business Combination; (2) the redemption of any public shares properly submitted in connection with a stockholder vote to amend the Company's amended and restated certificate of incorporation (A) to modify the substance or timing of the Company's obligation to allow redemption in connection with a Business Combination or to redeem 100% of the public shares if the Company does not complete a Business Combination within 24 months from the closing of the IPO or (B) with respect to any other provision relating to stockholders' rights or pre-initial Business Combination activity; and (3) the redemption of the Company's public shares if the Company has not completed a Business Combination by September 30, 2023 or during any Extension Period (as defined below), subject to applicable law. Based on current interest rates, the Company expects that interest earned on the Trust Account will be sufficient to pay taxes.

**Business Combination**

The Company's management has broad discretion with respect to the specific application of the net proceeds from the IPO, although substantially all of the net proceeds from the IPO are intended to be generally applied toward consummating a Business Combination with (or acquisition of) a Target Business. As used herein, "Target Business" means one or more target businesses that together have an aggregate fair market value equal to at least 80% of the value of the assets held in the Trust Account (excluding taxes payable on the interest earned on the Trust Account) at the time of the signing of a definitive agreement in connection with a Business Combination. Furthermore, there is no assurance that the Company will be able to successfully effect a Business Combination.

The Company will provide its public stockholders with the opportunity to redeem all or a portion of their public shares upon the completion of a Business Combination, either (i) in connection with a stockholder meeting called to approve such Business Combination or (ii) by means of a tender offer. The public stockholders will be entitled to redeem their shares for a pro rata portion of the amount held in the Trust Account, calculated as of two business days prior to the completion of a Business Combination, including any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company to pay its tax obligations. The per-share amount to be distributed to the public stockholders who redeem their shares will not be reduced by the deferred underwriting commissions the Company will pay to the underwriters (as discussed in Note 6). There will be no redemption rights upon the completion of a Business Combination with respect to the Company's warrants. As a result, shares of common stock were recorded at their redemption amount and classified as temporary equity upon the completion of the IPO, in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 480, "Distinguishing Liabilities from Equity" ("ASC 480").

The decision as to whether the Company will seek stockholder approval of a Business Combination or will allow stockholders to sell their shares in a tender offer will be made by the Company, in its sole discretion, and will be based on a variety of factors such as the timing of the transaction and whether the terms of the transaction would otherwise require the Company to seek stockholder approval unless a vote is required by law or stock exchange listing requirements. If the Company seeks stockholder approval, it will complete its Business Combination only if a majority of the shares of common stock voted are voted in favor of a Business Combination. However, in no event will the Company redeem its public shares in an amount that would cause its net tangible assets to be less than \$5,000,001 upon consummation of a Business Combination. In such case, the Company would not proceed with the redemption of its public shares of common stock and the related Business Combination, and instead may search for an alternate Business Combination.



**Anzu Special Acquisition Corp I**  
**Notes to Unaudited Condensed Financial Statements**  
**June 30, 2023**

The Company has until September 30, 2023 or such earlier date as determined by the Company's board of directors (or such longer period as provided in an amendment to the Company's amended and restated certificate of incorporation approved by the Company's stockholders (an "Extension Period")) to complete its initial Business Combination. If the Company does not complete a Business Combination by September 30, 2023 or such earlier date as determined by the Company's board of directors, or during any Extension Period, it shall (i) cease all operations except for the purposes of winding up; (ii) as promptly as reasonably possible but not more than 10 business days thereafter, redeem the public shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest (less up to \$100,000 of interest to pay dissolution expenses and which interest shall be net of taxes payable), divided by the number of then issued and outstanding public shares, which redemption will completely extinguish public stockholders' rights as stockholders (including the right to receive further liquidating distributions, if any); and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the Company's remaining stockholders and its board of directors, liquidate and dissolve, subject in each case to the Company's obligations under Delaware law to provide for claims of creditors and the requirements of other applicable law. There will be no redemption rights or liquidating distributions with respect to the Company's warrants, which will expire worthless if it fails to complete its initial Business Combination by September 30, 2023 or such earlier date as determined by the Company's board of directors, or during any Extension Period. The initial stockholders (the Sponsor and the three directors that hold Founder Shares (as defined in Note 5) have entered into a letter agreement with the Company, pursuant to which they have waived their rights to liquidating distributions from the Trust Account with respect to their Founder Shares if the Company fails to complete its initial Business Combination by September 30, 2023 or such earlier date as determined by the Company's board of directors, or during any Extension Period. However, if the initial stockholders acquire public shares, they will be entitled to liquidating distributions from the Trust Account with respect to such public shares if the Company fails to complete its initial Business Combination within the allotted time frame.

In the event of such distribution, it is possible that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be less than \$10.00 per public share initially held in the Trust Account.

The Sponsor has agreed that it will be liable to the Company if and to the extent any claims by a third party (other than the Company's independent registered public accounting firm) for services rendered or products sold to the Company, or a prospective target business with which the Company has discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account to below (1) \$10.00 per public share or (2) such lesser amount per public share held in the Trust Account as of the date of the liquidation of the Trust Account, due to reductions in value of the trust assets, in each case net of the amount of interest which may be withdrawn to pay taxes, except as to any claims by a third party who executed a waiver of any and all rights to seek access to the Trust Account and except as to any claims under the Company's indemnity of the underwriters of the IPO against certain liabilities, including liabilities under the Securities Act. In the event that an executed waiver is deemed to be unenforceable against a third party, then the Sponsor will not be responsible to the extent of any liability for such third-party claims. The Company will seek to have all third parties, including, but not limited to, all vendors, service providers (other than its independent registered public accounting firm), prospective target businesses and other entities with which the Company does business execute agreements with the Company waiving any right, title, interest or claims of any kind in or to any monies held in the Trust Account.

On February 28, 2023, the Company reconvened its special meeting of stockholders, which was originally scheduled for February 9, 2023, adjourned until February 21, 2023 and further adjourned until February 28, 2023 (the "Special Meeting"). At the Special Meeting, the Company's stockholders approved a proposal to amend the Company's amended and restated certificate of incorporation to extend the date by which the Company has to consummate a Business Combination from March 4, 2023 to September 30, 2023 or such earlier date as determined by the Company's board of directors (the "Extension"). Following the approval of the Extension, the Company waived its right under the amended and restated certificate of incorporation to withdraw up to \$100,000 of interest from the Trust Account to pay dissolution expenses in the event of the Company's liquidation.

In connection with the Special Meeting, on March 7, 2023 stockholders holding 38,187,226 shares of the Company's Class A common stock exercised their right to redeem their shares for a pro rata portion of the funds in the Trust Account. As a result, approximately \$387.6 million (approximately \$10.15 per share of Class A common stock) was removed from the Trust Account to pay such holders and approximately \$44.3 million remained in the Trust Account. Following the redemptions, the Company has 4,312,774 shares of Class A common stock outstanding.

**Anzu Special Acquisition Corp I**  
**Notes to Unaudited Condensed Financial Statements**  
**June 30, 2023**

On March 21, 2023, the Company and the Sponsor amended the 2022 Promissory Note to extend the maturity date of the 2022 Working Capital Loan to the earlier of (i) December 31, 2023 or (ii) the consummation of a Business Combination.

On April 17, 2023, the Company entered into a business combination agreement (the "Business Combination Agreement") with Envoy Merger Sub, Inc., a Delaware corporation and a direct wholly owned subsidiary of the Company ("Merger Sub"), and Envoy Medical Corporation, a Minnesota Corporation ("Envoy"), a U.S.-based medical device company that has developed and is in early clinical testing of an implanted device that already received "Breakthrough Device Designation" from the Food and Drug Administration. The transactions contemplated by the Business Combination Agreement are referred to herein as the "Proposed Business Combination."

Pursuant to the terms of the Business Combination Agreement, Merger Sub will merge with and into Envoy, the separate corporate existence of Merger Sub will cease and Envoy will be the surviving corporation and wholly owned, privately-held subsidiary of the Company (the "Merger"). The Company will change its name to "Envoy Medical, Inc.," which will continue as the surviving public corporation after the closing of the Proposed Business Combination (the "Closing").

As a result of the Merger, among other things, (a) each share of Envoy common stock, par value \$ 0.01 per share (the "Envoy common stock"), issued and outstanding (including Envoy common stock issued upon the exercise or conversion of Envoy warrants, Envoy convertible notes or Envoy preferred stock) shall be canceled and converted into the right to receive a number of shares of Class A common stock equal to the exchange ratio (as calculated pursuant to the Business Combination Agreement), amounting to aggregate closing Merger consideration of 15 million shares of Class A Common Stock (subject to adjustment as provided in the Business Combination Agreement); (b) each outstanding option to purchase shares of Envoy common stock will be cancelled in exchange for nominal consideration; (c) immediately prior to the effective time of the Merger, each outstanding Envoy warrant will automatically, depending on the applicable exercise price, be canceled or exercised on a net exercise basis and converted into shares of Envoy common stock in accordance with its terms; and (d) immediately prior to the effective time of the Merger, each outstanding Envoy convertible note will automatically be converted into shares of Envoy common stock in accordance with its terms.

#### **Risks and Uncertainties**

In February 2022, the Russian Federation and Belarus commenced a military action with the country of Ukraine. As a result of this action, various nations, including the United States, have instituted economic sanctions against the Russian Federation and Belarus. Further, the impact of this action and related sanctions on the world economy is not determinable as of the date of these unaudited condensed financial statements. The specific impact on the Company's financial condition, results of operations, and cash flows is also not determinable as of the date of these unaudited condensed financial statements.

On March 10, 2023, Silicon Valley Bank became insolvent. State regulators closed the bank, and the Federal Deposit Insurance Corporation ("FDIC") was appointed as its receiver. The Company held deposits with this bank. As a result of the actions by the FDIC, the Company's insured and uninsured deposits have been restored.

#### **Going Concern**

As of June 30, 2023 and December 31, 2022, the Company had \$ 132,773 and \$107,773 in its operating bank accounts, respectively, and working capital deficits of \$8,949,755 and \$7,089,334, respectively.

Prior to the completion of the Initial Business Combination, the Company's liquidity needs had been satisfied through a contribution of \$25,000 from Sponsor to cover certain formation and offering costs in exchange for the issuance of the Founder Shares (as defined in Note 5), the loan of up to \$300,000 from the Sponsor pursuant to the Note (see Note 5), and the proceeds from the consummation of the Private Placement not held in the Trust Account. In addition, in order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company's officers and directors may, but are not obligated to, provide the Company Working Capital Loans (see Note 5). As of June 30, 2023 and December 31, 2022, there were amounts of \$2,690,000 and \$1,500,000 outstanding under the Working Capital Loans, respectively.

**Anzu Special Acquisition Corp I**  
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The Company may need to raise additional funds through loans from its Sponsor and/or third parties in order to meet the expenditures required for operating its business. If the Company's estimate of the costs of undertaking in-depth due diligence and negotiating the initial business combination is less than the actual amount necessary to do so, the Company may have insufficient funds available to operate its business prior to the initial business combination. The Sponsor is not under any obligation to advance funds to, or to invest in, the Company. If the Company is unable to raise additional capital, it may be required to take additional measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing operations, suspending the pursuit of its business plan, and reducing overhead expenses. The Company cannot provide any assurance that new financing will be available to it on commercially acceptable terms, if at all. If a Business Combination is not consummated by September 30, 2023 or such earlier date as determined by the Company's board of directors, or during any Extension Period, there will be a mandatory liquidation and subsequent dissolution of the Company. Mandatory liquidation and liquidity condition raise substantial doubt about the Company's ability to continue as a going concern through one year from the date of these financial statements if a Business Combination is not consummated. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company's management plans to complete a Business Combination prior to the mandatory liquidation date and expects to receive financing to meet its obligations through the time of liquidation; however, no financing is currently committed. The unaudited condensed financial statements do not include any adjustment that might be necessary if the Company is unable to continue as a going concern.

**Note 2 - Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying unaudited condensed financial statements are presented in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") and reflect all adjustments, consisting only of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the financial position as of June 30, 2023 and the results of operations and cash flows for the periods presented. Operating results for the three and six months ended June 30, 2023 are not necessarily indicative of results that may be expected for the full year or any other period. The accompanying unaudited condensed financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the period ended December 31, 2022, as filed with the SEC on April 3, 2023.

**Emerging Growth Company**

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

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Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's unaudited condensed financial statements with another public company which is either not an emerging growth company or an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. 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 unaudited condensed financial statements and the reported amounts of revenues and expenses during the reporting period.

Making estimates requires management to exercise significant judgement. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the unaudited condensed financial statements, which management considered in formulating its estimate, could change in the near term one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

One of the more significant accounting estimates included in these unaudited condensed financial statements is the determination of the fair value of the warrant liabilities. Other significant accounting estimates include the forward purchase derivative and the convertible working capital loan. Such estimates may be subject to change as more current information becomes available and accordingly the actual results could differ significantly from those estimates.

**Cash and Cash Equivalents**

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company had no cash equivalents as of June 30, 2023 and December 31, 2022.

**Investments Held in Trust Account**

The Company's portfolio of investments is comprised of U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 185 days or less, or investments in money market funds that invest in U.S. government securities and generally have a readily determinable fair value, or a combination thereof. When the Company's investments held in the Trust Account are comprised of U.S. government securities, the investments are classified as trading securities and are recognized at fair value. When the Company's investments held in the Trust Account are comprised of money market funds, the investments are recognized at fair value. Gains and losses resulting from the change in fair value of these securities are included in interest earned on investments held in the Trust Account in the accompanying unaudited condensed statements of operations. The estimated fair values of investments held in the Trust Account are determined using available market information.

**Concentration of Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist of a cash account in a financial institution, which, at times, may exceed the FDIC coverage limit of \$250,000. The Company has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Company's financial condition, results of operations, and cash flows.

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**Class A Common Stock Subject to Possible Redemption**

The Company accounts for its Class A common stock subject to possible redemption in accordance with the guidance in ASC Topic 480, "Distinguishing Liabilities from Equity." Class A common stock subject to mandatory redemption (if any) is classified as liability instruments and is measured at fair value. Conditionally redeemable Class A common stock (including Class A common stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) is classified as temporary equity. At all other times, Class A common stock is classified as stockholders' equity. The Company's Class A common stock features certain redemption rights that are considered to be outside of the Company's control and subject to the occurrence of uncertain future events. Accordingly, at June 30, 2023 and December 31, 2022, Class A common stock subject to possible redemption is presented at redemption value as temporary equity, outside of the stockholders' deficit section of the Company's condensed balance sheets. There was no Class A common stock issued or outstanding as of June 30, 2023 and December 31, 2022, classified as permanent equity.

The Company has elected to recognize changes in the redemption value immediately as they occur and adjust the carrying value of the security to equal the redemption value at the end of each reporting period. This method would view the end of the reporting period as if it were also the redemption date for the security. Immediately upon the closing of the Initial Public Offering, the Company recognized the accretion from initial book value to redemption amount. The change in the carrying value of redeemable shares of Class A common stock resulted in charges against additional paid-in capital and accumulated deficit.

**Offering Costs Associated with the Initial Public Offering**

The Company complies with the requirements of ASC 340-10-S99-1 and SEC Staff Accounting Bulletin ("SAB") Topic 5A - "Expenses of Offering". Offering costs consist principally of professional and registration fees incurred through the balance sheet date that are related to the IPO and were charged to temporary stockholders' equity upon the completion of the IPO, except those associated with Public Warrants which were expensed. Accordingly, as of June 30, 2023 and December 31, 2022, offering costs in the aggregate of \$24,012,335 (consisting of \$8,500,000 of underwriting commissions, \$14,875,000 of deferred underwriters' commission and \$637,335 other offering costs) have been incurred. In September 2022, the Company reversed \$ 4,462,500 of deferred underwriting fees, as the underwriters resigned from their role in the Business Combination and thereby waived their entitlement to these commissions (see Note 6). Offering costs associated with the closing of the underwriters' over-allotment option on April 14, 2021, amounted to \$280,500, consisting mainly of \$ 100,000 of underwriting commissions, \$ 175,000 of deferred underwriters' commissions and \$5,500 of other offering costs.

The Company allocates the offering costs between its common stock and Public Warrants using relative fair value method, with the offering costs allocated to the Public Warrants expensed immediately. Accordingly, as of June 30, 2023 and December 31, 2022, offering costs in the aggregate of \$782,812 have been charged to the Company's unaudited condensed statements of operations (consisting of \$762,300 of underwriting discounts and \$ 20,512 of other offering costs). Offering costs associated with the Class A common stock have been charged to temporary equity.

**Fair Value of Financial Instruments**

The fair value of the Company's assets and liabilities approximates the carrying amounts represented in the accompanying condensed balance sheets, primarily due to their short-term nature except for the derivative warrant liabilities and forward purchase agreement asset (see Note 9).

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**Fair Value Measurements**

Fair value is defined as the price that would be received for sale of an asset or paid for transfer of a liability, in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring 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). These tiers include:

- Level 1, defined as observable inputs such as quoted prices (unadjusted) for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

In some circumstances, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In those instances, the fair value measurement is categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement. The Company's public warrant liability is based on quoted prices in active markets as of the measurement date and is classified as Level 1.

**Derivative Financial Instruments**

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives in accordance with ASC Topic 815, "Derivatives and Hedging". For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value on the grant date and is then re-valued at each reporting date, with changes in the fair value reported in the unaudited condensed statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative liabilities are classified in the condensed balance sheets as current or non-current based on whether or not net-cash settlement or conversion of the instrument could be required within 12 months of the balance sheet date.

The Company accounts for its warrants issued in connection with its IPO as derivative warrant liabilities in accordance with ASC 815-40. Accordingly, the Company recognizes the warrant instruments as liabilities at fair value and adjusts the instruments to fair value at each reporting period. The liabilities are subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in the Company's unaudited condensed statements of operations. The fair value of warrants issued by the Company in connection with the IPO and Private Placement has been estimated using binomial lattice model at the date of issuance. As of June 30, 2023 and December 31, 2022, the Company's public warrants were measured based on quoted prices in active markets, and the private placement warrants are categorized as a Level 2 following the public price.

FASB ASC 470-20, "Debt with Conversion and Other Options", addresses the allocation of proceeds from the issuance of convertible debt into its equity and debt components. The Company applied this guidance to allocate IPO proceeds from the Units between common stock and warrants, using the residual method by allocating IPO proceeds first to fair value of the warrants and then common stock.

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The Company accounts for its forward purchase agreements (collectively, the "Forward Purchase Agreements" or "FPAs") issued as derivative FPA assets in accordance with ASC 815-40. Accordingly, the Company recognizes the FPA instruments as assets at fair value and adjusts the instruments to fair value at each reporting period. The assets are subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in the Company's unaudited statements of operations. The fair value of the FPAs has been estimated using observable inputs at the date of issuance. As of December 31, 2022, the Company's FPAs are categorized as a Level 3. The FPA expired on April 17, 2023 and replace by the instrument explained below.

The Company accounts for its prepaid forward derivative ("PFD") issued as a liability in accordance with ASC 815-40. Accordingly, the Company recognizes the PFD instrument as liability at fair value and adjusts the instruments to fair value at each reporting period. The assets are subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in the Company's statements of operations. The fair value of the PFD has been estimated using observable inputs at the date of issuance. As of June 30, 2023 PFD is categorized as a Level 3.

#### **Net Income (loss) per Share of Common Stock**

The Company complies with accounting and disclosure requirements of ASC Topic 260, "Earnings Per Share." Net income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the year, excluding shares of common stock shares subject to forfeiture.

The Company has two classes of shares, which are referred to as Class A common stock and Class B common stock. Income and losses are shared pro rata between the two classes of shares. The Company's statements of operations include a presentation of income per share for shares of common stock subject to possible redemption in a manner similar to the two-class method of income per share. Consistent with ASC Topic 480-10-S99-3A, accretion associated with the redeemable shares of Class A common stock is excluded from earnings per share as the redemption value approximates its fair value. The calculation of diluted income (loss) per common stock does not consider the effect of the warrants issued since the exercise of the warrants are contingent upon the occurrence of future events. However, the diluted earnings per share calculation includes the shares subject to forfeiture from the first day of the interim period in which the contingency on such shares was resolved.

A reconciliation of net income (loss) per common stock is as follows:

	For the Three Months Ended June 30, 2023		For the Three Months Ended June 30, 2022		For the Six Months Ended June 30, 2023		For the Six Months Ended June 30, 2022	
	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
Allocation of net income (loss)	\$ (328,630)	\$ (809,615)	\$ 18,026,419	\$ 10,625,000	\$ (264,590)	\$ (155,953)	\$ 12,441,680	\$ 3,110,420
Weighted average shares outstanding	4,312,774	10,625,000	42,500,000	10,625,000	18,026,419	10,625,000	42,500,000	10,625,000
Basic and diluted net income (loss) per share	<u>\$ (0.08)</u>	<u>\$ (0.08)</u>	<u>\$ 0.06</u>	<u>\$ 0.06</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ 0.29</u>	<u>\$ 0.29</u>

#### **Income Taxes**

The Company accounts for income taxes under ASC 740, "Income Taxes" ("ASC 740"). ASC 740 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statement and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carryforwards. ASC 740 additionally requires a valuation allowance to be established when it is more likely than not that all or a portion of deferred tax assets will not be realized. The tax provision for the six months ended June 30, 2023 and 2022 is \$962,768 and \$108,315, respectively. ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim period, disclosure and transition.



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The Company's effective tax rate was 177% and 0.01% for the six months ended June 30, 2023 and 2022, respectively. The effective tax rate differs from the statutory tax rate of 21% for the six months ended June 30, 2023 and 2022, due to changes in fair value of warrants, FPA, and the valuation allowance on the deferred tax assets.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no amounts accrued for interest and penalties as of June 30, 2023 and December 31, 2022. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

The Company has identified the United States as its only "major" tax jurisdiction.

The Company may be subject to potential examination by federal and state taxing authorities in the areas of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with federal and state tax laws. The Company's management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IR Act") was signed into federal law. The IR Act provides for, among other things, a new U.S. federal 1% excise tax on certain repurchases of stock by publicly traded U.S. domestic corporations and certain U.S. domestic subsidiaries of publicly traded foreign stockholder corporations occurring on or after January 1, 2023. The excise tax is imposed on the repurchasing corporation itself, not its shareholders from which shares are repurchased. The amount of the excise tax is generally 1% of the fair market value of the shares repurchased at the time of the repurchase. However, for purposes of calculating the excise tax, repurchasing corporations are permitted to net the fair market value of certain new stock issuances against the fair market value of stock repurchases during the same taxable year. In addition, certain exceptions apply to the excise tax. The U.S. Department of the Treasury (the "Treasury") has been given authority to provide regulations and other guidance to carry out and prevent the abuse or avoidance of the excise tax.

Any redemption or other repurchase that occurs after December 31, 2022, in connection with a Business Combination, extension vote or otherwise, may be subject to the excise tax. Whether and to what extent the Company would be subject to the excise tax in connection with a Business Combination, extension vote or otherwise would depend on a number of factors, including (i) the fair market value of the redemptions and repurchases in connection with the Business Combination, extension or otherwise, (ii) the structure of a Business Combination, (iii) the nature and amount of any "PIPE" or other equity issuances in connection with a Business Combination (or otherwise issued not in connection with a Business Combination but issued within the same taxable year of a Business Combination) and (iv) the content of regulations and other guidance from the Treasury. In addition, because the excise tax would be payable by the Company and not by the redeeming holder, the mechanics of any required payment of the excise tax have not been determined. The foregoing could cause a reduction in the cash available on hand to distribute to redeeming stockholders or to complete a Business Combination and could adversely affect the Company's ability to complete a Business Combination.



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**Working Capital Loan – Related Party**

When the Company issues convertible debt, it first evaluates the balance sheet classification of the convertible instrument in its entirety to determine whether the instrument should be classified as a liability under ASC 480 and second whether the conversion feature should be accounted for separately from the host instrument. A conversion feature of a convertible debt instrument or certain convertible preferred stock would be separated from the convertible instrument and classified as a derivative liability if the conversion feature, were it a stand-alone instrument, meets the definition of an "embedded derivative" as defined in ASC 815. Generally, characteristics that require derivative treatment include, among others, when the conversion feature is not indexed to the Company's equity, as defined in ASC 815-40, or when it must be settled either in cash or by issuing stock that is readily convertible to cash. When a conversion feature meets the definition of an embedded derivative, it would be separated from the host instrument and classified as a derivative liability carried on the balance sheet at fair value, with any changes in its fair value recognized currently in the condensed statement of operations. The Working Capital Loan has a conversion feature that allows for converting the loan into warrants and is carried at fair value. The fair value of the balance outstanding on the convertible loan was \$1,500,000 and \$1,500,000 as of June 30, 2023 and December 31, 2022, respectively. During Q2 of 2023 the Company entered into a promissory note with the Sponsor which allowed up to \$1,190,000 and accrues no interest. There was \$1,190,000 outstanding on this loan as of June 30, 2023 and \$ 0 outstanding as of December 31, 2022. In total the Company had \$2,690,000 and \$1,500,000 was outstanding on related party loans as of June 30, 2023 and December 31, 2022, respectively.

**Recent Accounting Standards**

In August 2020, the FASB issued Accounting Standards Update ("ASU"). 2020-06, "Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity" ("ASU 2020-06"), which simplifies accounting for convertible instruments by removing major separation models required under current U.S. GAAP. The ASU 2020-06 also removes certain settlement conditions that are required for equity-linked contracts to qualify for the derivative scope exception, and it also simplifies the diluted earnings per share calculation in certain areas. ASU 2020-06 is effective for fiscal years beginning after December 15, 2023, and should be applied on a full or modified retrospective basis, with early adoption permitted beginning on January 1, 2021. The Company is currently assessing the impact, if any, that ASU 2020-06 would have on its financial position, results of operations or cash flows.

The Company's management does not believe that any other recently issued, but not yet effective, accounting standards updates, if currently adopted, would have a material effect on the Company's unaudited condensed financial statements.

**Note 3 - Initial Public Offering**

On March 4, 2021, the Company consummated the IPO of 42,000,000 Units. Each Unit consists of one share of the Company's Class A common stock, par value \$0.0001 per share, and one-third of one warrant of the Company, with each whole warrant entitling the holder thereof to purchase one whole share of Class A common stock at a price of \$ 11.50 per share, subject to certain adjustments. The underwriters had a 45-day option to purchase up to an additional 6,300,000 Units to cover over-allotments. On April 14, 2021, the Company issued an additional 500,000 Units in connection with the underwriters' partial exercise of their over-allotment option. In September 2022, the Company wrote off a liability of \$4,462,500 of deferred underwriting fees, as the underwriters resigned from their role in any potential future Business Combination and thereby waived their entitlement to these fees (see Note 6).

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**Note 4 - Private Placement**

Simultaneously with the closing of the IPO on March 4, 2021, the Company completed the private sale of an aggregate of 12,400,000 Private Placement Warrants to the Sponsor and, on April 14, 2021, simultaneously with the closing of the underwriters' over-allotment option, the Company issued an additional 100,000 Private Placement Warrants to the Sponsor. The Private Placement Warrants were sold at a price of \$1.00 per Private Placement Warrant, generating aggregate gross proceeds of \$12,500,000. A portion of the proceeds from the sale of the Private Placement Warrants were added to the net proceeds from the IPO held in the Trust Account. Each Private Placement Warrant is exercisable for one share of Class A common stock at a price of \$11.50 per share, subject to certain adjustments. If the Company does not complete a Business Combination by September 30, 2023, or during any Extension Period, the proceeds from the sale of the Private Placement Warrants held in the Trust Account will be used to fund the redemption of the Public Shares (subject to the requirements of applicable law) and the Private Placement Warrants will expire worthless. The Private Placement Warrants are identical to the Public Warrants, except that the Private Placement Warrants and the Class A common stock issuable upon the exercise of the Private Placement Warrants will not be transferable, assignable, or salable until 30 days after the completion of a Business Combination, subject to certain limited exceptions.

Additionally, the Private Placement Warrants are exercisable on a cashless basis and are non-redeemable, except as described above, so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

**Note 5 - Related Party Transactions****Founder Shares**

On December 30, 2020, the Sponsor purchased 7,187,500 shares (the "Founder Shares") of the Company's Class B common stock for an aggregate purchase price of \$25,000. On February 19, 2021, the Company effected a stock dividend of 2,875,000 Founder Shares to the Sponsor, resulting in the Company's initial stockholders holding an aggregate of 10,062,500 Founder Shares. On March 1, 2021, the Company effected a stock dividend of 2,012,500 Founder Shares to the Sponsor, resulting in the Company's initial stockholders holding an aggregate of 12,075,000 Founder Shares. The Founder Shares included an aggregate of up to 1,575,000 shares that were subject to forfeiture depending on the extent that the underwriters' over-allotment option was exercised, so that the number of Founder Shares would equal 20% of the Company's issued and outstanding common stock after the IPO. On April 14, 2021, the Sponsor forfeited 1,450,000 Founder Shares following the expiration of the unexercised portion of underwriters' over-allotment option. As a result, the 10,625,000 Founder Shares issued and outstanding as of June 30, 2023 and December 31, 2022 are not subject to forfeiture.

The Sponsor and the Company's officers, directors, and former directors have agreed, subject to limited exceptions, not to transfer, assign or sell any of their Founder Shares or Class A common stock received upon conversion thereof until the earlier of (A) one year after the completion of a Business Combination; and (B) subsequent to a Business Combination (x) if the last reported sale of the Class A common stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, rights issuances, consolidations, reorganizations, recapitalizations and other similar transactions) for any 20 trading days within any 30-trading day period commencing at least 150 days after a Business Combination or (y) the date on which the Company completes a liquidation, merger, share exchange, reorganization or other similar transaction that results in all of the Company's public stockholders having the right to exchange their shares of common stock for cash, securities or other property.

**Promissory Note — Related Party**

On December 30, 2020, the Company issued an unsecured promissory note to the Sponsor (the "Promissory Note"), pursuant to which the Company could borrow up to an aggregate principal amount of \$300,000. The Promissory Note was non-interest bearing and was payable on the earlier of (i) March 31, 2021 or (ii) the completion of the IPO. The Company had no borrowings under the Promissory Note at June 30, 2023 or December 31, 2022. The facility is no longer available.

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**Working Capital Loans — Related Party**

On March 29, 2022, the Company issued an unsecured promissory note to the Sponsor, pursuant to which the Sponsor may provide up to \$1,500,000 to the Company as a Working Capital Loan. The Working Capital Loan does not bear interest and is repayable in full upon on the earlier of (i) March 29, 2023 or (ii) the consummation of the Company's initial Business Combination. Upon the consummation of a Business Combination, the Sponsor shall have the option, but not the obligation, to convert the principal balance of the Working Capital Loan, in whole or in part, into warrants at a price of \$1.00 per warrant. Such warrants would be identical to the Private Placement Warrants. In the event that a Business Combination does not close, the Company may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loan but no proceeds held in the Trust Account would be used to repay the Working Capital Loan. The Working Capital Loan is subject to customary events of default, the occurrence of which automatically trigger the unpaid principal balance of the Working Capital Loan and all other sums payable with regard to the Working Capital Loan becoming immediately due and payable.

On March 21, 2023, the Company issued an additional unsecured promissory note (the "2023 Promissory Note") to the Sponsor, pursuant to which the Sponsor may provide up to \$1,190,000 to the Company as a working capital loan (the "2023 Working Capital Loan"). The 2023 Working Capital Loan does not bear interest and is repayable in full upon on the earlier of (i) December 31, 2023 or (ii) the consummation of a Business Combination. The 2023 Working Capital Loan is subject to customary events of default, the occurrence of which automatically trigger the unpaid principal balance of the 2023 Working Capital Loan and all other sums payable with regard to the 2023 Working Capital Loan becoming immediately due and payable. As of April 3, 2023, \$734,300 was outstanding under the 2023 Promissory Note. As of June 30, 2023 and December 31, 2022, there were amounts of \$2,690,000 and \$1,500,000 outstanding under the Working Capital Loan, respectively. The Working Capital Loan is recorded at fair value of \$2,690,000 and \$1,500,000 as of June 30, 2023 and December 31, 2022, respectively.

**Administrative Service Fee**

The Company has agreed, commencing on March 1, 2021, to pay an affiliate of the Company's Sponsor a fixed amount of \$ 40,521 per month for office space, administrative and support services. Upon completion of a Business Combination or its liquidation, the Company will cease paying these monthly fees. The Company has incurred costs of \$121,563 and \$243,126 for the three and six months ended June 30, 2023, respectively. The Company has incurred costs of \$121,563 and \$243,126 for the three and six months ended June 30, 2022, respectively. As of June 30, 2023 and December 31, 2022, there were amounts of \$244,175 and \$0 accrued on the condensed balance sheets, respectively.

**Diligence Services**

The Company has agreed to pay or reimburse Anzu Partners LLC, an affiliate of the Sponsor for certain fees and out-of-pocket expenses incurred in connection with activities on the Company's behalf such as performing due diligence on suitable business combination opportunities. There were amounts of \$873,290 and \$958,429 accrued for such fees and expenses as of June 30, 2023 and December 31, 2022, respectively. The Company incurred \$54,971 and \$142,411 of such fees and expenses for the three months ended June 30, 2023 and 2022, respectively. The Company incurred \$201,549 and \$385,706 of such fees and expenses for the six months ended June 30, 2023 and 2022, respectively. On June 30, 2023, Anzu Partners LLC waived \$286,688 of such accrued fees and expenses.

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**Note 6 - Commitments and Contingencies****Registration and Stockholder Rights**

The holders of the Founder Shares, Private Placement Warrants and any warrants that may be issued on conversion of Working Capital Loans (and any Class A common stock issuable upon the exercise of the Private Placement Warrants or warrants issued upon conversion of the Working Capital Loans and upon conversion of the Founder Shares) are entitled to registration rights pursuant to a registration rights agreement requiring the Company to register such securities for resale (in the case of the Founder Shares, only after conversion to the Company's Class A common stock). The holders of these securities are entitled to make up to three demands, excluding short form registration demands, that the Company register such securities. In addition, the holders have certain "piggyback" registration rights with respect to registration statements filed subsequent to the completion of a Business Combination and rights to require the Company to register for resale such securities pursuant to Rule 415 under the Securities Act. However, the registration rights agreement provides that the Company will not be required to effect or permit any registration or cause any registration statement to become effective until termination of the applicable lock-up period. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

**Underwriting Agreement**

The underwriters had a 45-day option from the date of the IPO to purchase up to an additional 6,300,000 Units to cover over-allotments, if any. On April 14, 2021, the Company issued an additional 500,000 Units in connection with the underwriters' partial exercise of their over-allotment option.

On March 4, 2021 and April 14, 2021, the underwriters were paid a fixed underwriting discount of \$ 8,400,000 and \$100,000, respectively. In addition, the underwriters are entitled to a deferred discount of \$0.35 per Unit, or \$14,875,000 in the aggregate. The deferred discount will become payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement.

In September 2022, the Company reversed a liability of \$ 4,462,500 of deferred underwriting fees, as some underwriters resigned from their role in any potential future Business Combination and thereby waived their entitlement to these fees.

**Forward Purchase Agreements**

On December 6, 2021, the Company entered into Forward Purchase Agreements with certain institutional investors and anchored by Arena Capital Advisors, LLC and Fir Tree Partners (collectively, the "Forward Purchasers"), pursuant to which the Forward Purchasers have agreed, subject to certain conditions, to purchase the following:

- up to an aggregate of \$80,000,000 of unsecured convertible notes of the Company ("Convertible Notes") immediately prior to the closing of the Company's Business Combination. The terms of the Convertible Notes, including the terms on which the Convertible Notes will convert into shares of the Company's Class A common stock, will be negotiated by the Company and the Forward Purchasers, each acting in its sole discretion, prior to the issuance of the Convertible Notes. The aggregate total of up to \$80,000,000 from the issuance of the Convertible Notes would be received by the Company upon the closing of the Company's Business Combination; and
- up to an aggregate of 4,000,000 forward purchase securities of the Company (the "Forward Purchase Securities") for \$10.00 per Forward Purchase Security, or an aggregate total of up to \$40,000,000, immediately prior to the Business Combination Closing. Each Forward Purchase Security would consist of one share of Class A common stock issued and sold by the Company and one-ninth of one warrant transferred by the Sponsor for no value, with each whole redeemable warrant exercisable to purchase one share of Class A common stock for \$11.50 per share. The aggregate total of up to \$40,000,000 from the issuance of the Forward Purchase Securities would be received by the Company upon the closing of the Company's Business Combination.

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The shares of Class A common stock included in the Forward Purchase Securities would have the same terms as the Company's publicly traded shares of Class A common stock. The warrants included in the Forward Purchase Securities would have the same terms as the private placement warrants held by the Sponsor and would be subject to the terms of the Warrant Agreement, dated March 1, 2021, entered into between the Company and American Stock Transfer & Trust Company, as Warrant Agent, in connection with the Company's initial public offering (the "Warrant Agreement").

In addition, under the Forward Purchase Agreements, if the Company determines to raise capital by the private placement of equity securities in connection with the closing of the Company's Business Combination (the "New Equity Securities"), the Company shall first make an offer to the Forward Purchasers to purchase the securities then offered on the same terms as such New Equity Securities, in an aggregate amount of up to \$120,000,000. Any commitment by any Forward Purchaser under any of the Forward Purchase Agreements to purchase New Equity Securities is subject to and conditioned upon the acceptance of the Company's offer by such Forward Purchaser, following the Company's notification to such Forward Purchaser of its intention to offer the New Equity Securities.

Pursuant to the Forward Purchase Agreements, the Forward Purchasers will be entitled to registration rights with respect to shares of Class A common stock underlying the Convertible Notes, the shares of Class A common stock and warrants included in the Forward Purchase Securities, and the New Equity Securities.

This Forward Purchase Agreement Expired in the second quarter of 2023 and a new Forward Purchase Agreement was entered into as described below.

In addition, on April 17, 2023, prior to entering into the Business Combination Agreement, Anzu, Envoy (for purposes of the Forward Purchase Agreement (as defined below), New Envoy, following the Business Combination, together with Anzu prior to the Business Combination, as the case may be, are referred to in this section as the "Counterparty"), and Meteora Special Opportunity Fund I, LP ("MSOF"), Meteora Capital Partners, LP ("MCP") and Meteora Select Trading Opportunities Master, LP ("MSTO" and, together with MSOF and MCP, collectively the "Seller") entered into an agreement (as amended by Amendment No. 1 to the Forward Purchase Agreement, dated as of May 25, 2023, the "Forward Purchase Agreement") for an OTC Equity Prepaid Forward Transaction (the "Forward Purchase Transaction").

Pursuant to the terms of the Forward Purchase Agreement, Seller intends, but is not obligated, to purchase through a broker in the open market, following the period for making redemption elections and prior to the Closing, shares of Anzu Class A Common Stock from holders of Anzu Class A Common Stock (other than Anzu or affiliates of Anzu) including from holders who have previously elected to redeem their Anzu Class A Common Stock (such purchased shares of Anzu Class A Common Stock, the "FPA Shares") pursuant to the redemption rights set forth in the Current Charter in connection with the Business Combination (such holders, "Redeeming Holders"). Purchases by the Seller, if any, will be made after the redemption deadline in connection with the Business Combination at a price no higher than the redemption price to be paid to holders who elect to redeem their Anzu Class A Common Stock in connection with the Business Combination. Excluding the shares of Anzu Class A Common Stock transferred to Seller as the Share Consideration (as defined below), the aggregate total number of FPA Shares (the "Number of FPA Shares") will in no event be more than 4,300,000 FPA Shares (the "Maximum Number of FPA Shares"). The Number of FPA Shares is subject to reduction as described under "Optional Early Termination" in the Forward Purchase Agreement. Seller also may transfer any FPA Shares as needed to beneficially own no more than 9.9% of the total number of shares of Anzu Class A Common Stock outstanding on a post-combination basis. The Seller in its sole discretion may request warrants of the Counterparty exercisable for shares of Anzu Class A Common Stock in an amount equal to (i) the Maximum Number of FPA Shares less (ii) the Number of Shares specified in the supplement of the Forward Purchase Agreement (the "Pricing Date Notice"). Seller has agreed to waive any redemption rights in connection with the Business Combination with respect to the FPA Shares. Such waiver may reduce the number of shares of Anzu Class A Common Stock redeemed in connection with the Business Combination, which could alter the perception of the potential strength of the Business Combination. Seller has further agreed not to vote any of the FPA Shares in favor of the Business Combination Proposal.

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Further, concurrently with the Business Combination Agreement, Envoy entered into a convertible promissory note (the "Envoy Bridge Note") pursuant to which it will borrow \$10,000,000 from GAT Funding, LLC ("GAT," or the "Envoy Bridge Note Holder"), which is an entity owned by Glen A. Taylor, a member of the Envoy Board and a holder of more than 5% of the Envoy Common Stock, and the holder of all of the outstanding shares of Envoy Preferred Stock, prior to the Closing. Contingent upon, and effective concurrently with, the PIPE Closing, New Envoy will issue shares of Series A Preferred Stock to GAT in exchange for the Envoy Bridge Note. GAT will have certain customary registration rights, including rights with respect to the filing of a shelf registration statement, underwritten offering rights and piggyback rights, pursuant to the A&R Registration Rights Agreement (as described below) with respect to any shares of New Envoy Class A Common Stock issuable upon conversion of the Series A Preferred Stock.

As of June 30, 2023 and December 31, 2022, there is nothing outstanding on the Convertible Notes and no action has been taken on the Forward Purchase Securities other than the initial contract agreement.

**Note 7 - Class A Common Stock Subject to Possible Redemption**

The Company's Class A common stock features certain redemption rights that are considered to be outside of the Company's control and subject to the occurrence of future events. The Company is authorized to issue 400,000,000 shares of Class A common stock with a par value of \$0.0001 per share. Holders of the Company's Class A common stock are entitled to one vote for each share. As of June 30, 2023 and December 31, 2022, there were 4,312,774 and 42,500,000 shares of Class A common stock outstanding, respectively, all of which were subject to possible redemption. As of June 30, 2023, these shares were valued at \$10.34, due to the stockholder rights to the trust proceeds, for a total of \$44,595,404. As of December 31, 2022, these shares were valued at \$ 10.11 per share, for a total of \$429,747,193.

At June 30, 2023 and December 31, 2022, the Class A common stock reflected in the unaudited condensed balance sheets is reconciled in the following table:

Gross proceeds	\$ 425,000,000
Less:	
Proceeds allocated to Public Warrants	(14,026,667)
Class A common stock issuance costs	(23,229,523)
Plus:	
Accretion of carrying value to redemption value	37,691,146
Waiver of Class A shares issuance costs	4,312,237
Class A common stock subject to possible redemption at December 31, 2022	429,747,193
Redemption of Class A common stock	(387,606,834)
Accretion of carrying value to redemption value	2,025,746
Class A common stock subject to possible redemption at March 31, 2023	44,166,105
	429,299
Accretion of carrying value to redemption value	
Class A common stock subject to possible redemption at June 30, 2023	<u>\$ 44,595,404</u>

**Note 8 - Stockholders' Deficit**

**Preferred Stock** — The Company is authorized to issue 1,000,000 shares of preferred stock, with a par value of \$ 0.0001 per share. The Company's board of directors is authorized to fix the voting rights, if any, designations, powers, preferences, the relative, participating, optional or other special rights and any qualifications, limitations and restrictions thereof, applicable to the shares of each series. The board of directors is able to, without stockholder approval, issue shares of preferred stock with voting and other rights that could adversely affect the voting power and other rights of the holders of the common stock and could have anti-takeover effects. At June 30, 2023 and December 31, 2022, there were no shares of preferred stock issued or outstanding.

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**Class A Common Stock** — The Company is authorized to issue 400,000,000 shares of Class A common stock, with a par value of \$0.0001 per share. Holders of Class A common stock are entitled to one vote for each share. As of June 30, 2023 and December 31, 2022, there were 4,312,774 and 42,500,000 shares of Class A common stock issued and outstanding, respectively, which are all subject to possible redemption and are presented as temporary equity.

**Class B Common Stock** — The Company is authorized to issue 40,000,000 shares of Class B common stock, with a par value of \$0.0001 per share. Holders of shares of Class B common stock are entitled to one vote for each share. At June 30, 2023 and December 31, 2022, there were 10,625,000 shares of Class B common stock issued and outstanding.

Only holders of the Class B common stock have the right to vote on the election of directors prior to a Business Combination. Holders of Class A common stock and holders of Class B common stock will vote together as a single class on all matters submitted to a vote of the Company's stockholders except as otherwise required by law.

The Class B common stock will automatically convert into Class A common stock at the time of the completion of a Business Combination, or earlier at the option of the holder, on a one-for-one basis, subject to adjustment. In the case that additional shares of Class A common stock, or equity-linked securities, are issued or deemed issued in excess of the amounts issued in the IPO and related to the closing of a Business Combination, the ratio at which Founder Shares will convert into Class A common stock will be adjusted (subject to waiver by holders of a majority of the Class B common stock) so that the number of shares of Class A common stock issuable upon conversion of all Founder Shares will equal, in the aggregate, on an as-converted basis, 20% of the sum of the common stock issued and outstanding upon completion of the IPO plus the number of shares of Class A common stock and equity-linked securities issued or deemed issued in connection with a Business Combination, excluding any shares of Class A common stock or equity-linked securities issued, or to be issued, to any seller in a Business Combination.

**Note 9 – Fair Value Measurements**

Level 1 assets include investments in money market funds that invest solely in U.S. government securities. The Company uses inputs such as actual trade data, quoted market prices from dealers or brokers, and other similar sources to determine the fair value of its investments.

Transfers to/from Levels 1, 2, and 3 are recognized at the beginning of the reporting period. The estimated fair value of Public Warrants was transferred from a Level 3 measurement to a Level 1 measurement, when the Public Warrants were separately listed and traded in an active market in April 2021. The estimated fair value of the Private Warrants was transferred from a Level 3 measurement to a Level 2 fair value measurement as of July 2021, as the transfer of Private Placement Warrants to anyone who is not a permitted transferee would result in the Private Placement Warrants having substantially the same terms as the Public Warrants, the Company determined that the fair value of each Private Placement Warrant is equivalent to that of each Public Warrant. There were no transfers to/from Levels 1, 2, and 3 during the three and six months ended June 30, 2023 or 2022.

The initial fair value of the Public and Private Placement Warrants, issued concurrently and in connection with the Initial Public Offering, has been estimated using a binomial lattice model. For periods subsequent to the detachment of the Public Warrants from the Units, the Public Warrants' listed price in an active market was used as the fair value. The estimated fair value of the Warrants, prior to the Public Warrants being traded in an active market, is determined using Level 3 inputs. Inherent in a binomial lattice model are assumptions related to the Unit price, expected volatility, risk-free interest rate, term to expiration, and dividend yield. The Unit price is based on the publicly traded price of the Units as of the measurement date. The Company estimated the volatility for the Warrants based on the implied volatility from the traded prices of warrants issued by other special purpose acquisition companies. The risk-free interest rate is based on interpolated U.S. Treasury rates, commensurate with a similar term to the Warrants. The term to expiration was calculated as the contractual term of the Warrants, assuming one year to a Business Combination from the Initial Public Offering date. Finally, the Company does not anticipate paying a dividend.



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The asset for the FPAs was valued using the time-discounted spread of the fixed purchase price of the Company's units pursuant to the FPAs over the public trading price of the Company's Units and is considered to be a Level 3 fair value measurement. The valuation is then adjusted to reduce the value of the FPAs for the value of warrants. The model utilizes key inputs including risk-free interest rates based on U.S. Treasury rates.

The liability for the PFD was estimated using a Monte Carlo simulation model, which is a Level 3 fair value measurement. Derivative warrant liabilities are classified as non-current liabilities as their liquidation is not reasonably expected to require the use of current assets or require the creation of current liabilities.

In accounting for the working capital loan, the Company bifurcated a derivative liability representing the conversion option, with a fair value of \$2,690,000 at issuance. To measure the fair value of the derivative liability, the Company compared the calculated value of the working capital loan with the indicated value of the host instrument, defined as the straight-debt component of the working capital loan. The difference between the value of the straight-debt host instrument and the fair value of the working capital loan resulted in the value of the derivative liability. The value of the straight-debt host instrument was estimated using a Monte Carlo simulation model, which is a Level 3 fair value measurement.

The following tables present information about the Company's assets and liabilities that are measured on a recurring basis as of June 30, 2023 and December 31, 2022 and indicate the fair value hierarchy of the valuation techniques that the Company utilized to determine such fair value:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable (Level 2)	Significant Other Unobservable (Level 3)
<b>Assets:</b>			
Investments held in Trust Account	\$ 44,645,404	\$ —	\$ —
Forward Purchase Agreement	—	—	—
<b>Fair Value at June 30, 2023 (unaudited)</b>	<b>\$ 44,645,404</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Liabilities:</b>			
Working capital loan – related party	\$ —	\$ —	\$ 2,690,000
Public Warrant liability	708,333	—	—
Private Warrant liability	—	625,000	—
Prepaid forward derivative	—	—	144,770
<b>Fair Value at June 30, 2023 (unaudited)</b>	<b>\$ 708,333</b>	<b>\$ 625,000</b>	<b>\$ 2,834,770</b>

  

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable (Level 2)	Significant Other Unobservable (Level 3)
<b>Assets:</b>			
Investments held in Trust Account	\$ 430,047,193	\$ —	\$ —
Forward Purchase Agreement	—	—	353,731
<b>Fair Value at December 31, 2022</b>	<b>\$ 430,047,193</b>	<b>\$ —</b>	<b>\$ 353,731</b>
<b>Liabilities:</b>			
Working capital loan – related party	\$ —	\$ —	\$ 1,500,000
Public Warrant liability	566,667	—	—
Private Warrant liability	—	500,000	—
<b>Fair Value at December 31, 2022</b>	<b>\$ 566,667</b>	<b>\$ 500,000</b>	<b>\$ 1,500,000</b>



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The following tables provide the roll forward for the Level 3 investments for the six months ended June 30, 2023:

FPA assets at December 31, 2022	\$ 353,731
Change in fair value of FPA	681,533
FPA assets at March 31, 2023 (unaudited)	1,035,264
Expiration of FPA asset April 17, 2023	(1,035,264)
New FPA – liability April 17, 2023	(144,770)
FPA liability at June 30, 2023 (unaudited)	<u>\$ (144,770)</u>
Working capital loan at December 31, 2022	\$ 1,500,000
Issuance of loan	734,300
Working capital loan at March 31, 2023 (unaudited)	2,234,300
Issuance of loan	455,700
Working capital loan at June 30, 2023 (unaudited)	<u>\$ 2,690,000</u>
FPA assets at December 31, 2021	\$ 1,002,789
Change in fair value of FPA	(649,058)
FPA assets at December 31, 2022	<u>\$ 353,731</u>
Working capital loan at December 31, 2021	\$ —
Issuance of loan	1,500,000
Change in fair value of working capital loan	—
Working capital loan at December 31, 2022	<u>\$ 1,500,000</u>

The following table presents the quantitative information regarding Level 3 fair value measurements of the Forward Purchase Agreements:

	<b>December 31, 2022</b>
Unit Price	\$ 10.00
Remaining Term (in years)	0.16
Risk-Free Rate	4.18 %

The following table presents the quantitative information regarding Level 3 fair value measurements of the Prepaid Forward Derivative Agreements:

	<b>June 30, 2023</b>	<b>April 17, 2023</b>
Unit Price	\$ 10.24	\$ 10.07
Remaining Term (in years)	1.25	1.46
Risk-Free Rate	5.13 %	4.42 %

The following table presents the quantitative information regarding Level 3 fair value measurements of the working capital loan:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Principal Outstanding	\$ 1,500,000	\$ 1,500,000
Expected Remaining Term (in years)	0.25	0.25
Volatility	37.4	43.5 %
Risk-Free Rate	4.03	3.91 %

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**Note 10 - Warrant Liabilities**

Public Warrants may only be exercised for a whole number of shares. No fractional shares will be issued upon exercise of the Public Warrants. The Public Warrants will become exercisable on the later of (a) 30 days after the completion of a Business Combination and (b) 12 months from the closing of the IPO. The Public Warrants will expire five years from the completion of a Business Combination or earlier upon redemption or liquidation.

If the Company calls the Public Warrants for redemption, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a "cashless basis," as described in the warrant agreement. The exercise price and number of shares of Class A common stock issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a stock dividend, or recapitalization, reorganization, merger or consolidation. However, except as described below, the warrants will not be adjusted for issuances of Class A common stock at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the warrants. If the Company is unable to complete a Business Combination by March 4, 2023, or during any Extension Period, and the Company liquidates the funds held in the Trust Account, holders of the warrants will not receive any of such funds with respect to their warrants, nor will they receive any distribution from the Company's assets held outside the Trust Account with respect to such warrants. Accordingly, the warrants may expire worthless.

In addition, if (x) the Company issues additional shares of Class A common stock or equity-linked securities for capital raising purposes in connection with the closing of the Company's initial Business Combination at an issue price or effective issue price of less than \$9.20 per share of common stock (with such issue price or effective issue price to be determined in good faith by the Company's board of directors and, in the case of any such issuance to the Sponsor or its affiliates, without taking into account any Founder Shares held by the Sponsor or such affiliates, as applicable, prior to such issuance) (the "Newly Issued Price"), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of the Company's initial Business Combination on the date of the completion of the Company's initial Business Combination (net of redemptions), and (z) the volume weighted average trading price of shares of the Company's Class A common stock during the 20 trading day period starting on the trading day prior to the day on which the Company consummates a Business Combination (such price, the "Market Value") is below \$9.20 per share, the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value and the Newly Issued Price, the \$ 18.00 per share redemption trigger price described below under "Redemption of warrants when the price per share of the Company's Class A common stock equals or exceeds \$18.00" and "Redemption of warrants when the price per share of the Company's Class A common stock equals or exceeds \$10.00" will be adjusted (to the nearest cent) to be equal to 180% of the higher of the Market Value and the Newly Issued Price, and the \$ 10.00 per share redemption trigger price described below under "Redemption of warrants when the price per share of the Company's Class A common stock equals or exceeds \$10.00" will be adjusted (to the nearest cent) to be equal to the higher of the Market Value and the Newly Issued Price.

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The Company will not be obligated to deliver any shares of Class A common stock pursuant to the exercise of a Public Warrant and will have no obligation to settle such Public Warrant exercise unless a registration statement under the Securities Act covering the issuance of the shares of Class A common stock issuable upon exercise of the Public Warrants is then effective and a prospectus relating thereto is current, subject to the Company satisfying its obligations with respect to registration or a valid exemption from registration is available. No Public Warrant will be exercisable for cash or on a cashless basis, and the Company will not be obligated to issue any shares to holders seeking to exercise their Public Warrants, unless the issuance of the shares upon such exercise is registered or qualified under the securities laws of the state of the exercising holder, or an exemption from registration is available. The Company has agreed that as soon as practicable, but in no event later than 15 business days after the closing of a Business Combination, it will use its commercially reasonable efforts to file with the SEC a registration statement registering the issuance, under the Securities Act, of the Class A common stock issuable upon exercise of the Public Warrants. The Company will use its commercially reasonable efforts to cause the same to become effective within 60 business days after the closing of a Business Combination and to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration of the Public Warrants in accordance with the provisions of the warrant agreement. Notwithstanding the above, if the Class A common stock is, at the time of any exercise of a Public Warrant, not listed on a national securities exchange such that they do not satisfy the definition of a "covered security" under Section 18(b)(1) of the Securities Act, the Company may, at its option, require holders of Public Warrants who exercise their Public Warrants to do so on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act and, in the event the Company so elects, the Company will not be required to file or maintain in effect a registration statement, but will use its commercially reasonable efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available.

Redemption of warrants when the price per share of the Company's Class A common stock equals or exceeds \$ 18.00.

Once the Public Warrants become exercisable, the Company may redeem the Public Warrants:

- in whole and not in part;
- at a price of \$0.01 per Public Warrant;
- upon not less than 30 days' prior written notice of redemption to each warrant holder; and
- if, and only if, the last reported sale price of shares of the Class A common stock for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to the warrant holders (the "Reference Value") equals or exceeds \$18.00 per share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a warrant).

Redemption of warrants when the price per share of the Company's Class A common stock equals or exceeds \$ 10.00.

Once the Public Warrants become exercisable, the Company may redeem the Public Warrants:

- in whole and not in part;
- at \$0.10 per warrant upon a minimum of 30 days' prior written notice of redemption provided that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares based on the redemption date and the "fair market value" of the Class A common stock;
- if, and only if, the Reference Value equals or exceeds \$10.00 per share (as adjusted); and
- if the Reference Value is less than \$18.00 per share (as adjusted), the Private Placement Warrants must also be concurrently called for redemption on the same terms as the outstanding Public Warrants.

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**June 30, 2023**

If and when the Public Warrants become redeemable by the Company, the Company may exercise its redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

The warrant agreement contains an alternative issuance provision that if less than 70% of the consideration receivable by the holders of shares of the Company's Class A common stock in the Business Combination is payable in the form of common stock in the successor entity that is listed for trading on a national securities exchange or is quoted in an established over-the-counter market, or is to be so listed for trading or quoted immediately following such event, and if the registered holder of the warrant properly exercises the warrant within 30 days following the public disclosure of the consummation of such Business Combination, the warrant exercise price will be reduced by an amount equal to the difference (but in no event less than zero) of (i) the warrant exercise price in effect prior to such reduction minus (ii) (A) the Per Share Consideration (as defined below) minus (B) the Black-Scholes Warrant Value (as defined below). The "Black-Scholes Warrant Value" means the value of a warrant immediately prior to the consummation of the Business Combination based on the Black-Scholes Warrant Model for a Capped American Call on Bloomberg Financial Markets. "Per Share Consideration" means (i) if the consideration paid to holders of shares of the Company's Class A common stock consists exclusively of cash, the amount of such cash per share of Class A common stock, and (ii) in all other cases, the volume weighted average price of the Company's Class A common stock as reported during the ten-trading day period ending on the trading day prior to the effective date of the Business Combination.

The Company has outstanding an aggregate of 26,666,666 warrants, including 14,166,666 public warrants and 12,500,000 private warrants as of both June 30, 2023 and December 31, 2022, to purchase shares of the Company's Class A common stock, which were issued in connection with the IPO and the Private Placement (including 266,666 warrants issued in connection with the consummation of the underwriters' partial exercise of their over-allotment option) (see Notes 3 and 4).

The Company believes that the adjustments to the exercise price of the warrants is based on a variable that is not an input to the fair value of a "fixed-for-fixed" option as defined under ASC 815-40, and thus the warrants are not eligible for an exception from derivative accounting.

The accounting treatment of derivative financial instruments requires that the Company records a derivative liability upon the closing of IPO. Accordingly, the Company has classified each warrant as a liability at its fair value and the warrants were allocated a portion of the proceeds from the issuance of the Units equal to its fair value determined by the binomial lattice model. This liability is subject to re-measurement at each balance sheet date. With each such re-measurement, the warrant liability will be adjusted to fair value, with the change in fair value recognized in the Company's statements of operations. The Company will reassess the classification at each balance sheet date. If the classification changes as a result of events during the period, the warrants will be reclassified as of the date of the event that causes the reclassification.

The estimated fair value of the public warrant liability is based on quoted prices in active markets as of the measurement date. The estimated fair value of the private warrant liability is determined using public price.

**Note 11 - Subsequent Events**

The Company evaluated subsequent events and transactions that occurred after the condensed balance sheets date through the date that the unaudited condensed financial statements were issued. Based on this review, the Company did not identify any subsequent events except for those stated below that would have required adjustment or disclosure in the unaudited condensed financial statements.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

References in this quarterly report on Form 10-Q (the "Quarterly Report") to "we," "our," "us," and "Company" refer to Anzu Special Acquisition Corp I. References to our "management" or our "management team" refer to our officers and directors, and references to our "Sponsor" refer to Anzu SPAC GP I LLC. The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the unaudited condensed financial statements and the notes thereto contained elsewhere in this Quarterly Report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

### Special Note Regarding Forward-Looking Statements

This Quarterly Report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are not historical facts, and involve risks and uncertainties that could cause actual results to differ materially from those expected and projected. All statements, other than statements of historical fact included in this Quarterly Report including, without limitation, statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding the Company's financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. Words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intends," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "would" and variations thereof and similar words and expressions are intended to identify such forward-looking statements. Such forward-looking statements relate to future events or future performance, but reflect management's current beliefs, based on information currently available. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements. For information identifying important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, please refer to the Risk Factors section in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, which was filed with the Securities and Exchange Commission (the "SEC") on April 3, 2023, and this Quarterly Report. Except as expressly required by applicable securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

### Overview

We are a blank check company incorporated as a Delaware corporation on December 28, 2020 for the purpose of effecting a merger, share exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses, which we refer to as a Business Combination. We completed our initial public offering ("IPO") on March 4, 2021, which is described below under "Liquidity and Capital Resources."

Since completing our IPO, we have reviewed a number of opportunities to enter into a Business Combination with an operating business, but we are not able to determine at this time whether we will complete a Business Combination with any of the target businesses that we have reviewed or with any other target business. We intend to effectuate a Business Combination using cash from the proceeds of our IPO and the sale of the Private Placement Warrants (as defined below), our capital stock, debt, or a combination of cash, stock and debt.

### Recent Developments

#### *Proposed Business Combination*

As previously disclosed, on April 17, 2023, we entered into a business combination agreement (as amended by Amendment No. 1 to the Business Combination Agreement, dated May 12, 2023, the "Business Combination Agreement") with Envoy Merger Sub, Inc., a Delaware corporation and our direct wholly owned subsidiary ("Merger Sub"), and Envoy Medical Corporation, a Minnesota Corporation ("Envoy"), a U.S.-based medical device company that has developed and is in early clinical testing of an implanted device that already received "Breakthrough Device Designation" from the Food and Drug Administration. The transactions contemplated by the Business Combination Agreement are referred to herein as the "Proposed Business Combination."

Pursuant to the terms of the Business Combination Agreement, Merger Sub will merge with and into Envoy, the separate corporate existence of Merger Sub will cease and Envoy will be the surviving corporation and wholly owned, privately-held subsidiary of the Company. We will change our name to "Envoy Medical, Inc.", which will continue as the surviving public corporation after the closing of the Proposed Business Combination. The Proposed Business Combination is expected to close in the third quarter of 2023, and is subject to customary closing conditions as set forth in the Business Combination Agreement. There can be no assurance we will close the Proposed Business Combination on the timeline currently expected or at all.

## **Results of Operations**

We have neither engaged in any operations nor generated any revenues to date. Our only activities for the three and six months ended June 30, 2023 and 2022 related to identifying and evaluating prospective target companies for a Business Combination as well as negotiations and due diligence related to the Proposed Business Combination during the first half of 2023. We do not expect to generate any operating revenues until after the completion of our initial Business Combination. We generate non-operating income in the form of interest income on marketable securities held in the Trust Account. We incur expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance), as well as for due diligence expenses.

For the three months ended June 30, 2023, we had net loss of \$1,138,245, which consists of \$1,180,034 loss on the change in the fair value of the forward purchase agreements, \$98,596 of operating costs, loss on the change in the fair value of warrant liabilities \$266,667, and \$121,245 of income tax expense, partially offset by \$528,291 interest income earned on marketable securities held in the Trust Account. For the three months ended June 30, 2022, we had net income of \$3,090,719, which consists of a \$3,466,666 gain on the change in the fair value of warrant liabilities, \$563,376 of interest income earned on marketable securities held in the Trust Account and a \$70,348 gain on the change in the fair value of the forward purchase agreements, partially offset by \$901,356 of operating costs and \$108,315 of income tax expense.

For the six months ended June 30, 2023, we had net loss of \$420,543, which consists of \$498,501 loss on the change in the fair value of the forward purchase agreements, \$2,591,177 of operating costs, and \$962,768 of income tax expense, partially offset by \$3,898,569 interest income earned on marketable securities held in the Trust Account. We had net income of \$15,552,100, which consists of a \$17,863,972 gain on the change in fair value of warrant liabilities and \$603,786 of interest income earned on marketable securities held in the Trust Account, partially offset by \$2,390,442 of operating costs, a \$416,901 loss on the change in the fair value of the forward purchase agreements and \$108,315 of income tax expense.

## **Liquidity and Capital Resources**

As of June 30, 2023, we had \$132,773 in our operating bank account and a working capital deficit of \$8,949,756, driven by accrued expenses. As of December 31, 2022, we had \$107,773 in our operating bank account, and a working capital deficit of \$7,089,334. We expect to continue to incur significant costs in the pursuit of the Proposed Business Combination with Envoy. We cannot assure you that our plans to complete the Proposed Business Combination will be successful.

Our liquidity needs up to the completion of our IPO on March 4, 2021 had been satisfied through a payment from our Sponsor of \$25,000 for 7,187,500 shares (the "Founder Shares") of our Class B common stock and an aggregate of \$212,487 in advances from a related party. These advances were repaid and are no longer available.

On March 4, 2021, we consummated our IPO of 42,000,000 units (the "Units") and, on April 14, 2021, we issued an additional 500,000 Units in connection with the underwriters' partial exercise of their over-allotment option. The Units were sold at a price of \$10.00 per Unit, generating aggregate gross proceeds of \$425,000,000. Simultaneously with the closing of our IPO, we consummated the sale of 12,400,000 warrants (the "Private Placement Warrants") to our Sponsor and, on April 14, 2021, simultaneously with the closing of the underwriters' over-allotment option, we issued an additional 100,000 Private Placement Warrants to our Sponsor. The Private Placement Warrants were sold at a price of \$1.00 per Private Placement Warrant, generating aggregate gross proceeds of \$12,500,000.

Following the IPO, the partial exercise of the over-allotment option and the sale of the Private Placement Warrants, a total of \$425,000,000 of the net proceeds from the sale of the Units and Private Placement Warrants was deposited in a U.S.-based trust account (the "Trust Account") established for the benefit of the Company's public stockholders maintained by American Stock Transfer & Trust Company, acting as trustee. Transaction costs of the IPO (including costs related to the closing of the underwriters' over-allotment option) amounted to \$24,012,335 consisting of \$8,500,000 of underwriting discounts and commissions, \$14,875,000 of deferred underwriting discounts commissions and \$637,335 of other offering costs. In addition, as of June 30, 2023, \$132,773 of cash was held outside of the Trust Account and is available for working capital purposes.

We intend to use substantially all of the funds held in the Trust Account, including any amounts representing interest earned on the Trust Account, which interest shall be net of taxes payable and excluding deferred underwriting commissions, to complete our Business Combination. We may make permitted withdrawals from the Trust Account to pay our taxes, including franchise taxes and income taxes. To the extent that our capital stock or debt is used, in whole or in part, as consideration to complete our Business Combination, the remaining proceeds held in the Trust Account will be used as working capital to finance the operations of the target business or businesses, make other acquisitions and pursue our growth strategies.

We intend to use funds held outside the Trust Account primarily to identify and evaluate target businesses, perform business due diligence on prospective target businesses, travel to and from the offices, plants or similar locations of prospective target businesses or their representatives or owners, review corporate documents and material agreements of prospective target businesses, structure, negotiate and complete a Business Combination, including the Proposed Business Combination, and to pay taxes to the extent the interest earned on the Trust Account is not sufficient to pay our taxes.

On March 29, 2022, we issued an unsecured promissory note (the "2022 Promissory Note") to the Sponsor, pursuant to which the Sponsor may provide up to \$1,500,000 to us as a working capital loan (the "2022 Working Capital Loan"). The 2022 Working Capital Loan does not bear interest and was repayable in full upon the earlier of (i) March 29, 2023 or (ii) the consummation of our initial Business Combination. Upon the consummation of a Business Combination, the Sponsor shall have the option, but not the obligation, to convert the principal balance of the 2022 Working Capital Loan, in whole or in part, into warrants at a price of \$1.00 per warrant. Such warrants would be identical to the Private Placement Warrants. In the event that a Business Combination does not close, we may use a portion of proceeds held outside the Trust Account to repay the 2022 Working Capital Loan but no proceeds held in the Trust Account would be used to repay the 2022 Working Capital Loan. The 2022 Working Capital Loan is subject to customary events of default, the occurrence of which automatically trigger the unpaid principal balance of the 2022 Working Capital Loan and all other sums payable with regard to the 2022 Working Capital Loan becoming immediately due and payable. As of June 30, 2023 and the date of this Quarterly Report, there was \$1,500,000 outstanding under the 2022 Working Capital Loan.

On March 21, 2023, we and the Sponsor amended the 2022 Promissory Note to extend the maturity date of the 2022 Working Capital Loan to the earlier of (i) December 31, 2023 or (ii) the consummation of a Business Combination.

On March 21, 2023, we issued an additional unsecured promissory note (the "2023 Promissory Note") to the Sponsor, pursuant to which the Sponsor may provide up to \$1,190,000 to us as a working capital loan (the "2023 Working Capital Loan"). The 2023 Working Capital Loan does not bear interest and is repayable in full upon the earlier of (i) December 31, 2023 or (ii) the consummation of our initial Business Combination. The 2023 Working Capital Loan is subject to customary events of default, the occurrence of which automatically trigger the unpaid principal balance of the 2023 Working Capital Loan and all other sums payable with regard to the 2023 Working Capital Loan becoming immediately due and payable. As of June 30, 2023 and the date of this Quarterly Report, there was \$1,190,000 outstanding under the 2023 Working Capital Loan.

On February 28, 2023, we reconvened our special meeting of stockholders, which was originally scheduled for February 9, 2023, adjourned until February 21, 2023 and further adjourned until February 28, 2023 (the "Special Meeting"). At the Special Meeting, our stockholders approved a proposal to amend our amended and restated certificate of incorporation to extend the date by which we have to consummate a Business Combination from March 4, 2023 to September 30, 2023 or such earlier date as determined by our board of directors (the "Extension"). Following the approval of the Extension, we waived our right under our amended and restated certificate of incorporation to withdraw up to \$100,000 of interest from the Trust Account to pay dissolution expenses in the event of our liquidation. In connection with the Special Meeting, stockholders holding 38,187,226 shares of our Class A common stock exercised their right to redeem their shares for a pro rata portion of the funds in the Trust Account. As a result, approximately \$387.6 million (approximately \$10.15 per share of Class A common stock) was removed from the Trust Account to pay such holders and approximately \$44.3 million remained in the Trust Account. Following the redemptions, we have 4,312,774 shares of Class A common stock outstanding.

In order to fund working capital deficiencies or finance transaction costs in connection with an intended Business Combination, our Sponsor or an affiliate of our Sponsor or certain of our directors and officers may, but are not obligated to, loan us additional funds as may be required.

The Company may need to raise additional funds through loans from its Sponsor and/or third parties in order to meet the expenditures required for operating its business. If the Company's estimate of the costs of undertaking in-depth due diligence and negotiating the initial Business Combination is less than the actual amount necessary to do so, the Company may have insufficient funds available to operate its business prior to the initial Business Combination. The Sponsor is not under any obligation to advance funds to, or to invest in, the Company. If the Company is unable to raise additional capital, it may be required to take additional measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing operations, suspending the pursuit of its business plan, and reducing overhead expenses. The Company cannot provide any assurance that new financing will be available to it on commercially acceptable terms, if at all. If a Business Combination is not consummated by September 30, 2023 or such earlier date as determined by the Company's board of directors, or such longer period as provided in an amendment to the Company's amended and restated certificate of incorporation approved by the Company's stockholders, there will be a mandatory liquidation and subsequent dissolution of the Company. Mandatory liquidation and liquidity condition raise substantial doubt about the Company's ability to continue as a going concern through one year from the date of the accompanying financial statements if a Business Combination is not consummated. The accompanying financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

As a result of the above, in connection with the Company's assessment of going concern considerations in accordance with Accounting Standards Update ("ASU") 2014-15, "Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern," management has determined that the liquidity conditions raise substantial doubt about the Company's ability to continue as a going concern through approximately one year from the date of filing. The accompanying financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

#### **Off-Balance Sheet Financing Arrangements**

We have no obligations, assets or liabilities, which would be considered off-balance sheet arrangements as of June 30, 2023. We do not participate in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements. We have not entered into any off-balance sheet financing arrangements, established any special purpose entities, guaranteed any debt or commitments of other entities, or purchased any non-financial assets.



## **Contractual Obligations**

We do not have any long-term debt, capital lease obligations, operating lease obligations or long-term liabilities, other than the Working Capital Loan described above and an agreement to pay an affiliate of our Sponsor a monthly fee of \$40,251 for office space, administrative and support services, provided to the Company. We began incurring these fees on March 1, 2021 and will continue to incur these fees monthly until the earlier of the completion of a Business Combination and the Company's liquidation.

The underwriters are entitled to a deferred discount of \$0.35 per unit, or \$14,875,000 in the aggregate. The deferred discount will become payable to the underwriters from the amounts held in the Trust Account solely in the event that we complete a Business Combination, subject to the terms of the underwriting agreement. On September 30, 2022, \$4,462,500 of the \$14,875,000 deferred discount was forgiven. In February 2023, the remaining underwriter resigned from its role in the Proposed Business Combination and thereby waived its entitlement to \$10,412,500 in deferred underwriting fees solely with respect to the Proposed Business Combination.

## **Critical Accounting Policies**

The preparation of unaudited condensed financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the unaudited condensed financial statements, and income and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the critical accounting policies described below.

### *Warrant Liabilities*

We account for the warrants issued in connection with our Initial Public Offering in accordance with the guidance contained in ASC 815 under which the warrants do not meet the criteria for equity treatment and must be recorded as liabilities. Accordingly, we classify the warrants as liabilities at their fair value and adjust the warrants to fair value at each reporting period. This liability is subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in our unaudited condensed statements of operations. For periods subsequent to the detachment of the Public Warrants from the Units, the close price of the Public Warrant price was used as the fair value of the Public Warrants as of each relevant date.

### *Class A Common Stock Subject to Possible Redemption*

We account for our Class A common stock subject to possible redemption in accordance with the guidance in ASC Topic 480. Class A common stock subject to mandatory redemption are classified as a liability instrument and are measured at fair value. Conditionally redeemable common stock (including common stock that features redemption rights that is either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control) are classified as temporary equity. At all other times, common stock are classified in stockholders' equity. Our common stock feature certain redemption rights that are considered to be outside of our control and subject to occurrence of uncertain future events. Accordingly, Class A common stock subject to possible redemption is presented as temporary equity, outside of the stockholders' equity section of our condensed balance sheets. We have elected to recognize changes in the redemption value immediately as they occur and adjust the carrying value of the security to equal the redemption value at the end of each reporting period. This method would view the end of the reporting period as if it were also the redemption date for the security.

### *Net Income Per Common Stock*

Net income per common stock is computed by dividing net income by the weighted average number of common stock outstanding during the period. We apply the two-class method in calculating earnings per share. Accretion associated with the redeemable shares of Class A common stock is excluded from earnings per share as the redemption value approximates fair value.

#### *Recent Accounting Standards*

In August 2020, the FASB issued ASU No. 2020-06, "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity ("ASU 2020-06"), which simplifies accounting for convertible instruments by removing major separation models required under current GAAP. The ASU 2020-06 also removes certain settlement conditions that are required for equity-linked contracts to qualify for the derivative scope exception, and it also simplifies the diluted earnings per share calculation in certain areas. ASU 2020-06 is effective for fiscal years beginning after December 15, 2023, and should be applied on a full or modified retrospective basis, with early adoption permitted beginning on January 1, 2021. The Company is currently assessing the impact, if any, that ASU 2020-06 would have on its financial position, results of operations or cash flows.

Our management does not believe that any other recently issued, but not yet effective, accounting standards updates, if currently adopted, would have a material effect on our unaudited condensed financial statements.

#### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information otherwise required under this item.

#### **Item 4. Controls and Procedures**

##### *Evaluation of Disclosure Controls and Procedures*

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the fiscal quarter ended June 30, 2023, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Due solely to the material weakness in our internal control over financial reporting described below, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of June 30, 2023.

Notwithstanding the conclusion by our principal executive officer and principal financial officer that our disclosure controls and procedures as of June 30, 2023 were not effective, and notwithstanding the material weakness in our internal control over financial reporting described below, management believes that the unaudited condensed financial statements and related financial information included in this Quarterly Report fairly present in all material respects our financial condition, results of operations and cash flows as of the dates presented, and for the periods ended on such dates, in conformity with GAAP.

##### *Material Weakness*

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. As previously disclosed, in connection with the management's subsequent re-evaluation of its previously issued financial statements, management concluded that a deficiency in internal control over financial reporting existed relating to the accounting treatment for the extinguishment of a significant contingent obligation and that such deficiency constituted a material weakness. This material weakness resulted in the restatement of the Company's statements of operations, statements of changes in stockholders' deficit and statements of cash flows as of for the quarterly period ended September 30, 2022 to reclassify the extinguishment of a contingent liability.

### *Changes in Internal Control Over Financial Reporting*

Other than as described herein, there was no change in our internal control over financial reporting that occurred during the fiscal quarter ended June 30, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **PART II – OTHER INFORMATION**

### **Item 1. Legal Proceedings**

From time to time, we may be involved in various claims and legal actions in the ordinary course of business. We are not currently involved in any material legal proceedings outside the ordinary course of our business.

#### **Item 1A. Risk Factors**

As of the date of this Quarterly Report, there have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

#### **Use of Proceeds**

On March 4, 2021, we consummated our IPO of 42,000,000 Units. We also granted the underwriters a 45-day over-allotment option to purchase 6,300,000 additional Units at the initial public offering price. On April 14, 2021, we issued an additional 500,000 Units in connection with the underwriters' partial exercise of their over-allotment option. Each Unit consists of one share of our Class A common stock and one-third of one warrant of the Company, with each whole warrant entitling the holder thereof to purchase one whole share of our Class A common stock at a price of \$11.50 per share, subject to certain adjustments. The Units were sold at a price of \$10.00 per unit, generating aggregate gross proceeds to the Company of \$425,000,000. BofA Securities, Inc. and Barclays Capital Inc. acted as the joint book-running managers for our IPO. The securities sold in our IPO were registered under the Securities Act on registration statements on Form S-1 (File Nos. 333-252861 and 333-253755). The registration statements became effective on March 1, 2021.

Following the IPO, the partial exercise of the over-allotment option and the sale of the Private Placement Warrants, a total of \$425,000,000 of the net proceeds from the sale of the Units and Private Placement Warrants was deposited in the Trust Account. Transaction costs of the IPO (including costs related to the closing of the underwriters' over-allotment option) amounted to \$24,006,835, consisting of \$8,500,000 of underwriting discounts and commissions, \$14,875,000 of deferred underwriting discounts and commissions and \$631,835 of other offering costs. In addition, as of June 30, 2023, \$132,773 of cash was held outside of the Trust Account and is available for working capital purposes.

For a description of the use of the net proceeds from our IPO, see Part I, Item 2 of this Quarterly Report.

#### **Item 3. Defaults Upon Senior Securities**

None.

#### **Item 4. Mine Safety Disclosures**

Not applicable.

#### **Item 5. Other Information**

During the three months ended June 30, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Description</b>
2.1†	<a href="#">Business Combination Agreement, dated as of April 17, 2023, by and among Anzu Special Acquisition Corp I, Envoy Merger Sub, Inc. and Envoy Medical Corporation (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on April 18, 2023).</a>
2.2	<a href="#">Amendment No. 1 to the Business Combination Agreement, dated May 12, 2023, by and among Anzu Special Acquisition Corp I, Envoy Merger Sub, Inc. and Envoy Medical Corporation (incorporated by reference to Exhibit 2.2 to the Company's Registration Statement on Form S-4 (File No. 333-271920) filed on June 30, 2023).</a>
3.1	<a href="#">Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on March 4, 2021).</a>
3.2	<a href="#">Amendment to Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on March 2, 2023).</a>
3.3	<a href="#">Bylaws (incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form S-1 (File No. 333-252861), filed on February 8, 2021).</a>
10.1	<a href="#">Subscription Agreement, dated as of April 17, 2023, by and among Anzu Special Acquisition Corp I and Anzu SPAC GP I LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 18, 2023).</a>
10.2	<a href="#">Sponsor Support and Forfeiture Agreement, dated as of April 17, 2023, by and among Anzu SPAC GP I LLC, Anzu Special Acquisition Corp I and Envoy Medical Corporation (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on April 18, 2023).</a>
10.3	<a href="#">Form of Shareholder Support Agreement, dated as of April 17, 2023, by and among Anzu Special Acquisition Corp I, Envoy Medical Corporation and certain shareholders of Envoy Medical Corporation named on the signature pages thereto (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on April 18, 2023).</a>
10.4	<a href="#">Forward Purchase Agreement, dated as of April 17, 2023, by and among Anzu Special Acquisition Corp I, Envoy Medical Corporation, Meteora Special Opportunity Fund I, LP, Meteora Capital Partners, LP and Meteora Select Trading Opportunities Master, LP (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on April 18, 2023).</a>
31.1*	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1**	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2**	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Unaudited Condensed Balance Sheets; (ii) Unaudited Condensed Statements of Operations; (iii) Unaudited Condensed Statements of Changes in Stockholders' Equity; (iv) Unaudited Condensed Statement of Cash Flows; and (v) Notes to Unaudited Condensed Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

\* Filed herewith

\*\* Furnished herewith

† Certain schedules and exhibits to this Exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Registrant agrees to furnish supplemental copies of all omitted exhibits and schedules to the Securities and Exchange Commission upon its request.

**PART III SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Anzu Special Acquisition Corp I

Date: August 14, 2023

By:                     /s/ Dr. Whitney Haring-Smith                      
Dr. Whitney Haring-Smith  
Chief Executive Officer  
(principal executive officer)

Date: August 14, 2023

By:                     /s/ Daniel Hirsch                      
Daniel Hirsch  
Chief Financial Officer  
(principal financial and accounting officer)

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)  
UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Dr. Whitney Haring-Smith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Anzu Special Acquisition Corp I;
2. Based on my knowledge, this report 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 14, 2023

/s/ Dr. Whitney Haring-Smith  
Dr. Whitney Haring-Smith  
Chief Executive Officer

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**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)  
UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Daniel Hirsch, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Anzu Special Acquisition Corp I;
2. Based on my knowledge, this report 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 14, 2023

/s/ Daniel Hirsch  
Daniel Hirsch  
Chief Financial Officer

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**CERTIFICATION OF CEO PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Anzu Special Acquisition Corp I (the "Company") for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Dr. Whitney Haring-Smith, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Dr. Whitney Haring-Smith

Dr. Whitney Haring-Smith

Chief Executive Officer

August 14, 2023

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**CERTIFICATION OF CFO PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Anzu Special Acquisition Corp I (the "Company") for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Daniel Hirsch, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Daniel Hirsch  
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Daniel Hirsch  
Chief Financial Officer  
August 14, 2023

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