

REFINITIV

DELTA REPORT

10-K

EAST RESOURCES ACQUISITIO

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS 5853

CHANGES	10
DELETIONS	2528
ADDITIONS	3315

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)



ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2022**

December 31, 2023

OR



0 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 **FOR THE TRANSITION PERIOD**
FROM **TO**

For the transition period from _____ to _____

Commission File Number file number 001-39403

East Resources Acquisition Company

Abacus Life, Inc.

(Exact name of Registrant as specified in its **Charter**)

charter)

Delaware

85-1210472

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

7777 NW Beacon Square Boulevard

33487
32835

Boca Raton,

2101 Park Center Drive, Suite 200
Orlando Florida

(Address of **principal executive offices**)

(Zip Code)

Principal Executive Offices)

Registrant's

(800) 561-4148

Registrant's telephone number, including area code: (561) 826-3620

code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Units, each consisting of one share of Class A common stock and one-half of one warrant	The NASDAQ Stock Market ERESU LLC	The NASDAQ Stock Market LLC
Class A common Common stock, par value \$0.0001 per share	ABL ERES	The NASDAQ Stock Market LLC
Warrants, each whole warrant exercisable for one share of Class A common stock at an exercise price of \$11.50 per share	ABLLW ERESW	The NASDAQ Stock Market LLC
9.875% Fixed Rate Senior Notes due 2028	ABLLL	The NASDAQ Stock Market LLC

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

None

Indicate by check mark if the Registrant registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the Registrant registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant 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 registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes Yes No No

Indicate by check mark whether the Registrant 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 registrant was required to submit such files). Yes Yes No 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

Accelerated filer

filer

Smaller reporting company

company

Non-accelerated filer

Emerging growth company

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. x

Indicate by check mark whether the registrant has filed a report on and attestation to its **management's management's** assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive **officers officers** during the relevant recovery period pursuant to **§240.10D-1(b)§240.10D-1(b)**.

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

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

As of June 30, 2022 Indicate by check mark whether the **last business day registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the registrant's most recently completed second fiscal quarter, Securities Exchange Act of 1934 subsequent to the closing prices distribution of the registrants Class A common stock was \$9.98. securities under a plan confirmed by a court.** o Yes o No

APPLICABLE ONLY TO CORPORATE ISSUERS:

The aggregate market value of **units outstanding, other than shares of common stock held by persons who may be deemed affiliates non-affiliates** at June 30, 2023, was \$11,651,731.

The registrant had 63,694,758 shares of common stock, \$0.0001 par value per share, outstanding as of March 20, 2024.

Documents Incorporated by Reference: Certain portions of the **registrant, computed Definitive Proxy Statement for the 2023 Annual Meeting of Shareholders are incorporated by reference to the closing price for the units on June 30, 2022, as reported on the NASDAQ was \$344,310,000.**

As into Part III of April 17, 2023, there were 2,856,047 shares of the Company's Class A common stock, par value \$0.0001 per share, and 8,625,000 shares of the Company's Class B Common Stock, par value \$0.0001 per share, issued and outstanding.

this Form 10-K.

[Table of Contents](#)

ABACUS LIFE, INC.

TABLE OF CONTENTS

		Page
688	Auditor	Marcum LLP
Auditor Firm Id:	Name:	Auditor
		New
		Location: York,
		New
		York
		USA

Table of Contents		
PART I		4
Item 1.	Business	1
Item 1.	Business, Risk Factors	4
1A.	Risk Factors, Unresolved	11
1B.	Staff Comments	26
Item 1B.	Unresolved Staff	51
1C.	Comments, Cybersecurity	26
Item 2.	Properties, Properties	51
Item 3.	Legal Proceedings, Legal Proceedings	51
Item 4.	Mine Safety, Disclosures	51
	Disclosures, Disclosures	27
	PART II	52
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities, Securities	52
Item 6.	[Reserved]	28
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations, Operations	53
	Management's Discussion and Analysis of Financial Condition and Results of Operations, Operations	29
Item 7A.	Quantitative and Qualitative Disclosures About about Market Risk, Risk	58
	Quantitative and Qualitative Disclosures About about Market Risk, Risk	71
Item 8.	Consolidated Financial Statements and Supplementary Data, Data	58
	Consolidated Financial Statements and Supplementary Data, Data	73

Item 9.9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	58 138
Item 9A.9A.	Controls and Procedures	58 139
Item 9B.9B.	Other Information	59 140
PART III Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	60 140
Item 10.10.	PART III	
	Directors, Executive Officers and Corporate Governance	60 141
Item 11.	Executive Compensation	69 141
Item 12.12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	69 141
Item 13.13.	Certain Relationships and Related Transactions, and Director Independence	70 141
Item 14.14.	Principal Accounting and Services	73 141
Item 15.	PART IV	75
	Exhibit and Financial Statement Schedules	141
Item 15.	Exhibits, Financial Statement Schedules	75
Item 16.	Form 10-K Summary	75 143

CERTAIN TERMS

Unless otherwise stated in this Annual Report on Form 10-K, references to:

Signatures

144. "we," "us," "Company" or "our Company" are to East Resources Acquisition Company, a Delaware corporation;

- "Board" refers to our board of directors;
- "common stock" are to our Class A common stock and our Class B common stock, collectively;
- "equity-linked securities" are to any securities of our Company which are convertible into or exchangeable or exercisable for, common stock of our Company;
- "founder shares" are to shares of our Class B common stock initially purchased by our Sponsor in private placements prior to our initial public offering, and the shares of our Class A common stock issued upon the conversion thereof as provided herein;
- "initial stockholders" are to our Sponsor and any other holders of our founder shares prior to our initial public offering;
- "private placement warrants" are to the warrants issued to our Sponsor in a private placement simultaneously with the closing of our initial public offering;
- "public shares" are to shares of our Class A common stock sold as part of the units in our initial public offering (whether they were purchased in the initial public offering or thereafter in the open market);
- "public stockholders" are to the holders of our public shares, including our initial stockholders and members of our management team, Board to the extent any of them purchases public shares, provided that each such initial stockholder's and individual's status as a "public stockholder" shall only exist with respect to such public shares;
- "public warrants" are to our warrants sold as part of the units in our initial public offering (whether they were purchased in our initial public offering or thereafter in the open market) and to any private placement warrants or warrants issued upon conversion of working capital loans that are sold to third parties that are not initial purchasers or officers or directors (or permitted transferees) following the consummation of our initial business combination;
- "specified future issuance" are to an issuance of a class of equity or equity-linked securities to specified purchasers that we may determine to make in connection with financing our initial business combination;
- "Sponsor" are to East Sponsor, LLC, a Delaware limited liability company; and
- "warrants" are to our warrants, which includes the public warrants as well as the private placement warrants.

Table of Contents

Part I

Item 1. Business

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this report may constitute "forward-looking statements" for purposes of the federal securities laws. Our forward-looking statements include, but are not limited to, statements regarding our or our management team's expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this report may include, but are not limited to, statements about:

- our ability to select an appropriate target business or businesses;
- our ability to complete our initial business combination;

- our ability to consummate an initial business combination due to the uncertainty resulting from the COVID-19 pandemic ("COVID-19") and economic uncertainty and volatility in the financial markets, including as a result of the military conflict in Ukraine;
- our expectations around the performance of the prospective target business or businesses;
- our success in retaining or recruiting, or changes required in, our officers, key employees or directors following our initial business combination;
- our officers and directors allocating their time to other businesses and potentially having conflicts of interest with our business or in approving our initial business combination, as a result of which they would then receive expense reimbursements;
- our potential ability to obtain additional financing to complete our initial business combination;
- our pool of prospective target businesses;
- failure to maintain the listing on, or the delisting of our securities from, the Nasdaq Stock Market LLC (the "NASDAQ") or an inability to have our securities listed on NASDAQ or another national securities exchange following our initial business combination;
- the ability of our officers and directors to generate a number of potential acquisition opportunities;
- our public securities' potential liquidity and trading;
- the lack of a market for our securities;
- the use of proceeds not held in the trust account (the "trust account") or available to us from interest income on the trust account balance;
- the trust account not being subject to claims of third parties; or
- our financial performance following our initial public offering.

The forward-looking statements contained in this report Annual Report on Form 10-K that are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These not purely historical are forward-looking statements involve a number within the meaning of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described in the section of this report entitled "Risk Factors." Should one or more of these risks or uncertainties materialize, or should any of our

assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. These risks and others described under "Risk Factors" may not be exhaustive.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and developments in the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this report. In addition, even if our results or operations, financial condition and liquidity, and developments in the industry in which we operate are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in subsequent periods.

PART I

Item 1. Business.

Overview

We are an early stage blank check company incorporated on May 22, 2020 as a Delaware corporation and formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses, which we refer to throughout this report as our initial business combination. We intend to capitalize on the ability of our management team to identify, acquire and operate a business in the energy industry in North America, though we reserve the right to pursue an acquisition opportunity in any business or industry.

Significant Activities Since Inception

On July 27, 2020, the Company consummated its initial public offering ("initial public offering") of 30,000,000 units (the "initial units"). On August 25, 2020, we consummated the full exercise Section 27A of the underwriters' 4,500,000 unit over-allotment option (the "over-allotment units"; collectively with the initial units, the "units"). Each unit consists of one share of Class A common stock, \$0.0001 par value per share ("Class A common stock"), and one-half of one warrant ("public warrant"), each whole warrant entitling the holder to purchase one share of Class A common stock at \$11.50 per share. The units were sold at an offering price of \$10.00 per unit, generating gross proceeds of \$300,000,000. Simultaneously with the consummation of the initial public offering and the sale of the units, the Company consummated the private placement ("private placement") of an aggregate of 8,000,000 warrants ("private placement warrants") to our Sponsor at a price of \$1.00 per private placement warrant, generating total proceeds of \$8,000,000. Simultaneously with the consummation of the full exercise of the underwriters' over-allotment option, the Company consummated a sale of an additional 900,000 private placement warrants to our Sponsor generating additional proceeds of \$900,000.

A total of \$345,000,000 of the net proceeds from our initial public offering (including the over-allotment) and the private placement with the Sponsor were deposited in a trust account established for the benefit of the Company's public stockholders.

Our units began trading on July 24, 2020 on NASDAQ under the symbol ERESU. On September 14, 2020, the securities comprising the units began separate trading. The common stock and warrants trade on NASDAQ under the symbols "ERES" and "ERESW," respectively.

On July 25, 2022, we convened a special meeting of stockholders at which a proposal to extend the date by which we have to complete an initial business combination from July 27, 2022 to January 27, 2023 (the "First Extension Amendment Proposal") was approved. In connection with the special meeting, our stockholders were provided an opportunity to redeem all or a portion of their Class A common stock, and stockholders holding 24,781,028 shares of Class A common stock exercised their right to redeem such shares for a pro rata portion of the funds in the trust account. Consequently, approximately \$248,087,256 (approximately \$10.01 per share) was removed from the trust account to pay such redeeming holders. Additionally, in connection with the approval of the First Extension Amendment Proposal, we issued a promissory note (the "First Extension Note") in the principal amount of up to \$1,924,356 to our Sponsor, pursuant to which our Sponsor agreed to loan us up to \$1,924,356. The First Extension Note bears no interest and is repayable in full upon the earlier of (a) the date of the consummation of the our initial business combination or (b) the date of our liquidation. In order to further extend the period we have to complete our initial business combination beyond the 27th of a given month until January 27, 2023, our Sponsor deposited an additional \$320,726 into the trust account commencing on July 27, 2022 and on the 27th of each subsequent month until December 27, 2022. As of December 31, 2022, \$1,924,356 had been deposited into trust account by our Sponsor.

On August 30, 2022, the Company, LMA Merger Sub, LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company ("LMA Merger Sub"), Abacus Merger Sub, LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company ("Abacus Merger Sub"), Longevity Market Assets, LLC, a Florida limited liability company ("LMA") and Abacus Settlements, LLC, a Florida limited liability company ("Abacus") entered into an Agreement and Plan of Merger, 1933, as amended, on October 14, 2022 (as it may be

further amended, supplemented or otherwise modified from time to time in accordance with its terms, the "Merger Agreement"), pursuant to which, subject to the satisfaction or waiver and Section 21E of certain conditions precedent in the Merger Agreement, (i) LMA Merger Sub will merge with and into LMA, with LMA surviving such merger as a direct wholly owned subsidiary of the Company (the "LMA Merger") and (ii) Abacus Merger Sub will merge with and into Abacus, with Abacus surviving such merger as a direct wholly owned subsidiary of the Company (the "Abacus Merger" and, together with the LMA Merger and the other transactions contemplated by the Merger Agreement, the "Business Combination"). The Business Combination is expected to be consummated in the first half of 2023, subject to the fulfillment of certain conditions. Subject to the terms of the Merger Agreement, the aggregate merger consideration with respect to the holders of issued and outstanding limited liability company interests in LMA and Abacus will consist of approximately \$531.8 million, payable in a number of newly issued shares of Class A common stock at a deemed value of \$10.00 per share, with a portion of the aggregate merger consideration payable in cash upon the satisfaction of certain conditions. For additional information regarding the Merger Agreement, see the Company's Current Reports on Form 8-K filed on August 30, 2022 and October 14, 2022, and the Company's preliminary proxy statement (as amended, the "Proxy Statement"), initially filed with the Securities and Exchange Commission (the "SEC") on October 14, 2022.

On January 20, 2023, we convened a special meeting of stockholders at which a proposal to extend the date by which we have to complete a business combination from January 27, 2023 to July 27, 2023 (the "Second Extension Amendment Proposal") was approved. In connection with the special meeting, our stockholders were provided an opportunity to redeem all or a portion of their Class A common stock, and stockholders holding 6,862,925 shares of Class A common stock exercised their right to redeem such shares for a pro rata portion of the funds in the trust account. Consequently, approximately \$70,070,464 (approximately \$10.21 per share) was removed from the trust account to pay such redeeming holders. Additionally, in connection with the approval of the Second Extension Amendment Proposal, we issued a promissory note (the "Second Extension Note" and, together with the First Extension Note, the "Extension Notes") in the principal amount of up to \$565,497 to our Sponsor, pursuant to which our Sponsor agreed to loan us up to \$565,497. The Second Extension Note bears no interest and is repayable in full upon the earlier of (a) the date of the consummation of the our initial business combination or (b) the date of our liquidation. In order to further extend the period we have to complete our initial business combination beyond the 27th of a given month until July 27, 2023, our Sponsor will deposit an additional \$94,250 into the trust account commencing on January 27, 2023 and on the 27th of each subsequent month until July 27, 2023. As of April 17, 2023, \$282,750 had been deposited into trust account by our Sponsor.

Business Strategy

Our acquisition and value creation strategy is to source, acquire and, after our initial business combination, grow a company in the energy industry in North America that complements the experience of our management team and Board and can benefit from their respective operational and financial expertise and experience through multiple industry cycles. We believe the deep industry and investing experience of our directors, the extensive experience of our Chief Executive Officer, Terrence M. Pegula, and the rest of our management team that has operated through numerous market cycles and our operating platform's deep geological knowledge, uniquely positions us to identify, source, negotiate and execute a business combination with attractive risk-adjusted returns for our stockholders. We believe that there is a unique and timely opportunity to achieve attractive returns by acquiring and exploiting oil and natural gas E&P assets in proven basins with extensive production history and limited geologic risk, though we reserve the right to pursue an acquisition opportunity in any business or industry.

Our acquisition strategy will leverage Mr. Pegula's extensive experience and relationships built over more than 40 years of forming and operating oil and gas companies, and the financial and operational expertise of the rest of our team, to identify potential proprietary and public transaction opportunities that we believe could benefit from our knowledge and experience and that offer the potential for an attractive risk-adjusted return profile under our operatorship. Mr. Pegula and other members of our management team have developed a broad network of contacts and corporate relationships over their careers that we believe will serve as a useful source of acquisition opportunities. Our ability to evaluate public/private and brokered/non-brokered deals provides us exposure to an extraordinarily broad set of potential acquisition opportunities in the energy sector that is not broadly available to our potential competitors. In addition to industry and lending community relationships, we plan to leverage relationships with management teams of public and private companies, family offices, private equity firms, value chain partners, investment bankers, restructuring advisers, attorneys and accountants, which we believe should

provide us with numerous business combination opportunities. In connection with our search for a suitable business combination target, members of our management team and Board communicate with their networks of relationships to articulate the parameters for our search for a target business and a potential business combination and begin the process of pursuing and reviewing potentially interesting leads.

Our business strategy is focused on identifying and acquiring long-lived assets with relatively stable decline profiles and low fixed costs supported by existing production and cash flow, but that we believe are underperforming their potential. Even fundamentally sound companies can underperform their full-potential due to numerous factors, including underinvestment, a temporary period of dislocation in the markets in which they operate, over-levered capital structures, excessive cost structures, incomplete management teams and/or inappropriate business strategies. Our management team has extensive experience in identifying and executing such full-potential acquisitions in the energy industry. We plan to capitalize on the broad range of our team's skill sets, backgrounds, experiences, and other intellectual capital to identify and realize unexploited value. Our management team and Board have successfully executed on this business strategy across multiple energy market cycles, identifying value that the broader market has not recognized and acquiring assets at attractive valuations. Furthermore, we believe in taking a conservative approach to valuation.

When implementing our business strategy, we place significant emphasis on cash-on-cash returns, which we plan to maximize by (i) employing a conservative capital allocation strategy based on full cycle economics and (ii) focusing on implementation of cost reductions and enhancement of existing asset efficiency. By utilizing a disciplined approach to capital allocation, both at the time of acquisition and the subsequent optimization of the target, members of our management team and Board have repeatedly generated meaningful returns for their equity holders. Our objective is to form a sustainable business with multiple competitive advantages and the potential to generate meaningful cash flow in excess of its capital. We would expect to grow the business over time, both organically and through acquisitions, with a focus on achieving attractive risk-adjusted returns for our stockholders, while maintaining conservative balance sheet metrics.

Acquisition Criteria

Consistent with our acquisition strategy, we have identified the following general criteria and guidelines that we believe are important in evaluating prospective target businesses. We will use these criteria and guidelines in evaluating acquisition opportunities. While we intend to acquire companies or assets that we believe exhibit one or more of the following characteristics, we may decide to enter into our initial business combination with a target that does not meet the above criteria and guidelines, we will disclose that the target business does not meet the above criteria in our shareholder communications related to our initial business combination, which, as discussed in this report, would be in the form of proxy solicitation materials or tender offer documents that we would file with the SEC.

Our Management Team

Members of our management team and Board are not obligated to devote any specific number of hours to our matters, but they intend to devote as much of their time as they deem necessary to our affairs until we have completed our initial business combination. The amount of time that any members of our management team or our Board will devote in any time period will vary based on whether a target business has been selected for our initial business combination and the current stage of the business combination process.

We believe the operational and transactional experience and industry relationships of our management team and Board will provide us with a substantial number of potential business combination targets following the completion of our initial public offering. Over the course of their careers, the members of our management team and our Board have developed a broad network of contacts and corporate relationships around the world. This network has grown through the activities of our

management team and our Board sourcing, acquiring and financing businesses, and building relationships with sellers, financing sources and management teams. The members of our management team and our Board also have a proven track record of executing transactions under varying economic and financial market conditions, which we believe will make us an attractive partner to potential target businesses.

Initial Business Combination

Our initial business combination must occur with one or more target businesses that together have an aggregate fair market value of at least 80% of the assets held in the trust account (excluding the deferred underwriting commissions and taxes payable on the income earned on the trust account) at the time of the agreement to enter into the initial business combination. If our Board is not able to independently determine the fair market value of the target business or businesses, we will obtain an opinion from an independent investment banking firm that is a member of the Financial Industry Regulatory Authority ("FINRA") or an independent accounting firm with respect to the satisfaction of such criteria. Except as required by applicable law, our stockholders may not be provided with a copy of such opinion, nor will they be able to rely on such opinion.

Any party may co-invest with us in the target business at the time of our initial business combination, or we could raise additional proceeds to complete the acquisition by issuing to such parties a class of equity or equity-linked securities. We refer to this potential future issuance, or a similar issuance to other specified purchasers, as a "specified future issuance." The amount and other terms and conditions of any such specified future issuance would be determined at the time thereof. We are not obligated to make any specified future issuance and may determine not to do so. This is not an offer for any specified future issuance. Pursuant to the anti-dilution provisions of our Class B common stock, any such specified future issuance would result in an adjustment to the conversion ratio such that our initial stockholders and their permitted transferees, if any, would retain their aggregate percentage ownership at 20% of the sum of the total number of all shares of common stock outstanding plus all shares issued in the specified future issuance, unless the holders of a majority of the then outstanding shares of Class B common stock agreed to waive such adjustment with respect to the specified future issuance at the time thereof. We cannot determine at this time whether a majority of the holders of our Class B common stock at the time of any such specified future issuance would agree to waive such adjustment to the conversion ratio. If such adjustment is not waived, the specified future issuance would not reduce the percentage ownership of holders of our Class B common stock, but would reduce the percentage ownership of holders of our Class A common stock. If such adjustment is waived, the specified future issuance would reduce the percentage ownership of holders of both classes of our common stock.

Our Acquisition Process

In evaluating a prospective initial business combination, we expect to conduct a thorough diligence review that will encompass, among other things, meetings with incumbent management and employees, document reviews, inspection of assets and facilities and financial analyses, as well as a review of other information that will be made available to us.

Certain of our officers and directors are employed by or affiliated with various investment funds. Such funds and individuals are continuously made aware of potential investment opportunities, one or more of which we may desire to pursue for a business combination.

We may, at our option, pursue an opportunity with an entity to which an officer or director has a fiduciary or contractual obligation. Any such entity may co-invest with us in the target business at the time of our initial business combination, or we could raise additional proceeds to complete the acquisition by making a specified future issuance to any such entity. Our amended and restated certificate of incorporation, as amended, provides that we renounce our interest in any corporate opportunity offered to any director or officer unless such opportunity is expressly offered to such person solely in his or her capacity as a director or officer of our Company and such opportunity is one we are legally and contractually permitted to undertake and would otherwise be reasonable for us to pursue.

Our Board has consented to the participation of our officers and directors in the formation of, or becoming an officer or director of, any other special purpose acquisition company with a class of securities registered under the Securities Exchange Act of 1934, as amended, including statements regarding our expectations, hopes, intentions or strategies regarding the future. In addition to historical financial analysis, this discussion and analysis contains forward-looking statements based upon current expectations that involve risks, uncertainties, and assumptions. All forward-looking statements included in this document are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. Actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of various factors, including, but not limited to: the potential impact of our business relationships, including with our employees, customers and competitors; changes in general economic, business and political conditions, including changes in the financial markets; weakness or adverse changes in the level of activity in our sector or the sectors of our affiliated companies, which may be caused by, among other things, high or increasing interest rates, or a weak U.S. economy; significant competition that our operating subsidiaries face; compliance with extensive government regulation; and other risks detailed in the those set forth under "Risk Factors" or elsewhere in this document and in our other public filings with the United States Securities and Exchange Commission (the "Exchange Act" "SEC").

Our Mission

Abacus Life Inc.'s ("Abacus" or the "Company") mission is to educate all life insurance policy owners that their life insurance policy is personal property and to educate investors about alternatives to traditional investments using lifespan based products as a core strategy.

Abacus Overview

Abacus is a leading vertically integrated alternative asset manager and market maker, specializing in longevity and actuarial technology. The company is democratizing the life insurance space through groundbreaking new channels: ABL Tech, ABL Wealth, and ABL Longevity Growth and Income Funds. Since 2004, Abacus has purchased life insurance policies from consumers seeking liquidity and has actively managed those policies over time (via trading, holding, and/or servicing). With over \$5 billion in face value of policies purchased, Abacus has helped thousands of clients maximize the value of life insurance.

Over the past 20 years, the company has built an institutionalized origination and portfolio management process that is supported by a 100+ person team, long-term relationships with 78 institutional partners and 30,000 financial advisors, and the ability to operate in 49 states. The Company complies with applicable HIPAA and privacy laws to maintain and protect confidentiality of financial, health and medical information. Abacus is also proud to be a BBB Accredited Business with an A+ rating.

Underwriting

Abacus' origination guidelines focus on the age, gender and health of the insured, the duration, mortality risk and face value of the underlying life insurance policy, the projected internal rate of return of the investment in the underlying life insurance policy after taking into account the cost of making continued premium payments, and the ultimate amount and timing of the death benefit. These guidelines are designed to allow the Company to target the life insurance policies that it believes will generate attractive risk-adjusted returns. The Company invests primarily in non-variable universal life insurance policies.

[Table of Contents](#)

Origination

Our proven policy origination process, known as "origination services" first locates policies and screens them for eligibility for a life settlement. This process includes verifying that the policy is in force, obtaining consent forms, and making disclosures to, policy owners, and obtaining or generating life expectancy estimates.

We generate fees on the policies we originate, which are sourced from three channels: (i) a network of approximately 30,000 financial advisors and agents, (ii) direct-to-consumer and (iii) a number of traditional life settlements intermediaries that submit policies to us on behalf of a financial advisor, agent or other client.

Portfolio Management

Once identified, we utilize our proprietary "heat-map" technology platform to determine the initial risk and viability of policies. Thereafter, a purchased policy is "actively managed," whereby we consistently monitor the policy risk to optimize revenue by choosing to either (x) trade the policy to a third-party institutional investor (i.e., receive a trade spread) or (y) hold the policy over time (i.e., pay premiums and receive payout). Additionally, we service policies on behalf of third parties for which we receive fee-based revenue based on a percentage of policy value. Our multi-faceted and dynamic revenue model is made possible by the fact that we sit at the heart of the entire life settlements industry.

Our revenue generation platform and economic model is best summarized below:

1. Origination Fees (paid as a percentage of face value of acquired policies)
2. Active Management (spreads for traded policies and realized returns for held policies)
3. Third Party Portfolio Servicing (paid as a percentage of total asset value)

We are currently a leader in the life settlements industry, with approximately 20% market share based on our 2021 capital invested/total industry capital invested and data compiled in a 2021 report by The Deal and Life Settlements Report, a U.S. life settlements industry news source. Data for the report was aggregated from each state based on 2021 annual reporting. We have a proven track record of growth and strong asset returns. We are currently operational in 49 states, which is a key differentiator in an industry with high barriers to entry given the significant regulatory requirements. Our business is supported by a total of approximately 106 employees and an innovative leadership team, with an average of over 20 years of experience in the industry.

We operate through our two principle subsidiaries, Abacus Settlements, LLC, which was formed as a New York limited liability company in 2004 and LMA Group, LLC, which was formed in 2017 as a Florida limited liability company. In 2016, Abacus Settlements was licensed in Florida as a life settlement broker and became a Florida limited liability company. We are not an insurance company, are not licensed or regulated as an insurance company and therefore do not underwrite insurable risks for our own account.

Our Industry

Large Addressable Market with Meaningful Growth Potential

We operate within a large, growing and currently under penetrated market. The face value of all in force U.S. life insurance industry policies is approximately \$13 trillion. Historically, more than 90% of life insurance policies in force did not pay a claim. Based on industry forecasts, approximately 75% of policyholders over the age of 65 will either cancel their policies or allow their coverage to lapse, forfeiting the right to ever receive a full payout. The life settlements industry helps solve this problem by allowing policyholders the opportunity to monetize their policies.

[Table of Contents](#)

The combination of the large U.S. life insurance market and the high percentage of policies that never pay a claim creates a considerable opportunity for Abacus and the broader life settlements industry. Specifically, the scale of the life settlements market opportunity is \$233 billion each year. However, in 2021, the life settlements industry only captured \$4 billion, or approximately 2% of the annual market of lapsed life insurance policies. We believe there is a significant opportunity to increase this market penetration, primarily by driving awareness and education regarding the ability to monetize life insurance policies by utilizing our services.

Life insurance is often a senior citizen's largest asset and one that can be used to alleviate retirement challenges, but it is rarely treated in this way. This can be partially attributed to the fact that almost half of all financial advisors are not aware that selling a life insurance policy is an option for their clients. We help financial advisors and their clients understand that a life insurance policy is personal property and selling it for a fair market value is a legitimate, safe and viable choice that creates more investment options for the client. While less than 1% of financial advisors and agents transact in the life settlements market, based on research conducted by the Life Insurance Settlement Association, the primary industry trade association for the U.S. life settlements industry, we believe approximately 90% of senior citizens who let their life insurance policies lapse or surrendered their policies, would have considered this alternative if they had been made aware of it before lapsing or surrendering their policies. The reference to this study can be found at the Life Insurance Settlement Association—<https://www.lisa.org/life-settlements-industry-will-grow-as-more-seniors-are-informed-of-their-options-say-experts-at-lisa-conference/>.

Selling a life insurance policy is a valuable transaction and for those consumers who transact, the benefits can be substantial. On average, life settlements companies pay sellers nearly eight times more than the current cash value of a policy. Selling a life insurance policy not only alleviates the requirement for a policyholder to pay premiums but creates a meaningful and immediate monetization event. Sellers use these proceeds in a variety of ways, including to support their retirement, transfer wealth and pay medical bills.

Generally Uncorrelated Alternative Asset Class with Institutional Investment Grade Counterparts

While selling life insurance policies at a fair market value can have significantly positive impacts on a person's life, it is a mutually beneficial transaction. The underlying life insurance policy is a highly attractive asset that has minimal payout risk and generally uncorrelated returns. The counterparties to these transactions are generally high-quality investment grade insurance companies. In fact, greater than 90% of our carriers have an "A Rating" or better. Additionally, these life insurance policies are cash backed by the carriers, which means they are required to pay policy claims ahead of any other contractual obligation, including senior debt.

In addition to counterparty quality, this is a largely acyclical asset class. A life insurance policy is sometimes described as a "mortality-driven zero-coupon bond" because its underlying value will appreciate over time as it approaches maturity (i.e., as the policyholder ages). This is best demonstrated when comparing our historical risk-adjusted returns relative to other benchmark asset classes.

We are at the Heart of the Life Settlements Industry

Abacus' Origination Model

Our "Origination Process" is core to our entire business and drives our economics. We're paid a percentage of face value in origination fees on policies and have spent the last 20 years developing three high quality origination channels (financial advisors or agents, direct to consumer and life settlements brokers).

An example of our target market includes policyholders over 75 years old whose insurance need for life insurance is outweighed by the benefit of immediate cash. We then focus our origination process on these

[Table of Contents](#)

targeted individuals, developing processes and procedures for identifying and screening policies that have attractive potential returns.

We have three distinct origination channels to reach this target market.

1. Financial Advisor or Agent—Our largest origination channel involves working directly with financial advisors to facilitate the sale of client policies. Since our founding, we have been at the forefront of developing this market and are now ingrained in a network of over 30,000 financial advisors. We are currently on multiple national financial advisory platforms, we present at conferences, and we develop marketing tools to help advisors efficiently present the benefits of life insurance settlements to their clients. As we highlighted earlier, just under half of financial advisors are unaware this financial option exists and less than 1% have completed a life settlement transaction. This origination channel has driven our significant growth over the last five years, and we believe it will continue to be a priority for our future growth.

2. Direct to Consumer—We have been building this channel for several years beginning in 202_ and have focused heavily on increasing broad consumer awareness and education regarding life insurance settlements. We have been active in a variety of common direct-to-consumer advertisement channels, including radio and television advertisements in particular. In addition, we have created a unique online “Policy Value Calculator” so that individuals can receive an instant valuation on their life insurance policies. The direct-to-consumer channel has historically driven origination on smaller face value policies than through our financial advisor or agent channel, thereby expanding the scope of policies we are able to value and acquire.

3. Traditional Life Settlements Intermediaries—Within this channel, we engage with life settlements intermediaries or “brokers” who submit policies to us on behalf of an advisor or client, for which the life settlement intermediary earns a commission. We intend to slowly reduce our reliance on these intermediaries over time and focus our efforts on building out the technology required to educate and gain access to both the financial advisor and direct-to-consumer channels.

Abacus has a dedicated 90 person origination team with 20 sales members assigned by channel. We intend to continue to fuel origination growth by expanding our team and outreach. In order to drive awareness across all origination channels, we plan to expand our marketing and launch national television advertising campaigns.

Abacus’ Policy Acquisition Process

A life settlement transaction is the process by which a third-party intermediary acquires an existing life insurance policy for an amount greater than its current cash surrender value. Upon closing of the life settlement transaction, the insured receives an immediate cash payment, and the third-party intermediary receives ownership of the policy. Thus, the third-party intermediary becomes the beneficiary of the insured’s claim payout but is now solely responsible for all future premium payments. Our company functions as this third-party intermediary.

The process of acquiring a policy is highly regulated and policyholder friendly. Unique licenses are mandatory to operate and significant disclosures are required to be made available to consumers. We originate these policies through three distinct channels (i.e., financial advisors / agents, direct-to-consumer and traditional life settlements intermediaries). We first screen each policy to ensure it is eligible for a life settlement, including verifying the policy is in force, obtaining appropriate consents, providing disclosures, and submitting cases for medical underwriting and life expectancy estimates. In connection with this process, we use our proprietary analytics and risk-rating systems to determine an estimated market value for each individual policy.

[Table of Contents](#)

The Company has established policies and guidelines with respect to its purchase of life insurance policies. These guidelines focus on the age of the insured, the sex of the insured, the duration of the underlying life insurance policy, the expected mortality risk of the underlying life insurance policy, the projected internal rate of return of the investment in the underlying life insurance policy and the amount of the death benefit of the underlying life insurance policy. The Company excludes making investments in life insurance policies based on certain types of the primary health impairment associated with the underlying insured to ensure that all policies are purchased in accordance with established industry standards and state law requirements.

Following the origination, underwriting and valuation processes, we formally present our proposed purchase price to the policyholder or advisor. If agreed upon, the settlement closing process begins. Appropriate closing documents are reviewed by our in-house counsel, and we send funds to an independent escrow agent. Simultaneously, change of ownership and beneficiary documentation is sent to the underlying insurance carrier. Once the changes are confirmed by the carrier, the escrow agent sends the proceeds to the appropriate party, and we become responsible for the underlying

insurance policy (i.e., paying premiums and receiving claim). The proceeds from the escrow agent will also include the commission(s) we owe to the broker and / or agent as well as our fee for completing the origination services.

While the transaction is deemed closed, it is important to note that the policy owner may generally rescind the life settlement contract within 30 days from execution of the agreement or 15 days from the receipt of cash proceeds by the owner. As such, revenue is not recorded until this rescission process is over.

Once the transaction is closed, the policy enters our active portfolio management whereby we determine whether a policy should be sold to a third-party institutional investor or held on our balance sheet. In certain cases, we identify a purchaser prior to our entering into the close of a definitive agreement regarding our initial business combination.

transaction, in which case the policy is transferred directly to the purchaser at closing.

Proprietary Technology Platforms Support Our Business

We have and continue to develop a comprehensive suite of technology products that helps drive origination, underwriting and trading. Specifically, we have created:

1. Risk Rating Heat Map—Using the large amount of data we have gathered over time, we have developed a proprietary risk-rating platform that measures the risk of life insurance contracts on a range from 1–5 (low–high risk, respectively). This risk score is calculated on a wide range of factors, including (i) duration and extension risk, (ii) policy face value and purchase type, (iii) policy type, (iv) carrier rating, (v) life expectancy ("LE") and LE extension ratios, (vi) age and age on LE date and (vii) survival probability. We believe this platform is a key differentiating factor relative to our competitors as it gives us a meaningful advantage when valuing and purchasing life insurance policies.

2. Policy Value Creator—Our "Policy Value Calculator" drives origination by using proprietary data to instantly value policies for both individuals and financial advisors. This easy-to-use online tool only requires four pieces of information: (i) gender, (ii) age, (iii) face value and (iv) policy type. These data points then generate a valuation range that advisors and individuals can use to quickly assess the current value of their policy. This product helps educate consumers and bridges the gap between our specific offering and the \$233 billion annual market of lapsed policies.

3. Innovations in "InsurTech"—More recently, we have begun developing "Abacusmarketplace.com", which is a blockchain tertiary trading, servicing and valuation platform. Given we will be able to see a large suite of data gathered by this website, we believe it will help us maintain our leading market position and keep us at the heart of the life settlements industry. We added the ability for investors to directly purchase policies in the third quarter of 2023. Abacusmarketplace.com is still in the early stages of development and we do not

[Table of Contents](#)

currently expect that Abacusmarketplace.com will have a material impact on the Company's future financial results.

Active Portfolio Management Strategy

With meaningful support from our proprietary risk rating heat map, we consistently evaluate policies (at origination and throughout the lifecycle) to generate essentially uncorrelated risk adjusted returns. Upon acquiring a policy, we have the option to either (i) trade that policy to a third-party institutional investor (i.e., generating a spread on each trade) or (ii) hold that policy on our balance sheet until maturity (i.e., paying the premiums over time and receiving the final claim / payout). This process is predicated on driving the best economics for Abacus.

1. Traded Portfolio—Our traded portfolio returns are driven by (i) the spread we generate by selling policies to third-party institutional investors and (ii) our ability to quickly recycle capital. Our trade spreads average 20% and we have historically recycled capital 3.6 times per year. These two metrics are driven by our ability to effectively originate new policies (supply) and the underlying market interest for the policies (demand).

2. Hold Portfolio—Relative to our traded portfolio, our hold portfolio has the potential to generate a higher estimated annual return than our traded portfolio but requires approximately a 3 to 4 times greater capital investment, which is driven by the need to hold policies, rather than recycle the policies in trading, and to fund premium payments during the holding period for a policy. To the extent that we are not able to commit the required capital, we then focus efforts more on our traded portfolio. Our origination platform and proprietary risk rating heat map has allowed us to hold only what we determine to be the highest quality policies which have our lowest risk ratings.

Policy Servicing

In addition to generating economics on the policies we directly originate and actively manage, we have a dynamic platform to service bundles of policies for a variety of third-party institutions. We generate revenue by charging a base servicing fee of approximately 0.5% of total asset value of the portfolio. We have experience servicing a large number of policies for highly sophisticated institutions, including policies for KKR and Apollo. Beyond our fees, servicing policies at scale supports our data analytics and keeps us at the heart of the life settlements industry. We have a sophisticated team of professionals solely focused on servicing these policies.

Prospects for Future Growth

Continued Maturation of the Life Settlements Industry

As described above, there is approximately \$200 billion in policy value that lapses on an annual basis. However, the life settlements industry captured only approximately 2% of the potential market in 2021, which leaves significant runway for future growth for industry participants. The total face value of life insurance policies is expected to grow from approximately \$6 billion in 2022 to approximately \$8 billion in 2028, which is a 5% compounded annual growth rate. Given our position at the heart of the life settlements industry, we believe that we are well positioned to capitalize on this anticipated market growth.

Focus on Growing our Origination Process

Our ability to originate policies is essential to scale our business over time. In order to support this expected growth, we continue to invest in our technology and marketing infrastructure. In general, we expect our efforts will continue to focus on driving education and awareness of life settlements. In order to meet this growing demand, we have increased our total employee headcount.

[Table of Contents](#)

Continued Innovation in Technology

Using technology to improve our analytics, market liquidity and velocity of capital use is a key priority. Certain key technology elements are:

1. Analytics (Abacus Analytics)—the standard pricing and valuation platform for policy valuation and portfolio assessment that we believe will allow us to obtain visibility into every transaction in the industry.

2. Liquidity (Abacusmarketplace.com)—tertiary trading, servicing and valuation platform (added direct purchase in 2023). Abacusmarketplace.com is a proprietary technology platform that has been designed in order to facilitate tertiary trading, servicing and valuation for the life settlement industry. This platform is intended to increase the trading volume for the entire industry by removing intermediaries and improving the efficiency and security of the transactions. The Company expects to realize future revenue through licensing agreements with Abacusmarketplace.com. However, Abacusmarketplace.com is still in the early stages of development, and we do not currently expect that Abacusmarketplace.com will have a material impact on the Company's future financial results. With blockchain technology, we expect that there will be increased comfort that the documents are secure on a private blockchain, which we believe will facilitate faster closing times. The blockchain technology to be used is still in the early stages of development and is currently not a material part of the Company's business. We believe that Abacusmarketplace.com could be a leader in the industry and will allow an investor to fully understand how it may impact future business strategies and financial results.

3. Velocity (Lapetus Life Event Solutions, and AgingIQ)—key partnerships and tools that complement and enhance our core analytics platforms.

a. Lapetus Life Event Solutions—partnership between Abacus and Lapetus Solutions, Inc. to build and develop current life expectancy tables based on our 18 years of data. This information includes tens of thousands of unique data points, aiding more accurate predictions of mortality experience related to several demographics including age, income and location.

b. AgingIQ—lifespan prediction tool utilizing our mortality database. This tool explores how people can extend their lifespans and healthspans by adjusting current lifestyle related decisions (financial, healthy living and education).

Access to Capital Markets Provides More Attractive Financing

We believe that as a **Public** publicly traded company, we will have access to a lower cost of capital, which will optimize our per policy revenue and allow us to fund additional investment in infrastructure. Additionally, as discussed in more detail below, access to additional capital will enable us to increase our balance sheet hold portfolio, which we believe may drive higher long-term returns.

Transitioning Our Business Model as Our Capital Base Scales

As our capital base scales, we have the ability to increase the proportion of policies that we hold on our balance sheet. One of the most obvious benefits to a larger hold portfolio is that it may increase the predictability of returns (i.e., held policies typically increase in value over time, largely independent of trading market conditions). Additionally, with a larger hold portfolio, there is a unique opportunity to begin securitizing policies. In the long-term, we believe securitized portfolios can drive an even lower cost of capital and can be sold in scale to third parties at a significant multiple.

Proven Ability to Deploy Capital and Scale

[Table of Contents](#)

Over the past few years, we managed a \$150 million capital base via a joint venture with a large alternative asset manager. This joint venture was terminated on the Closing Date. Under GAAP the financial results of the entire joint venture are not included in our financial statements as the joint venture is not under common control and neither Abacus nor LMA have a direct ownership interest or investment in the joint venture. The financial impacts of the joint venture recognized in the financial statements solely relate to the services provided by Abacus and LMA to the joint venture and are discussed in the respective related party transaction notes in the financial statements.

Business Combination

On August 30, 2022, East Resource Acquisition Company entered into the Merger Agreement with the Merger Subs, pursuant to which, among other things and subject to the terms and conditions contained in the Merger Agreement, Abacus Merger Sub merged with and into Abacus Settlements, with Abacus Settlements surviving the Abacus Merger as a wholly owned subsidiary of East Resource Acquisition Company, and LMA Merger Sub merged with and into LMA, with LMA surviving the LMA Merger as a wholly owned subsidiary of East Resource Acquisition Company. In connection with the Closing of the Merger, East Resource Acquisition Company was renamed Abacus Life, Inc. (the foregoing transaction is referred to as the "Business Combination").

Pursuant to the terms and subject to the conditions set forth in the Merger Agreement, on June 30, 2023, the Business Combination was consummated.

Our Employees

As of December 31, 2023, we had one hundred two (102) employees, none of whom are subject to any collective bargaining agreement or represented by a labor union. All of our employees are based in the United States. To date, we have not experienced any work stoppages and we consider our employee relations to be good. We believe that our employees are critical to our long-term success, and in 2019, we were ranked a top 3 place to work in Orlando based on employee reviews.

Intellectual Property

Our business depends, in part, on our ability to develop and maintain the proprietary aspects of its core technology. We rely on trademarks to protect our intellectual property.

We have been issued a federal registration for our "Abacus Settlements", and "Abacus Life" trademarks. We also hold various domain names for websites that we use in our business. Additionally, we have developed and maintain proprietary software for our internal use to aid in pricing, valuation and risk analysis of life settlement policies.

Regulatory Overview

We are subject to various laws, regulations and licensing requirements in the United States which may expose us to liability, increase costs or have other adverse effects that could harm our business. These laws and regulations include, but are not limited to, data privacy and data localization, healthcare, insurance, copyright or similar laws, anti-spam, consumer protection, employment and taxation. Compliance with such laws can require changes to our business practices and significant management time and effort. Additionally, as we continue to develop and improve consumer-facing products and services, and as those offerings grow in popularity, the risk that additional laws and regulations will impact our business will continue to increase. We believe that we are in material compliance with all such laws, regulations and licensing requirements.

[Table of Contents](#)

Data Privacy Laws and Regulations

Because we receive, use, transmit, disclose and store personal data, we are subject to numerous state and federal laws and regulations that address privacy, data protection and the collection, storing, sharing, use, transfer, disclosure and protection of certain types of data. We are subject to the TCPA which restricts the making of telemarketing calls and the use of automatic telephone dialing systems. Violators of the TCPA face regulatory enforcement action, substantial civil penalties, injunctions, and in some states, private lawsuits for damages.

Privacy and data security regulation in the U.S. is rapidly evolving. For example, California enacted the California Consumer Privacy Act ("CCPA"), which came into force in 2020. The CCPA and related regulations give California residents expanded rights to access and request deletion of their personal information, opt out of certain personal information sharing and receive detailed information about how their personal information is used and shared. The CCPA allows for the California Attorney General to impose civil penalties for violations, as well as providing a private right of action for certain data breaches. California voters also recently passed the California Privacy Rights Act ("CPRA"), which will take effect on January 1, 2023. The CPRA significantly modifies the CCPA, including by imposing additional obligations on covered companies and expanding California consumers' rights with respect to certain personal information. The CCPA's restrictions on "sales" of personal information may restrict our use of cookies and similar technologies for advertising purposes, as well as increasing our compliance costs and potential liability. The CCPA excludes information covered by the Gramm-Leach-Bliley Act, the Driver's Privacy Protection Act, the Fair Credit Reporting Act and the California Financial Information Privacy Act from the CCPA's scope, but the CCPA's definition of "personal information" is broad and may encompass other information that we maintain.

The passage of the CCPA likely marked the beginning of a trend toward more stringent privacy legislation in the U.S., and multiple states have enacted or proposed similar laws. For example, in 2020, Nevada enacted SB 220 which restricts the "selling" of personal information and, in 2021, Virginia passed the Consumer Data Protection Act which is set to take effect on January 1, 2023 and creates new privacy rights for Virginia residents. There is also discussion in Congress of new comprehensive federal data protection and privacy law to which we likely would be subject if it is enacted.

Various regulators are interpreting existing state consumer protection laws to impose evolving standards for the online collection, use, dissemination and security of other personal data. Courts may also adopt the standards for fair information practices which concern consumer notice, choice, security and access. Consumer protection laws require us to publish statements that describe how we handle personal information and choices individuals may have about the way we handle their personal data.

Our failure to comply with these privacy laws or regulations could expose us to significant fines and penalties imposed by regulators and has in the past and could in the future expose us to legal claims by buyers, or other relevant stakeholders. Some of these laws, such as the CCPA, permit individual or class action claims for certain alleged violations, increasing the likelihood of such legal claims. Similarly, many of these laws require us to maintain an online privacy policy, terms of service and other informational pages that disclose our practices regarding the collection, processing and disclosure of personal information. If these disclosures contain any information that a court or regulator finds to be inaccurate, we could also be exposed to legal or regulatory liability. Any such proceedings or violations could force us to spend money in defense or settlement of these proceedings, result in the imposition of monetary liability or demanding injunctive relief, divert management's time and attention, increase our costs of doing business and materially adversely affect our reputation.

Insurance Laws and Regulations

[Table of Contents](#)

We operate as a life settlement producer in forty-nine (49) states. We have a strong track record with each state in which we are licensed and have not had any reportable incidents. Our in-house counsel and compliance staff reviews every life insurance policy we consider acquiring for compliance with applicable state regulations. We file an annual report with each state in which it operates and each state has the ability to request an audit at its discretion. Currently, 42 states have regulations that support the sale of life insurance policies to a third party, like our Company. Each state also has its own policyholder-facing disclosure requirements that we comply with in the ordinary course of its business.

We focus on acquiring and trading non-variable, non-fractionalized life insurance policies. These life insurance policies are deemed to be personal property of the owner based upon the Supreme Court decision *Grigsby v. Russell* in 1911. Furthermore, non-variable, non-fractionalized life insurance policies are not deemed to be securities under the federal securities laws, and so the Company is not required to register as an investment adviser or an investment company under the Investment Advisers Act of 1940, as amended or the Investment Company Act, respectively.

The Company may, in the future, purchase some amount of variable life insurance policies or interests in the death benefit of underlying life insurance policies. The Company has recently acquired a limited purpose broker dealer, which the Company intends to license to engage in transactions for variable and fractionalized life insurance policies. Abacus expects that any transactions in variable or fractionalized life insurance policies will represent less

than 20% of the life insurance policies acquired by the Company at any time. The Company does not, and does not in the future intend to, engage in any life insurance securitization.

Facilities

Our corporate headquarters is located at 2101 Park Center Drive, Orlando, Florida 32835 and our telephone number is 800-561-4148. The headquarters consists of 18,866 square feet of "Class A" office space pursuant to a lease that expires in December 2029. We believe our structure facilities are adequate and suitable for our current needs and that, should it be needed, suitable additional or alternative space will make us be available to accommodate our operations.

Legal Proceedings

We are not currently a party to any material legal proceedings. However, in the ordinary course of business we may be subject from time to time to various claims, lawsuits and other legal and administrative proceedings. Some of these claims, lawsuits and other proceedings may involve highly complex issues that are subject to substantial uncertainties, and could result in damages, fines, penalties, non-monetary sanctions or relief. We intend to recognize provisions for claims or pending litigation when we determine that an unfavorable outcome is probable and the amount of loss can be reasonably estimated. Due to the inherent uncertain nature of litigation, the ultimate outcome or actual cost of settlement may materially vary from estimates. Additionally, any such claims, lawsuits and proceedings, whether or not successful, could damage our reputation and business.

Available Information

Our investor relations website address is <https://ir.abacuslife.com/>. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements, and any and all amendments thereto are available free of charge through our investor relations website as soon as reasonably practicable after they are filed or furnished to the Securities and Exchange Commission (the "SEC"). These materials are also accessible on the SEC's website at www.sec.gov.

[Table of Contents](#)

Item 1A. Risk Factors

The following discussion of "Risk Factors" identifies factors that may adversely affect our business, operations, financial condition or future performance. This information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Result of Operations" and the consolidated financial statements and related notes. The following discussion of risks is not all-inclusive but is designed to highlight what we believe are the material factors to consider when evaluating our business and expectations. These factors could cause our future results to differ materially from our historical results and from expectations reflected in forward-looking statements.

Risks Related to the Business of the Company

The Company's valuation of life insurance policies is uncertain as many life insurance policies' values are tied to their actual maturity date and any erroneous valuations could have a material adverse impact on the Company's business.

The valuation of life insurance policies involves inherent uncertainty (including, without limitation, the life expectancies of insureds and future increases in premium costs to keep the policies in force). There is no guarantee that the value determined with respect to a particular life settlement policy by the Company will represent the value that will be realized by the Company on the eventual disposition of the related investment or that would, in fact, be realized upon an immediate disposition of the investment. In addition, there can be no guarantee that such valuation accurately reflects the current present value of such life insurance policy at its actual maturity. Uncertainties as to the valuation of life insurance policies held by the Company could require adjustments to reported net asset values and could have a material adverse impact on the Company's business. Uncertainties as to the valuation may also result in the Company being less competitive in the market for originating new life settlement policies and could adversely affect the profits the Company realizes on life settlements purchased and sold.

The Company could fail to accurately forecast life expectancies. There may also be changes to life expectancies generally, resulting in people living longer in the future, which could result in a lower return on the Company's life settlement policies.

Prices for life insurance policies and annuities that may be obtained by the Company depend, in large measure, upon the life expectancy of the underlying insureds. The returns of the Company's hold portfolio is almost entirely dependent upon how accurate the actual longevity of an insured is as compared to the Company's expectation for that insured. Life expectancies are estimates of the expected longevity or mortality of an insured. In determining the life expectancy of an insured, the Company relies on medical underwriting conducted by various medical underwriting firms. The medical underwriting process underlying life expectancy estimates is highly subjective, and mortality and longevity estimates are inherently uncertain. In addition, there can be no

assurance that the applicable medical underwriting firm received accurate or complete information regarding the health of an insured under a life insurance policy, or that such insured's health has not changed since the information was received. Different medical underwriting firms use different methods and may arrive at materially different mortality estimates for the same individual based on the same information, thus causing a life insurance policy's value to vary. Moreover, as methods of calculating mortality estimates change over time, a mortality estimate prepared by any medical underwriting firm in connection with the acquisition of a life insurance policy may be different from a mortality estimate prepared by the same person at a later time. The valuation of the life insurance policies will vary depending on the dates of the related mortality estimates and the medical underwriting firms that provide the supporting information.

Other factors, including, but not limited to, better access to health care, better adherence to treatment plans, improved nutritional habits, improved lifestyle, an improved economic environment and a higher standard of living could also lead to increases in the longevity of the insureds under the life insurance policies. In addition to other factors affecting the accuracy of life expectancy estimates, improvements in

[Table of Contents](#)

medicine, disease treatment, pharmaceuticals and other medical and health services may enable insureds to live longer.

The actual longevity of an insured may be materially different than the predicted mortality estimate. If the actual maturity date of life insurance policies are longer than projected, it would delay when the Company could expect to receive a return on its investment and the Company may be unable to meet its investment objectives and goals. For example, a term life insurance policy in which the Company may invest have a stated expiration date on the date at which the underlying insured reaches a certain attained age and, beyond such date, the issuing insurance company may not be obligated to pay the face value, but rather only the cash surrender value which is usually maintained at a low value by investors, if any, in accordance with the terms of such life insurance policy. Therefore, if the underlying insured survives to the stated maturity date set forth in the terms of the life insurance policy, the issuing insurance company may only be obligated to pay an amount substantially less than the face value, which could have an adverse effect on the performance of the Company.

The medical underwriting and other firms that provide information for the Company's forecasts of life expectancies are generally not regulated by the U.S. federal or state governments, with the exception of the states of Florida and Texas, which require life expectancy providers to register with their respective offices of insurance regulation. There can be no assurance that this business will not become more broadly regulated and, if so, that any such regulation would not have a material adverse effect on the ability of the Company to establish appropriate life expectancies in connection with the purchase or sale of policies.

The Company's policy acquisitions are limited by the market availability of life insurance policies that meet the Company's eligibility criteria and purchase parameters, and failure to secure a sufficient number of quality life insurance policies could have a material adverse effect on the Company's business.

The life insurance policy secondary market has grown substantially in the past several years, however, as to whether and how it will continue to develop is uncertain. There are only a limited number of life insurance policies available in the market from time to time. There can be no assurance that the Company will be able to source life insurance policies on terms acceptable to the Company. As more investment funds flow into the market for life insurance policies, margins may be squeezed and the value of the collateral may become comparatively more expensive to purchase or subject to greater competition on the purchase side. There can be no assurance that secondary market life insurance policies will be available to the Company on satisfactory or competitive terms.

The supply of life insurance policies available in the market may be reduced by, among other things: (i) improvement in the economy, resulting in higher investment returns to insureds and other owners of life insurance policies from their investment portfolios; (ii) improvements in health insurance coverage, limiting the need of insureds to obtain funds to pay the cost of their medical treatment by selling their life insurance policies; (iii) the entry into the market of less reputable third-party brokers who submit inaccurate or false life insurance policy information to the Company; (iv) the establishment of new licensing requirements for market participants and a delay in complying or an inability to comply with such new requirements; or (v) refusal of the carrier that issued a life insurance policy to consent to its transfer. A change in the availability of life insurance policies could adversely affect the Company's ability to execute its strategy and meet its objectives.

The Company may experience increased competition from originating life insurance companies, life insurance brokers, and investment funds which could have a material adverse effect on the Company's business.

Life insurance companies have begun offering to repurchase their own in-force life insurance policies from their current policyholders by offering "enhanced cash surrender value payments" above the amount of the net cash surrender value provided under the life insurance contracts' terms and thus compete directly with the Company and other life settlement providers. The life settlements industry has challenged the legal validity of the life insurance companies' actions, and some state insurance regulators have declared that these

[Table of Contents](#)

repurchase offers are unlawful while other state insurance regulators have approved them. To the extent that life insurance companies can seek to repurchase their own in-force life insurance policies, they present competition to the Company in acquiring policies.

In addition, the Company is subject to significant competition from other life settlement brokers and investment funds for the purchase of life settlement policies. Increased competition for life settlement policies may result in the Company being unable to access the number of life settlement policies that it desires for its business at prices that it deems acceptable.

Historically, there has been a negative public perception of the life settlement industry that could affect the value and/or liquidity of the Company's investments and the life settlement industry faces political opposition from life insurance companies which could have a material adverse effect on the Company's business.

Many regulators, lawmakers and other governmental authorities, as well as many insurance companies and insurance industry organizations, are hostile to or otherwise concerned about certain aspects of the longevity-contingent asset markets. The life settlement industry and some of its participants have also been, and may continue to be, portrayed negatively in a number of widely read publications and other forms of media. These opponents regularly contend that life settlement transactions are contrary to public policy by promoting financial speculation on human life and often involve elements of fraud and other wrongdoing. Continued public opposition to the life settlement industry, as well as actual or alleged wrongdoing by participants in the industry, could have a material adverse effect on the Company and its investors, including on the value and/or liquidity of the Company's investments.

In March 2010, the American Council of Life Insurers, an insurance carrier trade association, issued a press release calling for a complete ban on life settlement securitization. While that effort was not successful, any such federal or state legislation, if passed, could have the effect of severely limiting or potentially prohibiting the continued operation of the Company's life settlement purchasing operations. All of the foregoing could adversely affect the Company's ability to execute its investment strategy and meet its investment objectives.

The Company or third parties the Company relies upon could fail to accurately evaluate, acquire, maintain, track, or collect on life settlement policies, which could have a material adverse impact on the Company's revenues.

The Company relies on third party data for tracking and servicing its life settlement policies. This includes the origination and servicing of life settlement policies by the servicing and tracking agent, market counterparties and other service providers, and the Company may not be in a position to verify the risks or reliability of such third-party data and systems. Failures in the systems employed by the Company and other service providers, counterparties, and other parties could result in mistakes made in the evaluation, acquisition, maintenance, tracking and collection of life settlement policies and other longevity-linked investments. This could result in the Company overpaying for life settlement policies it acquires or underpricing life settlement policies it sells. In addition, disruptions in the Company's operations as a result of a failure in a third party system may cause the Company to suffer, among other things, financial loss, the disruption of its business, liability to third-parties, regulatory intervention or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on the Company.

There is a risk of fraud in the origination of the original life insurance policy or in subsequent sales of the life insurance policy that could adversely affect the Company's returns which could have a material adverse impact on the Company's business.

The Company faces the risk that an original owner of a life insurance policy, the related insured, the insurance agent involved in the issuance of such life insurance policy, or other party may have committed

[Table of Contents](#)

fraud, or misstated or failed to provide material information in connection with the origination or subsequent sale of that life insurance policy. While most life insurance policies may not be challenged for fraud after the end of the two-year contestability period, there may be situations where such fraud in connection with the issuance of a life insurance policy may survive the contestability period. If an issuing insurance company successfully challenges a life insurance policy acquired by the Company on the grounds of fraud, the Company may lose its entire investment in that life insurance policy. Furthermore, if the age of an insured was misstated, the Company may receive lower death benefits than expected. In addition, there may be information directly relevant to the value of a life insurance policy, including, but not limited to, information relating to the insured's medical or financial condition, to which the Company will not have access. It is not possible to verify the accuracy or completeness of each piece of information or the completeness of the overall information supplied by such parties. Any such misstatement or omission could cause the Company to rely on assumptions which turn out to be inaccurate. Additionally, there can be no assurance that the seller of a life insurance policy in the tertiary market properly acquired that policy from the former owner, or that a former beneficiary or other interested party will not attempt to challenge the validity of the transfer. The occurrence of any one or more of these factors could adversely affect the Company's performance and returns.

The Company may become subject to claims by life insurance companies, individuals and their families, or regulatory authorities which could have a material adverse impact on the Company's business.

The secondary market for life insurance policies has been subjected to allegations of fraud and misconduct as reflected in certain litigated cases. Some of these cases, some of which have been brought by regulatory authorities, involve allegations of fraud, breaches of fiduciary duty, bid rigging, non-disclosure of material facts and associated misconduct in life settlement transactions. Cases have also been brought by the life insurance companies that challenge the legality of the original issuance of the life insurance policies based on lack of insurable interest, fraud and misrepresentation grounds.

Further, both federal and U.S. state statutes safeguard an insured's private health information. In addition, insureds frequently have an expectation of confidentiality even if they are not legally entitled to it. Even if the Company properly obtains and uses otherwise private health information, but fails to maintain the confidentiality of such information, the Company may be the subject of complaints from the affected individuals, their families and relatives and, potentially, interested regulatory authorities. Because of the uncertainty of applicable laws, it is not possible to predict the outcome of those disputes. It is also possible that, due to a misunderstanding regarding the scope of consents that a transaction party possesses, the Company may request and receive from health care providers, information that in fact did not have a right to request or receive. If the Company finds itself to be the recipient of complaints for these acts, it is not possible to predict what the results will be. This uncertainty also increases the likelihood that a transaction party may sell, or cause to be sold, life insurance policies in violation of applicable law, which could potentially result in additional costs related to defending claims or enduring regulatory inquiries, rescinding such transactions, possible legal damages and penalties and probable reduced market value of the affected life insurance policies. Each of the foregoing factors may delay or reduce the return on the policies and adversely affect the Company's business and results of operations.

Life settlements in which we invest are not currently regulated under the federal securities laws, but if deemed to be securities would require further compliance with federal and state securities laws, which could result in significant additional regulatory burdens on the Company, and limit the Company's investments, which could have an adverse impact on the Company's business and results of operations.

The origination and trading in whole, non-variable life insurance policies has historically been understood to not involve transactions in securities. However, on February 22, 2019, the United States Court of Appeals for the Fifth Circuit in a case captioned In the Matter of Living Benefits Asset Management, LLC, vs. Kestrel Aircraft Company, Incorporated, case No. 18-10510, concluded that whole, non-variable life insurance policies, when offered for sale to an investor, were securities for purposes of the Investment Company Act. If

[Table of Contents](#)

this same conclusion were to be reached in other circuits or at the Supreme Court and extended to the Securities Act, there would be significant changes to our industry and it would materially impact the Company's ability to conduct its business.

In 2002, the Eleventh Circuit Court of Appeals reached a similar conclusion with respect to fractionalized death benefits payable under non-variable policies in SEC v. Mutual Benefits Corp., but, the District of Columbia Circuit Court of Appeals reached a contrary result with respect to fractionalized death benefits in SEC v. Life Partners which was decided in 1996. The Company does not presently transact in fractionalized death benefits, i.e. buying or selling a part of, but not all of, a life settlement policy, nor does it currently plan to transact in fractionalized death benefits.

On July 22, 2010, the SEC released a staff report that recommended that Congress clearly define life settlements to be securities, so that the investors in life settlements transactions would be protected under the U.S. federal securities laws. To date, the SEC has not made another such recommendation to Congress nor has Congress acted on the SEC staff's report. If the statutory definitions of "security" were to be amended to encompass life settlements involving non-variable life insurance policies, or if the Supreme Court or other Circuit Courts were to conclude that non-variable life insurance policies are securities for purposes of the Securities Act, the Company could become subject to additional extensive regulatory requirements under the federal securities laws. Those regulatory requirements would include the obligation to register the Company's sales and offerings of life settlements with the SEC as public offerings under the Securities Act. Also, if the resale of non-variable life insurance policies were to be considered securities, the Company's ownership of those policies as a percentage of its assets or source of income could be limited as it would likely manage its business to avoid being required to register as an "investment company" pursuant to the Investment Company Act. Those limitations could have an adverse effect on the Company's business and results of operations. Any legislation or court or regulatory interpretations leading to that regulatory change or a change in the transactions that are characterized as life settlement transactions could lead to significantly increased compliance costs and increased liability risk to the Company, and could adversely affect the Company's ability to acquire or sell life insurance policies in the future. This could materially and adversely affect the Company's business, financial condition and results of operations, which in turn could materially and adversely affect the performance of the Company.

The Company cannot assure you as to the ultimate content, timing, or effect of changes, nor is it possible at this time to estimate the impact of any such potential change in administration or new legislation on the Company's business, financial condition, or results of operations and consequently, any potential material and adverse effect on the performance of the Company.

The Company may be subject to certain U.S. state securities laws, and failure to comply with applicable requirements may result in fines, sanctions and rescission of purchase or sale transactions.

Certain U.S. state laws specifically characterize life settlements as securities transactions. Thus, in some U.S. states, purchases and sales of life insurance policies by the Company may be subject to applicable U.S. state blue sky laws or other U.S. state securities laws. The Company intends to comply with all applicable federal and state securities laws. However, this will not necessarily exempt the Company from compliance with U.S. federal or state broker-dealer laws. The failure to comply with applicable securities laws in connection with the purchase or sale of life settlement policies could result in the Company being subject to fines, administrative and civil sanctions and rescission of life settlement policy purchase or sales transactions. Each of the foregoing factors could materially and adversely affect the performance of the Company.

The Company could in the future be required to register as an investment company under the Investment Company Act or could have to substantively change its business model in order to fit within an applicable exemption from such registration requirement.

[Table of Contents](#)

The Company's sales of life insurance policies and investment and financing programs of which the purchase or sale of a life insurance policy is a part are subject to an evolving regulatory landscape. Depending on the facts and circumstances attending such sales or programs, U.S. state and federal securities laws, including the Investment Company Act could be implicated, and it is possible that the Company could in the future be required to register as an investment company under the Investment Company Act. The Company would not be able to continue to operate its business as it does today if required to register as an investment company. In such event, the Company would have to substantively change its business model to avoid registration as an investment company under the Investment Company Act. If the Company were required to change its business model in order to fit within an exemption from registration, it would have a material adverse effect on the performance of the Company.

The Company faces privacy and cyber security risks related to its maintenance of proprietary information, including information regarding life settlement policies and the related insureds, and any adverse impact related to such risks could have a material adverse impact on the Company's business.

The Company relies on data processing systems to price and close transactions, to evaluate investments, to monitor its portfolio and capital, and to generate risk management and other reports that are critical to oversight of the Company's activities. Further, the Company relies on information systems to store sensitive information about the Company, its affiliates, and its investments, including life settlement policies and information about the related insured individuals and others. While the Company is not aware of security breaches or proceedings related to the processing of information, the loss or improper access, use or disclosure of the Company's proprietary information can adversely impact the Company. For example, the Company could suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Company.

Additionally, the Company collects information related to life insurance, including nonpublic personal information ("NPI") and protected health information ("PHI"), and information from its website, such as contact information and high-level policy information. The Company also collects information from its employees, such as standard HR information, and business contact information from third party employees. The Company shares information with its service providers, and has entered into non-disclosure and business association agreements, where appropriate. Although the Company has, and believes that each service provider has, procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches, such measures cannot guarantee absolute security.

Furthermore, the techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently with increasing sophistication and may be difficult to detect for long periods of time. For example, hardware or software acquired from third parties may contain defects in design or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the Company may be susceptible to compromise, leading to a breach of the Company's network and/or business interruptions. The Company's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats.

The Company is subject to U.S. privacy laws and regulations. Failure to comply with such obligations could lead to regulatory investigations or actions; litigation; fines and penalties; disruptions of operations; reputational harm; loss of revenue or profits; and other adverse business consequences.

Due to the type of information the Company collects, including personal, medical, and financial information on the underlying insureds, and the nature of its services, the Company is subject to privacy laws. In the United States, federal, state and local governments have enacted numerous data privacy and security laws to address privacy, data protection and collection, and the processing and disclosure of certain types of information. Obligations related to these laws are quickly changing, becoming increasingly stringent and creating regulatory uncertainty. In addition, these obligations may be subject to differing applications and

[Table of Contents](#)

interpretations, which can result in inconsistency or conflict among jurisdictions. Among these laws, the Company is likely subject to the Telephone Consumer Protection Act ("TCPA"), Controlling Assault of Non-Solicited Pornography and Marketing Act of 2003, the Gramm-Leach Bliley Act ("GLBA") and the Health Insurance Portability and Accountability Act of 1996 ("HIPAA").

The Company may be considered a financial institution under the GLBA, and is subject to the GLBA through the NPI it collects. The GLBA regulates, among other things, the use of certain information about individuals (NPI) in the context of the provision of financial services. The GLBA includes both a "Privacy Rule," which imposes obligations on financial institutions relating to the use or disclosure of NPI, and a "Safeguards Rule," which imposes obligations on financial institutions, and indirectly, their service providers, to implement and maintain physical, administrative and technological measures to protect the security of NPI.

The Company has certain business components that are subject to HIPAA. HIPAA imposes privacy, security and breach notification obligations on "covered entities" and "business associates." Furthermore, HIPAA requires "covered entities" and "business associates" to develop and maintain policies with respect to the protection of PHI. If in violation of HIPAA, the Company may be subject to significant civil, criminal and administrative fines and penalties and/or additional reporting and oversight obligations. HIPAA also authorizes state Attorneys Generals to file suit on behalf of their residents. Courts may award damages, costs and attorneys' fees related to violations of HIPAA in such cases. While HIPAA does not create a private right of action allowing individuals to sue the Company in civil court for violations of HIPAA, its standards have been used as the basis for duty of care in state civil suits such as those for negligence or recklessness in the misuse or breach of PHI.

Because of the complexity of the various data privacy laws the Company may be subject to, compliance can be costly. The Company has taken general steps to comply with data privacy and security laws. For example, the Company has implemented a number of policies, including policies regarding access controls, customer data privacy, secure data disposal, and incident response and risk assessments. Despite these efforts, the Company may at times fail in its efforts due to the complexity and evolving nature of these laws. Failure to comply with relevant data privacy laws could negatively impact the Company's operations, including subject the Company to possible government enforcement actions which could result in investigations, fines, penalties, audits, inspection, litigation, additional reporting requirements and/or oversight.

The Company's business may be subject to additional or different government regulation in the future, which could have a material adverse impact on the Company's business.

The Company is currently licensed and operating in 49 states. Increased regulation (whether promulgated under insurance laws or any other applicable law) and regulatory oversight of and changes in law applicable to life settlements may restrict the ability of the Company to carry on its business as currently conducted. This could also impose additional administrative burdens on the Company, including responding to examinations and other regulatory inquiries and implementing policies and procedures. Regulatory inquiries often are confidential in nature, may involve a review of an individual's or a firm's activities or may involve studies of the industry or industry practices, as well as the practices of a particular institution.

There is currently no direct legal authority regarding the proper federal tax treatment of life settlements and potential future rulings from the IRS may have significant tax consequences on the Company.

There is no direct legal authority regarding the proper U.S. federal income tax treatment of life settlements, and the Company does not plan to request a ruling from the IRS. Consequently, significant aspects of the tax treatment of the Company's assets are uncertain, and the IRS or a court might not agree with the Company's treatment of life settlements as prepaid financial contracts that are not debt. If the IRS were successful in asserting an alternative treatment, the tax consequences of ownership and disposition of life settlements could be materially and adversely affected. In addition, in 2007, the U.S. Treasury Department and the IRS released a notice requesting public comments on various issues regarding the U.S. federal income

[Table of Contents](#)

tax treatment of "prepaid forward contracts" and similar instruments. Any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in life settlements, possibly with retroactive effect.

There have been lawsuits in various states questioning whether a purchaser of a life insurance policy has the requisite "insurable interest" in the policy which would permit the purchaser to collect the insurance benefits and an adverse finding in any of these lawsuits could have a material adverse effect on the Company's business.

All states require that the initial purchaser of a new life insurance policy insuring the life of another individual have an insurable interest in that individual's life at the time of the original issuance of the policy. An "insurable interest" is an economic stake in an event for which a person or entity

purchases an insurance policy. An insurance policy may only be initially purchased by a person or entity who has an insurable interest in the insured. For example, if a spouse purchases an insurance policy on his or her spouse or a company purchases an insurance policy on an employee. In addition, some states may require that the Company have an insurable interest in the insured. Whether an insurable interest exists in the context of the purchase of a life insurance policy is critical because in the absence of a valid insurable interest, life insurance policies are unenforceable under the laws of most states. Where a life insurance policy has been issued to a policy holder without an insurable interest in the life of the insured, the life insurance company may not be required to pay the face value under the policy and may also be entitled to retain the premiums paid. Generally, there are two forms of insurable interest in the life of an individual, familial and financial. Additionally, an individual is deemed to have an insurable interest in his or her own life. Insurable interest is determined at the inception of the policy. The definition of exactly what constitutes "insurable interest" tends to vary by state. Some cases have also been initiated by life insurance companies, challenging the legality of the original issuance of policies on insurable interest grounds and asserting that such policies constitute "Stranger-Originated Life Insurance" or "STOLI," which is defined as a practice or plan to initiate a life insurance policy for a third-party investor who, at the time of policy origination, has no insurable interest in the insured. Some states (such as Utah and New York) permit the heirs and beneficiaries of an insured to recover the face value under such STOLI policies rather than the policy owner which lacked insurable interest.

While the Company does not believe it has invested in any STOLI policies, and has policies and procedures in place to identify potential STOLI policies, there can be no guarantee that the Company will identify all STOLI policies. As such, the Company may acquire certain life insurance policies that may be deemed by an issuing insurance company to be STOLI policies, whether purposefully, if the Company deems such life insurance policy to be an attractive business combination partner investment even after taking into account the insurable interest risk, or inadvertently, where the true nature of such life insurance policy is not discovered prior to target businesses. As its acquisition by the Company. Should an existing public issuing insurance company we offer successfully challenge the validity of a target business life insurance policy acquired by the Company, the Company will lose its investment in such life insurance policy. Furthermore, the Company will also suffer losses if a family member of an alternative insured is successful in asserting a claim that he or she, and not the Company, is entitled to the traditional face value payable under a life insurance policy.

The failure of the Company to accurately and timely track and pay premium payments on the life insurance policies it holds could result in the lapse of such policies which would have a material adverse impact on the Company's business.

In order to realize on its investment in life insurance policies, the Company must ensure that the life insurance policies remain in force until they mature or are sold by the Company. Failure by the Company to pay premiums on the life insurance policies when due will result in termination or "lapse" of the life insurance policies and will result in the loss of the Company's investment in such life insurance policies.

The originating life insurance company may increase the cost of insurance premiums, which would adversely affect the Company's returns.

Table of Contents

For any life insurance policies that may be obtained by the Company, the Company will be responsible for maintaining the policies, including paying insurance premiums. If a life insurance company increases the cost of insurance charged for any of the life insurance policies held by the Company, the amounts required to be paid for insurance premiums due for these life insurance policies may increase, requiring the Company to incur additional costs for the life insurance policies which may reduce the value of such life insurance policies and consequently affect the returns available on such policies.

Life insurance companies have in the past materially increased the cost of insurance charges. There can be no assurance that life insurance policies acquired by the Company will not be subject to cost of insurance increases. If any such life insurance policies are affected by a cost of insurance increase, the value of such life insurance policy may be materially reduced and the Company may decide or may be forced to allow such life insurance policy to lapse, resulting in a loss to the Company.

In the event an insurance company experiences significantly higher than anticipated expenses associated with operation and/or policy administration, or, in some instances, lower investment returns, the insurance company may have the right to increase the charges to each of its policy owners, but not beyond guaranteed maximums. While the insurance companies did not specify the reason for the increases, it is generally believed that the low interest rate environment was a significant contributing factor in the decision to raise the cost of insurance.

The Company may not be able to liquidate its life insurance policies which could have a material adverse effect on the Company's business.

In the ordinary course of its business, the Company engages in the purchase and sale of life insurance policies. The liquidation value of these life insurance policies is important where, for example, it becomes necessary to sell life insurance policies from the Company's hold portfolio in order to meet the Company's cash flow needs, including the payment of future premiums.

In many cases liquidations may not be a viable option to meet the Company's liquidity because of, among other things: (1) the lack of a market for such life insurance policies at the time; (2) the uncertainties surrounding the liquidation value of an individual life insurance policy; (3) the extensive amount of time and effort it might take to sell a life insurance policy; (4) the effect excessive sales of life insurance policies may have on transactions and future cash flows; and (5) the tax consequences.

The Company assumes the credit risk associated with life insurance companies and may not be able to realize the full value of insurance company payouts which could have a material adverse effect on the Company's profits.

The Company will assume the credit risk associated with life insurance policies issued by various life insurance companies. The failure or bankruptcy of any such life insurance company could have a material adverse impact on the Company's ability to achieve its investment objectives. A life insurance company's business tends to track general economic and market conditions that are beyond its control, including extended economic recessions, interest rate changes, the subprime lending market crisis or changes in investor perceptions regarding the strength of insurers generally and the life insurance policies or annuities they offer. Adverse economic factors and volatility in the financial markets may have a material adverse effect on a life insurance company's business obligation to pay the face value of policies.

The insolvency of any insurance company or a downgrade in the ratings of an insurance company could have a material adverse impact on the value of the related life insurance policies, the collectability of the related face value, cash surrender value or other amounts agreed to be paid by such insurance company. In the event that a life insurance carrier becomes insolvent or is placed into receivership, most state guaranty associations place a \$300,000 or lower cap on face value for policies per insured. In addition to the limitations on the amount of coverage, which vary by state, there are limitations on who may make claims under such

[Table of Contents](#)

coverage and the Company may not be eligible to make claims under U.S. state guarantee funds as most U.S. state guarantee fund laws were enacted with the stated goal of assisting policyholders residing in such states. Even if available to the Company, guarantee fund coverage limits are typically smaller than the face values of some of the life insurance policies that the Company will acquire. There can be no assurance that as more life settlement transactions are undertaken, legislators will not adopt additional restrictions on the availability of U.S. state guaranty funds.

The Company's success is dependent upon the services of its experienced management and talented employees. If the Company is unable to retain management and/or key employees, its ability to compete could be harmed.

The success of the Company is dependent upon the talents and efforts of highly skilled individuals employed by the Company and the Company's ability to identify and willingness to provide acceptable compensation to attract, retain and motivate experienced management, talented investment professionals and other employees. Most of the shares registered for sale by the Registration Statement of which this Prospectus is a part are owned by our founders who are also key members of management of the Company.

There can be no assurance that the Company's management and professionals will continue to be associated with the Company, and the failure to attract or retain such professionals could have a material adverse effect on the Company's ability to execute on its business plan. Competition in the financial services industry for qualified management and employees is intense and there is no guarantee that, if lost, the talents of the Company's professionals could be replaced.

The Company's intellectual property rights may not adequately protect the Company's business.

To be successful, the Company must protect its technology, know-how and brand through means, such as trademarks, trade secrets, patents, copyrights, service marks, contractual restrictions, and other intellectual property rights and confidentiality procedures. Despite the Company's efforts to implement these protections, they may not adequately protect its business for a variety of reasons, including:

- inability to successfully register or obtain patents and other intellectual property rights for important innovations that sufficiently protect the full scope of such innovations;
- inability to maintain appropriate confidentiality and other protective measures to establish and maintain the Company's trade secrets;
- uncertainty in, and evolution of, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights;
- potential invalidation of the Company's intellectual property rights through administrative processes or litigation; and
- other practical, resource, or business limitations on the Company's ability to detect and prevent infringement or misappropriation of our rights and to enforce our rights.

Litigation may be necessary to enforce the Company's intellectual property or proprietary rights, protect the Company's trade secrets, or determine the validity and scope of proprietary rights claimed by others. Any litigation, whether or not resolved in the Company's favor, could result in significant expense to the Company, and divert the time and efforts of the Company's technical and management personnel. If the Company is unable to prevent third

parties from infringing upon, violating or misappropriating the Company's intellectual property or is required to incur substantial expenses defending the Company's intellectual property rights, the Company's business, financial condition and results of operations may be materially adversely affected.

[Table of Contents](#)

The Company may become subject to intellectual property disputes, which are costly and may subject the Company to significant liability and increased costs of doing business.

The Company may in the future become subject to intellectual property disputes. The Company's success depends, in part, on the Company's ability to operate without infringing, misappropriating or otherwise violating the intellectual property rights of third parties. However, the Company may not be aware that its practices are infringing, misappropriating or otherwise violating third-party intellectual property rights, and such third parties may bring claims against the Company or its business partners alleging such infringement, misappropriation or violation.

Any claims of intellectual property infringement, even those without merit, may be time-consuming and expensive to resolve, divert management's time and attention, cause the Company to cease using or incorporating the asserted challenged intellectual property rights expose it to other legal liabilities, or require it to enter into licensing agreements to obtain the right to use a third party's intellectual property. Although the Company carries general liability insurance, it may not cover potential claims of this type or may not be adequate to indemnify the Company for all liability that may be imposed. The Company cannot predict the outcome of lawsuits and cannot ensure that the results of any such actions will not have an adverse effect on the Company's business, financial condition, or results of operations.

Even if the claims do not result in litigation or are resolved in the Company's favor, these claims, and the time and resources necessary to resolve them, could divert the resources of the Company's management and harm the Company's business and results of operations.

Pandemics, along with rising interest rates and inflation, may disrupt the ability of the Company and its providers to originate life settlement policies which could have a material adverse impact on the Company's financial position.

Pandemics, particularly in the United States, could have a material and adverse effect on our business operations. These could include disruptions or restrictions on our ability to source life settlement policies, as well as temporary closures of our facilities and the facilities of our third-party service providers. Any disruption or delay of our third-party service providers would likely impact our operating results. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of the United States and throughout the world, resulting in an economic downturn that could affect demand for the life insurance policies and significantly impact the Company's operating results. Adverse changes in the perceived or actual economic climate, including higher unemployment rates, declines in income levels, inflation, and recession may shift the timing and volume of transactions, or the number of customers using our services for a prolonged period.

In the past, we have identified material weaknesses in our internal control over financial reporting that existed as of December 31, 2022, which were remediated as of December 31, 2023.

Detailed descriptions of the changes to internal control over financial reporting as they relate to the material weaknesses are provided in Part II, Item 9A—"Controls and Procedures" of this Annual Report on Form 10-K. If we experience additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately or timely report our financial condition or results of operations.

In the future we may discover additional material weaknesses in our system of internal financial and accounting controls and procedures that could result in a material misstatement of our financial statements. Our internal control over financial reporting will not prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that

[Table of Contents](#)

the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

Risks Related to Being a Public Company

The market price of our notes may be volatile or may decline regardless of our operating performance. You may lose some or all of your investment.

The trading price of our notes may be volatile. The securities markets have recently experienced extreme volatility. This volatility often has been unrelated or disproportionate to the operating performance of particular companies. You may not be able to resell your notes at an attractive price due to a number of factors such as the following:

- the impact of pandemics on our financial condition and the results of operations;
- our operating and financial performance and prospects;
- our quarterly or annual earnings or those of other companies in our industry compared to market expectations;
- conditions that impact demand for our products and/or services;
- future announcements concerning our business, our clients' businesses or our competitors' businesses;
- the public's reaction to our press releases, other public announcements and filings with the SEC;
 - the market's reaction to our reduced disclosure and other requirements as a result of being an "emerging growth company" under the Jumpstart Our Business Startups Act (the "JOBS Act");
 - the size of our public float;
 - coverage by or changes in financial estimates by securities analysts or failure to meet their expectations;
 - market and industry perception of our success, or lack thereof, in pursuing our growth strategy;
 - strategic actions by us or our competitors, such as acquisitions or restructurings;
 - changes in laws or regulations which adversely affect our industry or us;
 - privacy and data protection laws, privacy or data breaches, or the loss of data;
 - changes in accounting standards, policies, guidance, interpretations or principles;
 - changes in senior management or key personnel;
- issuances, exchanges or sales, or expected issuances, exchanges or sales of our capital stock;
- changes in our dividend policy;
- adverse resolution of new or pending litigation against us; and

[Table of Contents](#)

- changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from inflation, natural disasters, terrorist attacks, acts of war and responses to such events.

These broad market and industry factors may materially reduce the market price of the notes, regardless of our operating performance. In addition, price volatility may be greater if the public float and trading volume of our notes is low. As a result, you may suffer a loss on your investment.

In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and the attention of management from our business regardless of the outcome of such litigation.

If we do not develop and implement all required accounting practices and policies, we may be unable to provide the financial information required of a U.S. publicly traded company in a timely and reliable manner.

The implementation of all required accounting practices and policies and the hiring of additional financial staff has increased and may continue to increase our operating costs and requires our management to devote significant time and resources to such implementation. If we fail to develop and maintain effective internal controls and procedures and disclosure procedures and controls, we may be unable to provide financial information and required

SEC reports that are timely and reliable. Any such delays or deficiencies could harm us, including by limiting our ability to obtain financing, either in the public capital markets or from private sources and damaging our reputation, which in either cause could impede our ability to implement our growth strategy. In addition, any such delays or deficiencies could result in our failure to meet the requirements for continued listing of our notes on NASDAQ.

Our ability to timely raise capital in the future may be limited, or may be unavailable on acceptable terms, if at all. Our failure to raise capital when needed could harm our business, operating results and financial condition. Debt issued to raise additional capital may reduce the cash flow available to make required payments with respect to the notes and affect our ability to execute our investment strategy or impact the value of our investments.

We have funded our operations since inception primarily through our origination, active management and holding of life settlement policies. We cannot be certain when or if our operations will generate sufficient cash to fund our ongoing operations or the growth of our business.

We intend to continue to make investments to support our business and may require additional funds. Additional financing may not be available on favorable terms, if at all. If adequate funds are not available on acceptable terms, we may be unable to invest in future growth opportunities, which could harm our business, operating results and financial condition. If we incur debt, the debt holders could have rights senior to holders of the notes to make claims on our assets.

The Company has a series of warrants outstanding (collectively the "Warrants"), which include: (i) warrants (the "Private Placement Warrants") originally issued in connection with the Company's initial public offering through a merger or other business combination. In this situation, the owners (the "Company IPO") to purchase up to 7,120,000 shares of the target business would exchange their shares for Company's common stock, par value \$0.0001 per share (the "Common Stock"), issuable upon the exercise, at an exercise price of \$11.50 per share; (ii) warrants issued in connection with the target business for closing of the Business Combination to purchase up to 1,780,000 shares of our stock or for a combination of Common Stock issuable upon the exercise, at an exercise price of \$11.50 per share, allowing us to tailor the consideration to the specific needs of the sellers. Although there are various costs and obligations associated with being a public company, we believe target businesses will find this method a more certain and cost effective method to becoming a public company than the typical initial public offering. In a typical initial public offering, there are additional expenses incurred in marketing, road show and public reporting efforts that may not be present to the same extent; (iii) warrants (the "Public Warrants") issued in connection with a business combination with us.

Furthermore, once a proposed business combination is completed, the target business will have effectively become Company IPO to purchase up to 17,250,000 shares of Common Stock, at an exercise price of \$11.50 per share, of the public whereas an initial public offering is always subject to warrants. We receive no capital until the underwriters' ability to complete the offering, as well as general market conditions, warrants are exercised, which could delay or prevent the offering from occurring or could have negative valuation consequences. Once public, we believe the target business would then have greater access to capital do not expire until 2028. See "Management's Discussion and Analysis" of providing management incentives consistent with stockholders' interests. It can offer further benefits by augmenting a company's profile among potential new customers, financial condition and vendors, results of operations—liquidity and aid in attracting talented employees.

Capital Resources."

[Table of Contents](#)

We are an "emerging growth company." The reduced public company reporting requirements applicable to emerging growth companies may make our securities less attractive to investors.

We qualify as an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the JOBS Act. As such, while we remain an emerging growth company, we are eligible and plan to 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 companies. These provisions include: (1) an exemption from compliance with the auditor attestation requirement in the assessment of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act, (2) not being required to comply with any requirement that may be adopted by the auditor attestation requirements of Section 404 of Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the Sarbanes-Oxley Act, auditor's report providing additional information about the audit and the financial statements, (3) reduced disclosure obligations regarding executive compensation arrangements in our periodic reports, registration statements and proxy statements and (4) exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. If some investors find our securities less attractive as a result, there may be information we provide will be a less active trading market for our securities and different than the prices of our securities may be more volatile.

Information that is available with respect to other public companies that are not emerging growth companies. In addition, Section 107 of the JOBS Act also provides that an "emerging growth company" can take advantage of the extended transition period exemption from complying with new or revised accounting standards provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, as long as we are an

"emerging growth company." An emerging growth company can therefore delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. 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. We have elected to irrevocably 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, we will adopt the new or revised standard at the time public companies adopt the new or revised standard. This may make comparison of our financial statements with another emerging growth company that has not opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used. As a result, following the consummation of the Business Combination, the post-Business Combination company will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies.

We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of our initial public offering, (b) in which we have total annual gross revenue of at least \$1.07 billion (as adjusted for inflation pursuant to SEC rules from time to time), or (c) in which we are deemed to be a large accelerated filer, which means the market value of our Class A common stock that is held by non-affiliates exceeds \$700 million as of the prior June 30th, and (2) the date on which we have issued more than \$1.0 billion in non-convertible debt securities during the prior three-year period.

Additionally, we are a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We will remain a smaller reporting company until the last day of any fiscal year for so long as either (1) the market value of our ordinary shares held by non-affiliates did not exceed \$250 million as of the prior June 30, or (2) our annual revenues did not exceed \$100 million during such completed fiscal year and the market value of our ordinary shares held by non-affiliates did not exceed \$700 million as of the prior June 30.

Effecting our Initial Business Combination

We are not presently engaged in, and we will not engage in, any operations until we consummate our initial business combination. We intend to complete our initial business combination using cash from the proceeds of our initial public offering and the private placement of the private placement warrants, our capital stock, debt or a combination of these as the consideration to be paid in our initial business combination. We may seek to complete our initial business combination with a company or business that may be financially unstable or in its early stages of development or growth, which would subject us to the numerous risks inherent in such companies and businesses.

If our initial business combination is paid for using equity or debt securities, or not all of the funds released from the trust account are used for payment of the consideration in connection with our business combination or used for redemptions of our Class A common stock, we may apply the balance of the cash released to us from the trust account for general corporate purposes, including for maintenance or expansion of operations of the post-transaction company, the payment of principal or interest due on indebtedness incurred in completing our initial business combination, to fund the purchase of other assets, companies or for working capital.

We may seek to raise additional funds through a private offering of debt or equity securities in connection with the completion of our initial business combination (which may include a specified future issuance), and we may complete our initial business combination using the proceeds of such offering rather than using the amounts held in the trust account. Subject to compliance with applicable securities laws, we would expect to complete such financing only simultaneously with the completion of our business combination. In the case of an initial business combination funded with assets other than the trust account assets, our tender offer documents or proxy materials disclosing the business combination would disclose the terms of the financing and, only if required by law, we would seek stockholder approval of such financing. There are no prohibitions on our ability to raise funds privately, including pursuant to any specified future issuance, or through loans in connection with our initial business combination. At this time, we are not a party to any arrangement or understanding with any third party with respect to raising any additional funds through the sale of securities or otherwise.

The time required to select and evaluate a target business and to structure and complete our initial business combination, and the costs associated with this process, are not currently ascertainable with any degree of certainty. Any costs incurred with respect to the identification and evaluation of a prospective target business with which our business combination is not ultimately completed will result in our incurring losses and will reduce the funds we can use to complete another business combination.

Sources of Target Businesses

We expect to receive a number of proprietary transaction opportunities to originate as a result of the business relationships, direct outreach, and deal sourcing activities of our officers and directors. In addition to the proprietary deal flow, we anticipate that target business candidates will be brought to our attention from various unaffiliated sources, including investment banking firms, consultants, accounting firms, private equity groups, large business enterprises, and other market participants. These sources may also introduce us to target businesses in which they think we may be interested on an unsolicited basis. Our officers and directors, as well as their affiliates, may also bring to our attention target business candidates that they become aware of through their business contacts as a result of formal or informal inquiries or discussions they may have, as well as attending trade shows or conventions. Some of our officers or directors may enter into employment or consulting agreements with the post-transaction company following our initial business combination. The presence or absence of any such fees or arrangements will not be used as a criterion in our

selection process of an acquisition candidate. In no event will our Sponsor or any of our existing officers or directors, or any entity with which they are affiliated, be paid any finder's fee, consulting fee or other compensation prior to, or for any services they render in order to effectuate, the completion of our initial business combination (regardless of the type of transaction that it is). However, in connection with the successful completion of our initial business combination, we may determine to provide a payment to our Sponsor, officers, directors, advisors or our or their affiliates, which payment would not be made from the proceeds of our initial public offering held in the trust account. We currently do not have any agreement or arrangement with our Sponsor, any of our officers, directors, advisors or our or their affiliates to make any such payments.

We are not prohibited from pursuing an initial business combination with a business combination target that is affiliated with our Sponsor, officers or directors or making the acquisition through a joint venture or other form of shared ownership with our Sponsor, officers or directors. In the event we seek to complete our initial business combination with a business combination target that is affiliated with our Sponsor, officers or directors, we, or a committee of independent directors, would obtain an opinion from an independent investment banking firm which is a member of FINRA or an independent accounting firm that such an initial business combination is fair to our company from a financial point of view. We are not required to obtain such an opinion in any other context. If any of our officers or directors becomes aware of a business combination opportunity that falls within the line of business of any entity to which he or she has pre-existing fiduciary or contractual obligations, he or she may be required to present such business combination opportunity to such entity prior to presenting such business combination opportunity to us. Any such entity may co-invest with us in the target business at the time of our initial business combination, or we could raise additional proceeds to complete the acquisition by making a specified future issuance to any such entity.

Lack of Business Diversification

For an indefinite period of time after the completion of our initial business combination, the prospects for our success may depend entirely on the future performance of a single business. Unlike other entities that have the resources to complete business combinations with multiple entities in one or several industries, it is probable that we will not have the resources to diversify our operations and mitigate the risks of being in a single line of business. By completing our business combination with only a single entity, our lack of diversification may:

- subject us to negative economic, competitive and regulatory developments, any or all of which may have a substantial adverse impact on the particular industry in which we operate after our initial business combination, and
- cause us to depend on the marketing and sale of a single product or limited number of products or services.

Limited Ability to Evaluate the Target's Management Team

Although we intend to closely scrutinize the management of a prospective target business when evaluating the desirability of effecting our business combination with that business, our assessment of the target business' management may not prove to be correct. In addition, the future management may not have the necessary skills, qualifications or abilities to manage a public company. Furthermore, the future role of members of our management team or of our Board, if any, in the target business cannot presently be stated with any certainty. While it is possible that one or more of our directors will remain associated in some capacity with us following our business combination, it is presently unknown if any of them will devote their full efforts to our affairs subsequent to our business combination. Moreover, we cannot assure you that members of our management team will have significant experience or knowledge relating to the operations of the particular target business. The determination as to whether any members of our Board will remain with the combined company will be made at the time of our initial business combination.

Following a business combination, to the extent that we deem it necessary, we may seek to recruit additional managers to supplement the incumbent management team of the target business. We cannot assure you that we will have the ability to recruit additional managers, or that additional managers will have the requisite skills, knowledge or experience necessary to enhance the incumbent management.

Stockholders May Not Have the Ability to Approve our Initial Business Combination

We may conduct redemptions without a stockholder vote pursuant to the tender offer rules of the SEC. However, we will seek stockholder approval if it is required by law or applicable stock exchange rule, or we may decide to seek stockholder approval for business or other legal reasons. Presented in the table below is a graphic explanation of the types of initial business combinations we may consider and whether stockholder approval is currently required under Delaware law for each such transaction.

Type of Transaction	Whether Stockholder Approval is Required
Purchase of assets	No
Purchase of stock of target not involving a merger with the Company	No

Merger of target into a subsidiary of the Company	No
Merger of the Company with a target	Yes
Under NASDAQ's listing rules, stockholder approval would be required for our initial business combination if, for example:	
<ul style="list-style-type: none"> ■ we issue shares of Class A common stock that will be equal to or in excess of 20% of the number of shares of our Class A common stock then outstanding; ■ any of our directors, officers or substantial stockholders (as defined by NASDAQ rules) has a 5% or greater interest (or such persons collectively have a 10% or greater interest), directly or indirectly, in the target business or assets to be acquired or otherwise and the present or potential issuance of common stock could result in an increase in outstanding common shares or voting power of 5% or more; or ■ the issuance or potential issuance of common stock will result in our undergoing a change of control. 	

Permitted Purchases of Our Securities

In the event we seek stockholder approval of our business combination and we do not conduct redemptions in connection with our business combination pursuant to the tender offer rules, our Sponsor, directors, officers, advisors or their affiliates may purchase shares or public warrants in privately negotiated transactions or in the open market either prior to or following the completion of our initial business combination. There is no limit on the number of shares our Sponsor, directors, officers, advisors or their affiliates may purchase in such transactions, subject to compliance with applicable law and the rules of NASDAQ. However, they have no current commitments, plans or intentions to engage in such transactions and have not formulated any terms or conditions for any such transactions. None of the funds in the trust account will be used to purchase shares or public warrants in such transactions. If they engage in such transactions, they will not make any such purchases when they are in possession of any material non-public information not disclosed to the seller or if such purchases are prohibited by Regulation M under the Exchange Act. Such a purchase may include a contractual acknowledgement that such stockholder, although still the record holder of our shares is no longer the beneficial owner thereof and therefore agrees not to exercise its redemption rights. In the event that our Sponsor, directors, officers, advisors or their affiliates purchase shares in privately negotiated transactions from public stockholders who have already elected to exercise their redemption rights, such selling stockholders would be required to revoke their prior elections to redeem their shares. We do not currently anticipate that such purchases, if any, would constitute a tender offer subject to the tender offer rules under the Exchange Act or a going-private transaction subject to the going-private rules under the Exchange Act; however, if the purchasers determine at the time of any such purchases that the purchases are subject to such rules, the purchasers will comply with such rules.

The purpose of any such purchases would be to (i) vote such shares in favor of the business combination and thereby increase the likelihood of obtaining stockholder approval of the business combination or (ii) to satisfy a closing condition in an agreement with a target that requires us to have a minimum net worth or a certain amount of cash at the closing of our business combination, where it appears that such requirement would otherwise not be met. The purpose of any such purchases of public warrants could be to reduce the number of public warrants outstanding or to vote such warrants on any matters submitted to the warrant holders for approval in connection with our initial business combination. Any such purchases of our securities may result in the completion of our business combination that may not otherwise have been possible.

In addition, if such purchases are made, the public "float" of our common stock may be reduced and the number of beneficial holders of our securities may be reduced, which may make it difficult to maintain or obtain the quotation, listing or trading of our securities on a national securities exchange.

Our Sponsor, officers, directors, advisors and/or their affiliates anticipate that they may identify the stockholders with whom our Sponsor, officers, directors, advisors or their affiliates may pursue privately negotiated purchases by either the stockholders contacting us directly or by our receipt of redemption requests submitted by stockholders following our mailing of proxy materials in connection with our initial business combination. To the extent that our Sponsor, officers, directors, advisors or their affiliates enter into a private purchase, they would identify and contact only potential selling stockholders who have expressed their election to redeem their shares for a pro rata share of the trust account or vote against the business combination. Our Sponsor, officers, directors, advisors or their affiliates will only purchase shares if such purchases comply with Regulation M under the Exchange Act and the other federal securities laws.

Any purchases by our Sponsor, officers, directors, advisors and/or their affiliates who are affiliated purchasers under Rule 10b-18 under the Exchange Act will only be made to the extent such purchases are able to be made in compliance with Rule 10b-18, which is a safe harbor from liability for manipulation under Section 9(a)(2) and Rule 10b-5 of the Exchange Act. Rule 10b-18 has certain technical requirements that must be complied with in order for the safe harbor to be available to the purchaser. Our Sponsor, officers, directors, advisors and/or their affiliates will not make purchases of common stock if the purchases would violate Section 9(a)(2) or Rule 10b-5 of the Exchange Act. Any such purchases will be reported pursuant to Section 13 and Section 16 of the Exchange Act to the extent such purchasers are subject to such reporting requirements.

Redemption Rights for Public Stockholders upon Completion of our Initial Business Combination

We will provide our public stockholders with the opportunity to redeem all or a portion of their shares of Class A common stock upon the completion of our initial business combination at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the trust account as of two business days prior to the consummation of the initial business combination, including interest earned on the funds held in the trust account and not previously released to us to pay our franchise and income taxes, as well as expenses relating to the administration of the trust account, divided by the number of then outstanding public shares, subject to the limitations described herein. The amount in the trust account is approximately \$10.18 per public share as of the date of this report. The per-share amount we will distribute to investors who properly redeem their shares will not be reduced by any deferred underwriting commissions. There are currently no outstanding deferred underwriting commissions as Wells Fargo Securities, LLC, the sole book running manager for our initial public offering, has agreed to waive its entitlement to any deferred underwriting fees. Our Sponsor, officers and directors have entered into a letter agreement with us, pursuant to which they have agreed to waive their redemption rights with respect to any founder shares and any public shares held by them in connection with the completion of our business combination.

Manner of Conducting Redemptions

We will provide our public stockholders with the opportunity to redeem all or a portion of their shares of Class A common stock upon the completion of our initial business combination either (i) in connection with a stockholder meeting called to approve the business combination or (ii) by means of a tender offer. The decision as to whether we will seek stockholder approval of a proposed business combination or conduct a tender offer will be made by us, solely in our 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 require us to seek stockholder approval under the law or stock exchange listing requirement. Asset acquisitions and stock purchases would not typically require stockholder approval while direct mergers with our Company where we do not survive and any transactions where we issue more than 20% of our outstanding common stock or seek to amend our amended and restated certificate of incorporation would require stockholder approval. If we structure a business combination transaction with a target company in a manner that requires stockholder approval, we will not have discretion as to whether to seek a stockholder vote to approve the proposed business combination. We intend to conduct redemptions without a stockholder vote pursuant to the tender offer rules of the SEC unless stockholder approval is required by law or stock exchange listing requirements or we choose to seek stockholder approval for business or other legal reasons. So long as we maintain a listing for our securities on NASDAQ, we will be required to comply with such rules.

If a stockholder vote is not required and we do not decide to hold a stockholder vote for business or other legal reasons, we will, pursuant to our amended and restated certificate of incorporation, as amended:

- conduct the redemptions pursuant to Rule 13e-4 and Regulation 14E of the Exchange Act, which regulate issuer tender offers, and
- file tender offer documents with the SEC prior to completing our initial business combination which contain substantially the same financial and other information about the initial business combination and the redemption rights as is required under Regulation 14A of the Exchange Act, which regulates the solicitation of proxies.

Upon the public announcement of our business combination, we or our Sponsor will terminate any plan established in accordance with Rule 10b5-1 to purchase shares of our Class A common stock in the open market if we elect to redeem our public shares through a tender offer, to comply with Rule 14e-5 under the Exchange Act.

In the event that we conduct redemptions pursuant to the tender offer rules, our offer to redeem will remain open for at least 20 business days, in accordance with Rule 14e-1(a) under the Exchange Act, and we will not be permitted to complete our initial business combination until the expiration of the tender offer period. In addition, the tender offer will be conditioned on public stockholders not tendering more than a specified number of public shares which are not purchased by our Sponsor, which number will be based on the requirement that we may not redeem public shares in an amount that would cause our net tangible assets to be less than \$5,000,001 upon completion of our initial business combination (so that we are not subject to the SEC's "penny stock" rules) or any greater net tangible asset or cash requirement which may be contained in the agreement relating to our initial business combination. If public stockholders tender more shares than we have offered to purchase, we will withdraw the tender offer and not complete the initial business combination.

If, however, stockholder approval of the transaction is required by law or stock exchange listing requirement, or we decide to obtain stockholder approval for business or other legal reasons, we will, pursuant to our amended and restated certificate of incorporation:

- conduct the redemptions in conjunction with a proxy solicitation pursuant to Regulation 14A of the Exchange Act, which regulates the solicitation of proxies, and not pursuant to the tender offer rules, and
- file proxy materials with the SEC.

In the event that we seek stockholder approval of our initial business combination, we will distribute proxy materials and, in connection therewith, provide our public stockholders with the redemption rights described above upon completion of the initial business combination.

If we seek stockholder approval, we will complete our initial business combination only if a majority of the outstanding shares of common stock voted are voted in favor of the business combination. A quorum for such meeting will consist of the holders present in person or by proxy of shares of outstanding capital stock of the

Company representing a majority of the voting power of all outstanding shares of capital stock of the Company entitled to vote at such meeting. Our Sponsor will count toward this quorum and has agreed to vote its founder shares and any public shares purchased during or after our initial public offering in favor of our initial business combination. For purposes of seeking approval of the majority of our outstanding shares of common stock voted, non-votes will have no effect on the approval of our initial business combination once a quorum is obtained. As our Sponsor, officers and directors currently hold more than the majority of the outstanding shares of our common stock and our Sponsor, officers and directors have agreed to vote their shares in favor of a proposed business combination and not redeem any of their shares in connection with such stockholder vote, their vote is sufficient to have our initial business combination approved. We intend to give approximately 30 days (but not less than 10 days nor more than 60 days) prior written notice of any such meeting, if required, at which a vote shall be taken to approve our initial business combination. These quorum and voting thresholds, and the voting agreement of our Sponsor, may make it more likely that we will consummate our initial business combination. Each public stockholder may elect to redeem its public shares irrespective of whether they vote for or against the proposed transaction.

Our amended and restated certificate of incorporation, as amended provides that in no event will we redeem our public shares in an amount that would cause our net tangible assets to be less than \$5,000,001 (so that we are not subject to the SEC's "penny stock" rules) or any greater net tangible asset or cash requirement which may be contained in the agreement relating to our initial business combination. For example, the proposed business combination may require: (i) cash consideration to be paid to the target or its owners, (ii) cash to be transferred to the target for working capital or other general corporate purposes or (iii) the retention of cash to satisfy other conditions in accordance with the terms of the proposed business combination. In the event the aggregate cash consideration we would be required to pay for all shares of Class A common stock that are validly submitted for redemption plus any amount required to satisfy cash conditions pursuant to the terms of the proposed business combination exceed the aggregate amount of cash available to us, we will not complete the business combination or redeem any shares, and all shares of Class A common stock submitted for redemption will be returned to the holders thereof.

Limitation on Redemption upon Completion of our Initial Business Combination if we Seek Stockholder Approval

Notwithstanding the foregoing, if we seek stockholder approval of our initial business combination and we do not conduct redemptions in connection with our business combination pursuant to the tender offer rules, our amended and restated certificate of incorporation provides that a public stockholder, together with any affiliate of such stockholder or any other person with whom such stockholder is acting in concert or as a "group" (as defined under Section 13 of the Exchange Act), will be restricted from seeking redemption rights with respect to more than an aggregate of 20% of the shares sold in the initial public offering (the "Excess Shares"). We believe this restriction will discourage stockholders from accumulating large blocks of shares, and subsequent attempts by such holders to use their ability to exercise their redemption rights against a proposed business combination as a means to force us or our management to purchase their shares at a significant premium to the then-current market price or on other undesirable terms. Absent this provision, a public stockholder holding more than an aggregate of 20% of the shares sold in the initial public offering could threaten to exercise its redemption rights if such holder's shares are not purchased by us or our management at a premium to the then-current market price or on other undesirable terms. By limiting our stockholders' ability to redeem no more than 20% of the shares sold in our initial public offering, we believe we will limit the ability of a small group of stockholders to unreasonably attempt to block our ability to complete our business combination, particularly in connection with a business combination with a target that requires as a closing condition that we have a minimum net worth or a certain amount of cash. However, our amended and restated certificate of incorporation does not restrict our stockholders' ability to vote all of their shares (including Excess Shares) for or against our business combination.

Tendering Stock Certificates in Connection with a Tender Offer or Redemption Rights

We may require our public stockholders seeking to exercise their redemption rights, whether they are record holders or hold their shares in "street name," to either tender their certificates to our transfer agent prior to the date set forth in the tender offer documents, or up to two business days prior to the vote on the proposal to approve the business combination in the event we distribute proxy materials, or to deliver their shares to the transfer agent electronically using the Depository Trust Company's DWAC (Deposit-Withdrawal At Custodian) System, at the holder's option. The tender offer or proxy materials, as applicable, that we will furnish to holders of our public shares in connection with our initial business combination will indicate whether we are requiring public stockholders to satisfy such delivery requirements. Accordingly, a public stockholder would have from the time we send out our tender offer materials until the close of the tender offer period, or until two days prior to the vote on the business combination if we distribute proxy materials, as applicable, to tender its shares if it wishes to seek to exercise its redemption rights. Given the relatively short exercise period, it is advisable for stockholders to use electronic delivery of their public shares.

There is a nominal cost associated with the above-referenced tendering process and the act of certificating the shares or delivering them through the DWAC System. The transfer agent will typically charge the tendering broker \$80.00 and it would be up to the broker whether or not to pass this cost on to the redeeming holder. However, this fee would be incurred regardless of whether or not we require holders seeking to exercise redemption rights to tender their shares. The need to deliver shares is a requirement of exercising redemption rights regardless of the timing of when such delivery must be effectuated.

The foregoing is different from the procedures used by many blank check companies. In order to perfect redemption rights in connection with their business combinations, many blank check companies would distribute proxy materials for the stockholders' vote on an initial business combination, and a holder could simply vote against a proposed business combination and check a box on the proxy card indicating such holder was seeking to exercise his or her redemption rights. After the business combination was approved, the company would contact such stockholder to arrange for him or her to deliver his or her certificate to verify ownership. As a result, the

stockholder then had an "option window" after the completion of the business combination during which he or she could monitor the price of the company's stock in the market. If the price rose above the redemption price, he or she could sell his or her shares in the open market before actually delivering his or her shares to the company for cancellation. As a result, the redemption rights, to which stockholders were aware they needed to commit before the stockholder meeting, would become "option" rights surviving past the completion of the business combination until the redeeming holder delivered its certificate. The requirement for physical or electronic delivery prior to the meeting ensures that a redeeming holder's election to redeem is irrevocable once the business combination is approved.

Any request to redeem such shares, once made, may be withdrawn at any time up to the date set forth in the tender offer materials or the date of the stockholder meeting set forth in our proxy materials, as applicable. Furthermore, if a holder of a public share delivered its certificate in connection with an election of redemption rights and subsequently decides prior to the applicable date not to elect to exercise such rights, such holder may simply request that the transfer agent return the certificate (physically or electronically). It is anticipated that the funds to be distributed to holders of our public shares electing to redeem their shares will be distributed promptly after the completion of our business combination.

If our proposed Business Combination is not approved or completed for any reason, then our public stockholders who elected to exercise their redemption rights would not be entitled to redeem their shares for the applicable pro rata share of the trust account. In such case, we will promptly return any certificates delivered by public holders who elected to redeem their shares.

If our proposed Business Combination is not completed, we may continue to try to complete a business combination with a different target until July 27, 2023.

Redemption of Public Shares and Liquidation if no Initial Business Combination

Our amended and restated certificate of incorporation, as amended, provides that we will have only until July 27, 2023 to complete our initial business combination. If we are unable to complete our business combination within such prescribed time period, we will: (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than ten 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 earned on the funds held in the trust account and not previously released to us to pay our franchise and income taxes as well as expenses relating to the administration of the trust account (less up to \$100,000 of interest released to us to pay dissolution expenses), divided by the number of then outstanding public shares, which redemption will completely extinguish public stockholders' rights as stockholders (including the right to receive further liquidating distributions, if any), subject to applicable law, and (iii) as promptly as reasonably possible following such redemption, subject to the approval of our remaining stockholders and our Board, dissolve and liquidate, subject in each case to our 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 our warrants, which will expire worthless if we fail to complete our business combination within the prescribed time period.

Our Sponsor, officers and directors have entered into a letter agreement with us, pursuant to which they have waived their rights to liquidating distributions from the trust account with respect to any founder shares held by them if we fail to complete our initial business combination by July 27, 2023. However, if our Sponsor, officers or directors acquire public shares in or after our initial public offering, they will be entitled to liquidating distributions from the trust account with respect to such public shares if we fail to complete our initial business combination within the prescribed time period.

Our Sponsor, officers and directors have agreed, pursuant to a letter agreement with us (filed as an exhibit to this report), that they will not propose any amendment to our amended and restated certificate of incorporation that would modify the substance or timing of our obligation to redeem 100% of our public shares if we do not

complete our initial business combination by July 27, 2022, unless we provide our public stockholders with the opportunity to redeem their shares of Class A common stock upon approval of any such amendment at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the trust account including interest earned on the funds held in the trust account and not previously released to us to pay our franchise and income taxes as well as expenses relating to the administration of the trust account divided by the number of then outstanding public shares. However, we may not redeem our public shares in an amount that would cause our net tangible assets to be less than \$5,000,001 upon completion of our initial business combination (so that we are not subject to the SEC's "penny stock" rules). If this optional redemption right is exercised with respect to an excessive number of public shares such that we cannot satisfy the net tangible asset requirement (described above) we would not proceed with the amendment or the related redemption of our public shares.

We expect that all costs and expenses associated with implementing our plan of dissolution, as well as payments to any creditors, will be funded from proceeds held outside the trust account, although we cannot assure you that there will be sufficient funds for such purpose. However, if those funds are not sufficient to cover the costs and expenses associated with implementing our plan of dissolution, to the extent that there is any interest accrued in the trust account not required to pay franchise and income taxes as well as expenses relating to the administration of the trust account on interest income earned on the trust account balance, we may request the trustee to release to us an amount of up to \$100,000 of such accrued interest to pay those costs and expenses.

If we were to expend all of the net proceeds of our initial public offering and the sale of the private placement warrants, other than the proceeds deposited in the trust account, and without taking into account interest, if any, earned on the trust account, the per-share redemption amount received by stockholders upon our

dissolution would be approximately \$10.00. The proceeds deposited in the trust account could, however, become subject to the claims of our creditors which would have higher priority than the claims of our public stockholders. We cannot assure you that the actual per-share redemption amount received by stockholders will not be substantially less than \$10.00. Under Section 281(b) of the DGCL, our plan of dissolution must provide for all claims against us to be paid in full or make provision for payments to be made in full, as applicable, if there are sufficient assets. These claims must be paid or provided for before we make any distribution of our remaining assets to our stockholders. While we intend to pay such amounts, if any, we cannot assure you that we will have funds sufficient to pay or provide for all creditors' claims.

Although we will seek to have all vendors, service providers (other than our independent auditors), prospective target businesses or other entities with which we do business execute agreements with us waiving any right, title, interest and claim of any kind in or to any monies held in the trust account for the benefit of our public stockholders, there is no guarantee that they will execute such agreements or even if they execute such agreements that they would be prevented from bringing claims against the trust account including but not limited to fraudulent inducement, breach of fiduciary responsibility or other similar claims, as well as claims challenging the enforceability of the waiver, in each case in order to gain an advantage with respect to a claim against our assets, including the funds held in the trust account. If any third party refuses to execute an agreement waiving such claims to the monies held in the trust account, our management will perform an analysis of the alternatives available to it and will only enter into an agreement with a third party that has not executed a waiver if management believes that such third party's engagement would be significantly more beneficial to us than any alternative. Examples of possible instances where we may engage a third party that refuses to execute a waiver include the engagement of a third party consultant whose particular expertise or skills are believed by management to be significantly superior to those of other consultants that would agree to execute a waiver or in cases where management is unable to find a service provider willing to execute a waiver.

In addition, there is no guarantee that such entities will agree to waive any claims they may have in the future as a result of, or arising out of, any negotiations, contracts or agreements with us and will not seek recourse against the trust account for any reason. Our Sponsor has agreed that it will be liable to us if and to the extent any claims by a third party (other than our independent auditors) for services rendered or products sold to us, or a prospective target business with which we have discussed entering into a transaction agreement, reduce the amount of funds in the trust account to below (i) \$10.00 per public share or (ii) 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 as well as expenses relating to the administration of the trust account, 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 our indemnity of the underwriters of our initial public offering 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 our Sponsor will not be responsible to the extent of any liability for such third party claims. We have not independently verified whether our Sponsor has sufficient funds to satisfy its indemnity obligations and believe that our Sponsor's only assets are securities of our Company. We have not asked our Sponsor to reserve for such indemnification obligations. Therefore, we cannot assure you that our Sponsor would be able to satisfy those obligations. As a result, if any such claims were successfully made against the trust account, the funds available for our initial business combination and redemptions could be reduced to less than \$10.00 per public share. In such event, we may not be able to complete our initial business combination, and you would receive such lesser amount per share in connection with any redemption of your public shares. None of our officers will indemnify us for claims by third parties including, without limitation, claims by vendors and prospective target businesses.

In the event that the proceeds in the trust account are reduced below (i) \$10.00 per public share or (ii) 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 as well as expenses relating to the administration of the trust account, and our Sponsor asserts that it is unable to satisfy its indemnification obligations or that it has no indemnification obligations related to a particular claim, our independent directors would determine whether to take legal action against our Sponsor to enforce its indemnification obligations. While we currently expect that our independent directors would take legal action on our behalf against our Sponsor to enforce its indemnification obligations to us, it is possible that our independent directors in exercising their business judgment may choose not to do so if, for example, the cost of such legal action is deemed by the independent directors to be too high relative to the amount recoverable or if the independent directors determine that a favorable outcome is not likely. We have not asked our Sponsor to reserve for such indemnification obligations and we cannot assure you that our Sponsor would be able to satisfy those obligations. Accordingly, we cannot assure you that due to claims of creditors the actual value of the per-share redemption price will not be less than \$10.00 per public share.

We will seek to reduce the possibility that our Sponsor will have to indemnify the trust account due to claims of creditors by endeavoring to have all vendors, service providers (other than our independent auditors), prospective target businesses or other entities with which we do business execute agreements with us waiving any right, title, interest or claim of any kind in or to monies held in the trust account. Our Sponsor will also not be liable as to any claims under our indemnity of the underwriters of our initial public offering against certain liabilities, including liabilities under the Securities Act. We may have access to amounts held outside of the trust account to pay any such potential claims (including costs and expenses incurred in connection with our liquidation, currently estimated to be no more than approximately \$100,000) but these amounts may be spent on expenses incurred as a result of being a public company or due diligence expenses on prospective business combination candidates. In the event that we liquidate and it is subsequently determined that the reserve for claims and liabilities is insufficient, stockholders who received funds from our trust account could be liable for claims made by creditors.

Under the DGCL, stockholders may be held liable for claims by third parties against a corporation to the extent of distributions received by them in a dissolution. The pro rata portion of our trust account distributed to our public stockholders upon the redemption of our public shares in the event we do not complete our business combination by July 27, 2023 may be considered a liquidating distribution under Delaware law. If the corporation complies with certain procedures set forth in Section 280 of the DGCL intended to ensure that it makes reasonable provision for all claims against it, including a 60-day notice period during which any third-party claims can be brought against the corporation, a 90-day period during which the corporation may reject any claims brought, and an additional 150-day waiting period before any liquidating distributions are made to stockholders, any liability of stockholders with respect to a liquidating distribution is limited to the lesser of such stockholder's pro rata share of the claim or the amount distributed to the stockholder, and any liability of the stockholder would be barred after the third anniversary of the dissolution.

Furthermore, if the pro rata portion of our trust account distributed to our public stockholders upon the redemption of our public shares in the event we do not complete our business combination by July 27, 2023, is not considered a liquidating distribution under Delaware law and such redemption distribution is deemed to be unlawful, then pursuant to Section 174 of the DGCL, the statute of limitations for claims of creditors could then be six years

after the unlawful redemption distribution, instead of three years, as in the case of a liquidating distribution. If we are unable to complete our business combination by July 27, 2023, we will: (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than ten 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 earned on the funds held in the trust account and not previously released to us to pay our franchise and income taxes as well as expenses relating to the administration of the trust account (less up to \$100,000 of interest released to us to pay dissolution expenses), divided by the number of then outstanding public shares, which redemption will completely extinguish public stockholders' rights as stockholders (including the right to receive further liquidating distributions, if any), subject to applicable law, and (iii) as promptly as reasonably possible following such redemption, subject to the approval of our remaining stockholders and our Board, dissolve and liquidate, subject in each case to our obligations under Delaware law to provide for claims of creditors and the requirements of other applicable law. Accordingly, it is our intention to redeem our public shares as soon as reasonably possible following July 27, 2023 and, therefore, we do not intend to comply with those procedures. As such, our stockholders could potentially be liable for any claims to the extent of distributions received by them (but no more) and any liability of our stockholders may extend well beyond the third anniversary of such date.

Because we will not be complying with Section 280, Section 281(b) of the DGCL requires us to adopt a plan, based on facts known to us at such time that will provide for our payment of all existing and pending claims or claims that may be potentially brought against us within the subsequent 10 years. However, because we are a blank check company, rather than an operating company, and our operations will be limited to searching for prospective target businesses to acquire, the only likely claims to arise would be from our vendors (such as lawyers, investment bankers, etc.) or prospective target businesses. As described above, pursuant to the obligation contained in our underwriting agreement, we will seek to have all vendors, service providers (other than our independent auditors), prospective target businesses or other entities with which we do business execute agreements with us waiving any right, title, interest or claim of any kind in or to any monies held in the trust account. As a result of this obligation, the claims that could be made against us are significantly limited and the likelihood that any claim that would result in any liability extending to the trust account is remote. Further, our Sponsor may be liable only to the extent necessary to ensure that the amounts in the trust account are not reduced below (i) \$10.00 per public share or (ii) 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 withdrawn to pay taxes and will not be liable as to any claims under our indemnity of the underwriters of our initial public offering 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, our Sponsor will not be responsible to the extent of any liability for such third-party claims.

If we file a bankruptcy petition or an involuntary bankruptcy petition is filed against us that is not dismissed, the proceeds held in the trust account could be subject to applicable bankruptcy law, and may be included in our bankruptcy estate and subject to the claims of third parties with priority over the claims of our stockholders. To the extent any bankruptcy claims deplete the trust account, we cannot assure you we will be able to return \$10.00 per share to our public stockholders. Additionally, if we file a bankruptcy petition or an involuntary bankruptcy petition is filed against us that is not dismissed, any distributions received by stockholders could be viewed under applicable debtor/creditor and/or bankruptcy laws as either a "preferential transfer" or a "fraudulent conveyance." As a result, a bankruptcy court could seek to recover some or all amounts received by our stockholders. Furthermore, our Board may be viewed as having breached its fiduciary duty to our creditors and/or may have acted in bad faith, thereby exposing itself and our Company to claims of punitive damages, by paying public stockholders from the trust account prior to addressing the claims of creditors. We cannot assure you that claims will not be brought against us for these reasons.

Our public stockholders will be entitled to receive funds from the trust account only (i) in the event of the redemption of our public shares if we do not complete our business combination by July 27, 2023, subject to applicable law, (ii) in connection with a stockholder vote to approve an amendment to our amended and restated certificate of incorporation (a) to modify the substance or timing of our obligation to redeem 100% of our public shares if we have not consummated an initial business combination by July 27, 2023 or (b) with respect to any other provision relating to stockholders' rights or pre-initial business combination activity, or (iii) our completion of an initial business combination, and then only in connection with those shares of our common stock that such stockholder properly elected to redeem, subject to the limitations described in this report. In no other circumstances

will a stockholder have any right or interest of any kind to or in the trust account. In the event we seek stockholder approval in connection with our initial business combination, a stockholder's voting in connection with the business combination alone will not result in a stockholder's redeeming its shares to us for an applicable pro rata share of the trust account. Such stockholder must have also exercised its redemption rights as described above.

Competition

In identifying, evaluating and selecting a target business for our business combination, we may encounter intense competition from other entities having a business objective similar to ours, including other blank check companies, private equity groups and leveraged buyout funds, and operating businesses seeking strategic acquisitions. Many of these entities are well established and have extensive experience identifying and effecting business combinations directly or through affiliates. Moreover, many of these competitors possess greater financial, technical, human and other resources than we do. Our ability to acquire larger target businesses will be limited by our available financial resources. This inherent limitation gives others an advantage in pursuing the acquisition of a target business. Furthermore, our obligation to pay cash in connection with our public stockholders who exercise their redemption rights may reduce the resources available to us for our initial business combination and our outstanding warrants, and the future dilution they potentially represent, may not be viewed favorably by certain target businesses. Either of these factors may place us at a competitive disadvantage in successfully negotiating an initial business combination.

Employees

We currently have no employees and six officers. Members of our management team are not obligated to devote any specific number of hours to our matters but they intend to devote as much of their time as they deem necessary to our affairs until we have completed our initial business combination. The amount of time that any such person will devote in any time period will vary based on whether a target business has been selected for our initial business combination and the current stage of the business combination process.

Periodic Reporting and Financial Information

We have registered our units, Class A common stock and warrants under the Exchange Act and have reporting obligations, including the requirement that we file annual, quarterly and current reports with the SEC. In accordance with the requirements of the Exchange Act, our annual reports will contain financial statements audited and reported on by our independent registered public accountants. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at: <http://www.sec.gov>. Our annual, quarterly and current reports, and any amendments to any of those reports, that we file with the SEC are available free of charge as soon as reasonably practicable through our corporate website address at www.eastresources.com. The contents of these websites are not incorporated into this filing. Further, our references to the uniform resource locators, or URLs, for these websites are intended to be inactive textual references only.

We will provide stockholders with audited financial statements of the prospective target business as part of the tender offer materials or proxy solicitation materials sent to stockholders to assist them in assessing the target business. In all likelihood, these financial statements will need to be prepared in accordance with GAAP. We cannot assure you that any particular target business selected by us as a potential acquisition candidate will have financial statements prepared in accordance with GAAP or that the potential target business will be able to prepare its financial statements in accordance with GAAP. To the extent that this requirement cannot be met, we may not be able to acquire the proposed target business. While this may limit the pool of potential acquisition candidates, we do not believe that this limitation will be material.

We are required to evaluate our internal control procedures for the fiscal year ending December 31, 2022 as required by the Sarbanes-Oxley Act. Only in the event we are deemed to be a large accelerated filer or an accelerated filer will we be required to have our internal control procedures audited. A target company may not be in compliance with the provisions of the Sarbanes-Oxley Act regarding adequacy of their internal controls. The development of the internal controls of any such entity to achieve compliance with the Sarbanes-Oxley Act may increase the time and costs necessary to complete any such acquisition.

Item 1A. Risk Factors.

You should carefully consider all of the risks described below, together with the other information contained in this report, including the financial statements. If any of the following risks occur, our business, financial condition or operating results may be materially and adversely affected. In that event, the trading price of our securities could decline, and you could lose all or part of your investment. The risk factors described below are not necessarily exhaustive and you are encouraged to perform your own investigation with respect to us and our business.

The risks include the following summary risk factors:

- our ability to select an appropriate target business or businesses;*
- our ability to complete our initial business combination;*
- our expectations around the performance of a prospective target business or businesses;*

- our success in retaining or recruiting, or changes required in, our officers, key employees or directors following our initial business combination;
- our officers and directors allocating their time to other businesses and potentially having conflicts of interest with our business or in approving our initial business combination;
- our potential ability to obtain additional financing to complete our initial business combination;
- our pool of prospective target businesses;
- any adverse effects stemming from economic, business or competitive factors;
- any volatility in the markets caused by geopolitical and economic factors;
- our ability to consummate an initial business combination due to the uncertainty resulting from the COVID-19 pandemic and economic uncertainty and volatility in the financial markets, including as a result of the military conflict in Ukraine;
- the ability of our officers and directors to generate a number of potential investment opportunities;
- our public securities' potential liquidity and trading;
- our ability to meet NASDAQ's listing standards before and after the initial business combination;
- the lack of a market for our securities;
- the potential tax implications of redemptions of our Class A common stock;
- the use of proceeds not held in the trust account or available to us from interest income on the trust account balance;
- the trust account potentially being subject to claims of third parties;
- any litigation, complaints and/or adverse publicity;
- any changes in applicable laws or regulations; or
- our financial performance.

The risk factors related to the proposed Business Combination are set forth in the Proxy Statement filed with the SEC, which will be distributed to our stockholders in advance of the special meeting held in connection with the proposed Business Combination.

We are an early stage company with no operating history and no revenues, and you have no basis on which to evaluate our ability to achieve our business objective.

We are an early stage company with limited operating results. Because we lack significant operating history, you have little basis upon which to evaluate our ability to achieve our business objective of completing our initial business combination with one or more target businesses. We may be unable to complete our business combination. If we fail to complete our business combination, we will never generate any operating revenues.

Our public stockholders may not be afforded an opportunity to vote on our proposed business combination, which means we may complete our initial business combination even though a majority of our public stockholders do not support such a combination.

We may not hold a stockholder vote to approve our initial business combination unless the business combination would require stockholder approval under applicable law or stock exchange listing requirements or if we decide to hold a stockholder vote for business or other legal reasons. Except as required by law, the decision as to whether we will seek stockholder approval of a proposed business combination or will allow stockholders to sell their shares to us in a tender offer will be made by us, solely in our 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 us to seek stockholder approval. Accordingly, we may complete our initial business combination even if holders of a majority of our public shares do not approve of the business combination we complete. Please see the section of this report entitled "Business—Stockholders May Not Have the Ability to Approve our Initial Business Combination" for additional information.

If we seek stockholder approval of our initial business combination, our Sponsor has agreed to vote in favor of such initial business combination, regardless of how our public stockholders vote.

Unlike many other blank check companies in which the initial stockholders agree to vote their founder shares in accordance with the majority of the votes cast by the public stockholders in connection with an initial business combination, our Sponsor agreed to vote its founder shares, as well as any public shares purchased during or after offering, in favor of our initial business combination. As our Sponsor, officers and directors currently hold more than the majority of the outstanding shares of our common stock and our Sponsor, officers and directors have agreed to vote their shares in favor of a proposed business combination and not redeem any of their shares in connection with such stockholder vote, their vote is sufficient to have our initial business combination approved. Accordingly, if we seek stockholder approval of our initial business combination, we will have the necessary stockholder approval, whereas that may not have been the case if our Sponsor had agreed to vote its founder shares in accordance with the majority of the votes cast by our public stockholders.

Your only opportunity to affect the investment decision regarding a potential business combination will be limited to the exercise of your right to redeem your shares from us for cash, unless we seek stockholder approval of the business combination.

You may not be provided with an opportunity to evaluate the specific merits or risks of one or more target businesses. Since our Board may complete a business combination without seeking stockholder approval, public stockholders may not have the right or opportunity to vote on the business combination, unless we seek such stockholder vote. Accordingly, if we do not seek stockholder approval, your only opportunity to affect the investment decision regarding a potential business combination may be limited to exercising your redemption rights within the period of time (which will be at least 20 business days) set forth in our tender offer documents mailed to our public stockholders in which we describe our initial business combination.

The ability of our public stockholders to redeem their shares for cash may make our financial condition unattractive to potential business combination targets, which may make it difficult for us to enter into a business combination with a target.

We may seek to enter into a business combination transaction agreement with a prospective target that requires as a closing condition that we have a minimum net worth or a certain amount of cash. If too many public stockholders exercise their redemption rights, we would not be able to meet such closing condition and, as a result, would not be able to proceed with the business combination. Furthermore, in no event will we redeem our public shares in an amount that would cause our net tangible assets to be less than \$5,000,001 upon completion of our initial business combination (so that we are not subject to the SEC's "penny stock" rules) or any greater net tangible asset or cash requirement that may be contained in the agreement relating to our initial business combination. Consequently, if accepting all properly submitted redemption requests would cause our net tangible assets to be less than \$5,000,001 upon completion of our initial business combination or such greater amount necessary to satisfy a closing condition as described above, we would not proceed with such redemption and the related business combination and may instead search for an alternate business combination. Prospective targets will be aware of these risks and, thus, may be reluctant to enter into a business combination transaction with us.

The ability of our public stockholders to exercise redemption rights with respect to a large number of our shares may not allow us to complete the most desirable business combination or optimize our capital structure.

At the time we enter into an agreement for our initial business combination, we will not know how many public stockholders may exercise their redemption rights, and therefore will need to structure the transaction based on our expectations as to the number of shares that will be submitted for redemption. If our business combination agreement requires us to use a portion of the cash in the trust account to pay the purchase price, or requires us to have a minimum amount of cash at closing, we will need to reserve a portion of the cash in the trust account to meet such requirements, or arrange for third party financing. In addition, if a larger number of shares are submitted for redemption than we initially expected, we may need to restructure the transaction to reserve a greater portion of the cash in the trust account or arrange for third party financing. Raising additional third party financing may involve dilutive equity issuances or the incurrence of indebtedness at higher than desirable levels. The above considerations may limit our ability to complete the most desirable business combination available to us or optimize our capital structure. The amount of the deferred underwriting commissions payable to the underwriters will not be adjusted for any shares that are redeemed in connection with a business combination. The per-share amount we will distribute to stockholders who properly exercise their redemption rights will not be reduced by the deferred underwriting commission and after such redemptions, the per-share value of shares held by non-redeeming stockholders will reflect our obligation to pay the deferred underwriting commissions.

The ability of our public stockholders to exercise redemption rights with respect to a large number of our shares could increase the probability that our initial business combination would be unsuccessful and that you would have to wait for liquidation in order to redeem your stock.

If our business combination agreement requires us to use a portion of the cash in the trust account to pay the purchase price, or requires us to have a minimum amount of cash at closing, the probability that our initial business combination would be unsuccessful is increased. If our initial business combination is unsuccessful, you would not receive your pro rata portion of the trust account until we liquidate the trust account. If you are in need of immediate liquidity, you could attempt to sell your stock in the open market; however, at such time our stock may trade at a discount to the pro rata amount per share in the trust account. In either situation, you may suffer a material loss on your investment or lose the benefit of funds expected in connection with our redemption until we liquidate or you are able to sell your stock in the open market.

The requirement that we complete our initial business combination within the prescribed time frame may give potential target businesses leverage over us in negotiating a business combination and may decrease our ability to conduct due diligence on potential business combination targets as we approach our dissolution deadline, which could undermine our ability to complete our business combination on terms that would produce value for our stockholders.

Any potential target business with which we enter into negotiations concerning a business combination will be aware that we must complete our initial business combination by July 27, 2023. Consequently, such target

business may obtain leverage over us in negotiating a business combination, knowing that if we do not complete our initial business combination with that particular target business, we may be unable to complete our initial business combination with any target business. This risk will increase as we get closer to the timeframe described above. In addition, we may have limited time to conduct due diligence and may enter into our initial business combination on terms that we would have rejected upon a more comprehensive investigation.

We may not be able to complete our initial business combination within the prescribed time frame, in which case we would cease all operations except for the purpose of winding up and we would redeem our public shares and liquidate, in which case our public stockholders may only receive \$10.00 per share, or less than such amount in certain circumstances, and our warrants will expire worthless.

Our amended and restated certificate of incorporation provided that we must complete our initial business combination within 24 months from the closing of our initial public offering (July 27, 2022). On July 25, 2022, our stockholders approved an amendment to our amended and restated certificate of incorporation, pursuant to which the date by which we must consummate our initial business combination was extended from July 27, 2022 to January 27, 2023. On January 20, 2023, our stockholders approved an additional amendment to our amended and restated certificate of incorporation, pursuant to which the date by which we must consummate our initial business combination was extended from January 27, 2023 to July 27, 2023. While the proposed Business Combination is expected to be consummated in the first half of 2023, there can be no assurances that the Business Combination will be consummated. We may not be able to find an alternate suitable target business and complete our initial business combination within such time period. Our ability to complete our proposed Business Combination or an alternate business combination may be negatively impacted by general market conditions, volatility in the capital and debt markets and the other risks described herein. For example, the COVID-19 outbreak continues to grow both in the U.S. and globally and, while the extent of the impact of the outbreak on us will depend on future developments, it could limit our ability to complete our initial business combination, including as a result of increased market volatility, decreased market liquidity and third-party financing being unavailable on terms acceptable to us or at all. Additionally, the outbreak of COVID-19 and the military conflict in Ukraine may negatively impact businesses we may seek to acquire. If we have not completed our initial business combination within such time period, we will: (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than ten 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 earned on the funds held in the trust account and not previously released to us to pay our franchise and income taxes as well as expenses relating to the administration of the trust account (less up to \$100,000 of interest released to us to pay dissolution expenses), divided by the number of then outstanding public shares, which redemption will completely extinguish public stockholders' rights as stockholders (including the right to receive further liquidating distributions, if any), subject to applicable law, and (iii) as promptly as reasonably possible following such redemption, subject to the approval of our remaining stockholders and our Board, dissolve and liquidate, subject in each case to our obligations under Delaware law to provide for claims of creditors and the requirements of other applicable law. In such case, our public stockholders may only receive \$10.00 per share, and our warrants will expire worthless. In certain circumstances, our public stockholders may receive less than \$10.00 per share on the redemption of their shares.

If we seek stockholder approval of our initial business combination, our Sponsor, directors, officers, advisors and their affiliates may elect to purchase shares or public warrants from public stockholders or public warrant holders, which may influence a vote on a proposed business combination and reduce the public "float" of our Class A common stock.

If we seek stockholder approval of our initial business combination and we do not conduct redemptions in connection with our business combination pursuant to the tender offer rules, our Sponsor, directors, officers, advisors or their affiliates may purchase shares or public warrants or a combination thereof in privately negotiated transactions or in the open market either prior to or following the completion of our initial business combination, although they are under no obligation to do so. Such a purchase may include a contractual acknowledgement that such stockholder, although still the record holder of our shares is no longer the beneficial owner thereof and therefore agrees not to exercise its redemption rights. There is no limit on the number of shares our Sponsor, directors, officers, advisors or their affiliates may purchase in such transactions, subject to compliance with applicable law and the rules of NASDAQ. However, other than as expressly stated herein, they have no current commitments, plans or intentions to engage in such transactions and have not formulated any terms or conditions for

any such transactions. None of the funds in the trust account will be used to purchase shares or public warrants in such transactions. In the event that our Sponsor, directors, officers, advisors or their affiliates purchase shares in privately negotiated transactions from public stockholders who have already elected to exercise their redemption rights, such selling stockholders would be required to revoke their prior elections to redeem their shares. The purpose of such purchases could be to vote such shares in favor of the business combination and thereby increase the likelihood of obtaining stockholder approval of the business combination, or to satisfy a closing condition in an agreement with a target that requires us to have a minimum net worth or a certain amount of cash at the closing of our business combination, where it appears that such requirement would otherwise not be met. The purpose of any such purchases of shares could be to vote such shares in favor of the business combination and thereby increase the likelihood of obtaining stockholder approval of the business combination or to satisfy a closing condition in an agreement with a target that requires us to have a minimum net worth or a certain amount of cash at the closing of our business combination, where it appears that such requirement would otherwise not be met. The purpose of any such purchases of public warrants could be to reduce the number of public warrants outstanding or to vote such warrants on any

matters submitted to the warrant holders for approval in connection with our initial business combination. Any such purchases of our securities may result in the completion of our business combination that may not otherwise have been possible. Any such purchases will be reported pursuant to Section 13 and Section 16 of the Exchange Act to the extent the purchasers are subject to such reporting requirements.

In addition, if such purchases are made, the public "float" of our Class A common stock and the number of beneficial holders of our securities may be reduced, possibly making it difficult to obtain or maintain the quotation, listing or trading of our securities on a national securities exchange.

If a stockholder fails to receive notice of our offer to redeem our public shares in connection with our business combination, or fails to comply with the procedures for tendering its shares, such shares may not be redeemed.

We will comply with the tender offer rules or proxy rules, as applicable, when conducting redemptions in connection with our business combination. Despite our compliance with these rules, if a stockholder fails to receive our tender offer or proxy materials, as applicable, such stockholder may not become aware of the opportunity to redeem its shares. In addition, the tender offer documents or proxy materials, as applicable, that we will furnish to holders of our public shares in connection with our initial business combination will describe the various procedures that must be complied with in order to validly tender or redeem public shares. For example, we may require our public stockholders seeking to exercise their redemption rights, whether they are record holders or hold their shares in "street name," to either tender their certificates to our transfer agent prior to the date set forth in the tender offer documents or proxy materials mailed to such holders, or up to two business days prior to the vote on the proposal to approve the business combination in the event we distribute proxy materials, or to deliver their shares to the transfer agent electronically. In the event that a stockholder fails to comply with these or any other procedures, its shares may not be redeemed. See the sections of this report entitled "Business—Redemption Rights for Public Stockholders upon Completion of our Initial Business Combination" and "Business—Tendering Stock Certificates in Connection with a Tender Offer or Redemption Rights."

There is no guarantee that a public stockholder's decision whether to redeem their shares for a pro rata portion of the trust account will put such stockholder in a better future economic position.

No assurance can be given as to the price at which a public stockholder may be able to sell the shares of our Class A common stock in the future following the completion of a business combination. Certain events following the consummation of any business combination, including the proposed Business Combination, may cause an increase in our stock price, and may result in a lower value realized now than the stockholder might realize in the future had the stockholder not elected to redeem such stockholder's public shares. Similarly, if a public stockholder does not redeem his, her or its shares, such stockholder will bear the risk of ownership of our Class A common stock after the consummation of a business combination, and there can be no assurance that a stockholder can sell his, her or its shares of our Class A common stock in the future for a greater amount than the redemption price set forth in this proxy statement. A public stockholder should consult his, her or its own tax and/or financial advisor for assistance on how this may affect its individual situation.

You will not have any rights or interests in funds from the trust account, except under certain limited circumstances. To liquidate your investment, therefore, you may be forced to sell your public shares or warrants, potentially at a loss.

Our public stockholders will be entitled to receive funds from the trust account only upon the earliest to occur of: (i) our completion of an initial business combination, and then only in connection with those shares of our common stock that such stockholder properly elected to redeem, subject to the limitations described in this report, (ii) the redemption of any public shares properly submitted in connection with a stockholder vote to amend our amended and restated certificate of incorporation (a) to modify the substance or timing of our obligation to redeem 100% of our public shares if we do not complete our initial business combination within 36 months from the closing of our initial public offering or (b) with respect to any other provision relating to stockholders' rights or pre-initial business combination activity, and (iii) the redemption of our public shares if we are unable to complete an initial business combination within 36 months from the closing of our initial public offering, subject to applicable law and as further described herein. In addition, if we are unable to complete an initial business combination within 36 months from the closing of our initial public offering for any reason, compliance with Delaware law may require that we submit a plan of dissolution to our then-existing stockholders for approval prior to the distribution of the proceeds held in our trust account. In that case, public stockholders may be forced to wait beyond 36 months from the closing of our initial public offering before they receive funds from our trust account. In no other circumstances will a public stockholder have any right or interest of any kind in the trust account. Holders of warrants will not have any right to the proceeds held in the trust account with respect to the warrants. Accordingly, to liquidate your investment, you may be forced to sell your public shares or warrants, potentially at a loss.

NASDAQ may delist our securities from trading on its exchange, which could limit investors' ability to make transactions in our securities and subject us to additional trading restrictions.

Our units, Class A common stock and warrants are listed on NASDAQ. We cannot assure you that our securities will be, or will continue to be, listed on NASDAQ in the future or prior to our initial business combination. In order to continue listing our securities on NASDAQ prior to our initial business combination, we must maintain certain financial, distribution and stock price levels. Generally, we must maintain a minimum amount in stockholders' equity and a minimum number of holders of our securities.

Additionally, in connection with our initial business combination, we will be required to demonstrate compliance with NASDAQ's initial listing requirements, which are more rigorous than NASDAQ's continued listing requirements, in order to continue to maintain the listing of our securities on NASDAQ. For instance, our stock price would generally be required to be at least \$4.00 per share. We cannot assure you that we will be able to meet those initial listing requirements at that time.

If NASDAQ delists our securities from trading on its exchange and we are not able to list our securities on another national securities exchange, we expect our securities could be quoted on an over-the-counter market. If this were to occur, we could face significant material adverse consequences, including:

- a limited availability of market quotations for our securities;
- reduced liquidity for our securities;
- a determination that our Class A common stock is a "penny stock" which will require brokers trading in our Class A common stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our securities;
- a limited amount of news and analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

The National Securities Markets Improvement Act of 1996, which is a federal statute, prevents or preempts the states from regulating the sale of certain securities, which are referred to as "covered securities." Because our units, Class A common stock and warrants are listed on NASDAQ, our units, Class A common stock and warrants are covered securities. Although the states are preempted from regulating the sale of our securities, the federal

statute does allow the states to investigate companies if there is a suspicion of fraud, and, if there is a finding of fraudulent activity, the states can regulate or ban the sale of covered securities in a particular case. While we are not aware of a state having used these powers to prohibit or restrict the sale of securities issued by blank check companies, other than the State of Idaho, certain state securities regulators view blank check companies unfavorably and might use these powers, or threaten to use these powers, to hinder the sale of securities of blank check companies in their states. Further, if we were no longer listed on NASDAQ, our securities would not be covered securities and we would be subject to regulation in each state in which we offer our securities.

Our stockholders will not be entitled to protections normally afforded to investors of many other blank check companies.

Since the net proceeds of our initial public offering and the sale of the private placement warrants are intended to be used to complete an initial business combination with a target business that has not been selected, we may be deemed to be a "blank check" company under the United States securities laws. However, because we currently have net tangible assets in excess of \$5,000,000, we are exempt from rules promulgated by the SEC to protect investors in blank check companies, such as Rule 419. Accordingly, investors will not be afforded the benefits or protections of those rules. Among other things, this means our units are tradable and we have a longer period of time to complete our business combination than do companies subject to Rule 419. Moreover, that rule would prohibit the release of any interest earned on funds held in the trust account to us unless and until the funds in the trust account were released to us in connection with our completion of an initial business combination.

If we seek stockholder approval of our initial business combination and we do not conduct redemptions pursuant to the tender offer rules, and if you or a "group" of stockholders are deemed to hold in excess of 20% of our Class A common stock, you will lose the ability to redeem all such shares in excess of 20% of our Class A common stock.

If we seek stockholder approval of our initial business combination and we do not conduct redemptions in connection with our initial business combination pursuant to the tender offer rules, our amended and restated certificate of incorporation provides that a public stockholder, together with any affiliate of such stockholder or any other person with whom such stockholder is acting in concert or as a "group" (as defined under Section 13(d)(3) of the Exchange Act), will be restricted from seeking redemption rights with respect to more than an aggregate of 20% of the shares sold in our initial public offering, which we refer to as the "Excess Shares." However, our amended and restated certificate of incorporation does not restrict our stockholders' ability to vote all of their shares (including Excess Shares) for or against our business combination. Your inability to redeem the Excess Shares will reduce your influence over our ability to complete our business combination and you could suffer a material loss on your investment in us if you sell Excess Shares in open market transactions. Additionally, you will not receive redemption distributions with respect to the Excess Shares if we complete our business combination. As a result, you will continue to hold that number of shares exceeding 20% and, in order to dispose of such shares, would be required to sell your stock in open market transactions, potentially at a loss.

Our search for a business combination, and any target business with which we ultimately consummate a business combination, may be materially adversely affected by the recent COVID-19 outbreak and the status of debt and equity markets.

In December 2019, a novel strain of coronavirus was reported to have surfaced in Wuhan, China, which has and is continuing to spread throughout China and other parts of the world, including the United States. On January 30, 2020, the World Health Organization declared the outbreak of COVID-19 a "Public Health Emergency of International Concern." On January 31, 2020, U.S. Health and Human Services Secretary Alex M. Azar II declared a public health emergency for the United States to aid the U.S. healthcare community in responding to COVID-19, and on March 11, 2020 the World Health Organization characterized the outbreak as a "pandemic". A significant

outbreak of COVID-19 and other infectious diseases could result in a widespread health crisis that could adversely affect the economies and financial markets worldwide, and the business of any potential target business with which we consummate a business combination could be materially and adversely affected. Furthermore, we may be unable to complete a business combination if continued concerns relating to COVID-19 restrict travel, limit the ability to have meetings with potential investors or the target company's personnel, vendors and services providers are unavailable to negotiate and consummate a transaction in a timely manner. The extent to which COVID-19 impacts our search for a business combination will depend on future developments, which are highly uncertain and cannot be

predicted, including new information which may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others. If the disruptions posed by COVID-19 or other matters of global concern continue for an extensive period of time, our ability to consummate a business combination, or the operations of a target business with which we ultimately consummate a business combination, may be materially adversely affected.

In addition, our ability to consummate a transaction may be dependent on the ability to raise equity and debt financing which may be impacted by COVID-19 and other related events could have a material adverse effect on our ability to raise adequate financing, including as a result of increased market volatility, decreased market liquidity and third-party financing being unavailable on terms acceptable to us or at all.

Because of our limited resources and the significant competition for business combination opportunities, it may be more difficult for us to complete our initial business combination. If we are unable to complete our initial business combination, our public stockholders may receive only approximately \$10.00 per share on our redemption of our public shares, or less than such amount in certain circumstances, and our warrants will expire worthless.

We expect to encounter intense competition from other entities having a business objective similar to ours, including private investors (which may be individuals or investment partnerships), other blank check companies and other entities, domestic and international, competing for the types of businesses we intend to acquire. Many of these individuals and entities are well-established and have extensive experience in identifying and effecting, directly or indirectly, acquisitions of companies operating in or providing services to various industries. Many of these competitors possess greater technical, human and other resources or more local industry knowledge than we do and our financial resources will be relatively limited when contrasted with those of many of these competitors. While we believe there are numerous target businesses we could potentially acquire with the net proceeds of our initial public offering and the sale of the private placement warrants, our ability to compete with respect to the acquisition of certain target businesses that are sizable will be limited by our available financial resources. This inherent competitive limitation gives others an advantage in pursuing the acquisition of certain target businesses.

Furthermore, because we are obligated to pay cash for the shares of Class A common stock that our public stockholders redeem in connection with our initial business combination, target companies will be aware that this may reduce the resources available to us for our initial business combination. This may place us at a competitive disadvantage in successfully negotiating a business combination. If we are unable to complete our initial business combination, our public stockholders may receive only approximately \$10.00 per share on the liquidation of our trust account and our warrants will expire worthless. In certain circumstances, our public stockholders may receive less than \$10.00 per share upon our liquidation.

If the net proceeds of our initial public offering and the sale of the private placement warrants not being held in the trust account are insufficient to allow us to operate until July 27, 2023, we may be unable to complete our initial business combination, in which case our public stockholders may only receive \$10.00 per share, or less than such amount in certain circumstances, and our warrants will expire worthless.

The funds available to us outside of the trust account may not be sufficient to allow us to operate until July 27, 2023, assuming that our initial business combination is not completed during that time. We cannot assure you that, the funds available to us outside of the trust account will be sufficient to allow us to operate until July 27, 2023. We plan to use a portion of the funds available to us to pay fees to consultants to assist us with our search for a target business. We could also use a portion of the funds as a down payment or to fund a "no-shop" provision (a provision in letters of intent or merger agreements designed to keep target businesses from "shopping" around for transactions with other companies on terms more favorable to such target businesses) with respect to a particular proposed business combination, although we do not have any current intention to do so. If we entered into a letter of intent or merger agreement where we paid for the right to receive exclusivity from a target business and were subsequently required to forfeit such funds (whether as a result of our breach or otherwise), we might not have sufficient funds to continue searching for, or conduct due diligence with respect to, a target business. If we are unable to complete our initial business combination, our public stockholders may receive only approximately \$10.00 per share on the liquidation of our trust account and our warrants will expire worthless. In certain circumstances, our public stockholders may receive less than \$10.00 per share upon our liquidation.

Funds available to us outside of the trust account could limit the amount available to fund our search for a target business or businesses and complete our initial business combination and we will depend on loans from our Sponsor or management team to fund our search for a business combination. If we are unable to obtain these loans, we may be unable to complete our initial business combination.

As of the date of this report, we have approximately \$87,000 held outside the trust account that is available to us. If we are required to seek additional capital, we would need to withdraw accrued interest from the trust account as described elsewhere in this report (i.e. for our franchise and income taxes as well as expenses relating to the administration of the trust account) and/or borrow funds from our Sponsor, management team or other third parties to operate, or we may be forced to

liquidate. As of June 2022, the proceeds from the trust account were liquidated to thereafter be held in cash, as such there is limited accrued interest in the trust account from which we may make withdrawals. None of our Sponsor, members of our management team nor any of their affiliates is under any obligation to advance funds to us in such circumstances. Any such advances would be repaid only from funds held outside the trust account or from funds released to us upon completion of our initial business combination. We do not expect to seek loans from parties other than our Sponsor or an affiliate of our Sponsor as we do not believe third parties will be willing to loan such funds and provide a waiver against any and all rights to seek access to funds in our trust account. If we are unable to obtain these loans, we may be unable to complete our initial business combination. If we are unable to complete our initial business combination because we do not have sufficient funds available to us, we will be forced to cease operations and liquidate the trust account. Consequently, our public stockholders may only receive approximately \$10.00 per share on our redemption of our public shares, and our warrants will expire worthless. In certain circumstances, our public stockholders may receive less than \$10.00 per share upon our liquidation.

Subsequent to the completion of our initial business combination, we may be required to take write-downs or write-offs, restructuring and impairment or other charges that could have a significant negative effect on our financial condition, results of operations and our stock price, which could cause you to lose some or all of your investment.

Even if we conduct extensive due diligence on a target business with which we combine, we cannot assure you that this diligence will surface all material issues that may be present inside a particular target business, that it would be possible to uncover all material issues through a customary amount of due diligence, or that factors outside of the target business and outside of our control will not later arise. As a result of these factors, we may be forced to later write-down or write-off assets, restructure our operations, or incur impairment or other charges that could result in our reporting losses. Even if our due diligence successfully identifies certain risks, unexpected risks may arise and previously known risks may materialize in a manner not consistent with our preliminary risk analysis. Even though these charges may be non-cash items and not have an immediate impact on our liquidity, the fact that we report charges of this nature could contribute to negative market perceptions about us or our securities. In addition, charges of this nature may cause us to violate net worth or other covenants to which we may be subject as a result of assuming pre-existing debt held by a target business or by virtue of our obtaining post-combination debt financing. Accordingly, any stockholders who choose to remain stockholders following the business combination could suffer a reduction in the value of their shares. Such stockholders are unlikely to have a remedy for such reduction in value.

If third parties bring claims against us, the proceeds held in the trust account could be reduced and the per-share redemption amount received by stockholders may be less than \$10.00 per share.

Our placing of funds in the trust account may not protect those funds from third-party claims against us. Although we will seek to have all vendors, service providers (other than our independent auditors), prospective target businesses or other entities with which we do business execute agreements with us waiving any right, title, interest or claim of any kind in or to any monies held in the trust account for the benefit of our public stockholders, such parties may not execute such agreements, or even if they execute such agreements they may not be prevented from bringing claims against the trust account, including, but not limited to, fraudulent inducement, breach of fiduciary responsibility or other similar claims, as well as claims challenging the enforceability of the waiver, in each case in order to gain advantage with respect to a claim against our assets, including the funds held in the trust account. If any third party refuses to execute an agreement waiving such claims to the monies held in the trust account, our management will perform an analysis of the alternatives available to it and will only enter into an agreement with a third party that has not executed a waiver if management believes that such third party's engagement would be significantly more beneficial to us than any alternative. Marcum LLP, our independent

registered public accounting firm, did not execute agreements with us waiving such claims to the monies held in the trust account. Making such a request of potential target businesses may make our acquisition proposal less attractive to them and, to the extent prospective target businesses refuse to execute such a waiver, it may limit the field of potential target businesses that we might pursue.

Examples of possible instances where we may engage a third party that refuses to execute a waiver include the engagement of a third party consultant whose particular expertise or skills are believed by management to be significantly superior to those of other consultants that would agree to execute a waiver or in cases where management is unable to find a service provider willing to execute a waiver. In addition, there is no guarantee that such entities will agree to waive any claims they may have in the future as a result of, or arising out of, any negotiations, contracts or agreements with us and will not seek recourse against the trust account for any reason. Upon redemption of our public shares, if we are unable to complete our business combination within the prescribed timeframe, or upon the exercise of a redemption right in connection with our business combination, we will be required to provide for payment of claims of creditors that were not waived that may be brought against us within the 10 years following redemption. Accordingly, the per-share redemption amount received by public stockholders could be less than the \$10.00 per share initially held in the trust account, due to claims of such creditors. Our Sponsor has agreed that it will be liable to us if and to the extent any claims by a vendor for services rendered or products sold to us, or a prospective target business with which we have discussed entering into a transaction agreement, reduce the amount of funds in the trust account to below (i) \$10.00 per public share or (ii) 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 the value of the trust assets, in each case net of the interest which may be withdrawn to pay taxes as well as expenses relating to administration of the trust account. This liability will not apply with respect 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 our indemnity of the underwriters of our initial public offering against certain liabilities, including liabilities under the Securities Act. Moreover, in the event that an executed waiver is deemed to be unenforceable against a third party, then our Sponsor will not be responsible to the extent of any liability for such third party claims. We have not independently verified whether our Sponsor has sufficient funds to satisfy its indemnity obligations and believe that our Sponsor's only assets are securities of our company. We have not asked our Sponsor to reserve for such indemnification obligations. Therefore, we cannot assure you that our Sponsor would be able

to satisfy those obligations. As a result, if any such claims were successfully made against the trust account, the funds available for our initial business combination and redemptions could be reduced to less than \$10.00 per public share. In such event, we may not be able to complete our initial business combination, and you would receive such lesser amount per share in connection with any redemption of your public shares. None of our officers will indemnify us for claims by third parties including, without limitation, claims by vendors and prospective target businesses.

Our independent directors may decide not to enforce the indemnification obligations of our Sponsor, resulting in a reduction in the amount of funds in the trust account available for distribution to our public stockholders.

In the event that the proceeds in the trust account are reduced below the lesser of (i) \$10.00 per public share or (ii) such lesser amount per share held in the trust account as of the date of the liquidation of the trust account due to reductions in the value of the trust assets, in each case net of the interest which may be withdrawn to pay taxes as well as expenses relating to administration of the trust account, and our Sponsor asserts that it is unable to satisfy its obligations or that it has no indemnification obligations related to a particular claim, our independent directors would determine whether to take legal action against our Sponsor to enforce its indemnification obligations.

While we currently expect that our independent directors would take legal action on our behalf against our Sponsor to enforce its indemnification obligations to us, it is possible that our independent directors in exercising their business judgment may choose not to do so if, for example, the cost of such legal action is deemed by the independent directors to be too high relative to the amount recoverable or if the independent directors determine that a favorable outcome is not likely. If our independent directors choose not to enforce these indemnification obligations, the amount of funds in the trust account available for distribution to our public stockholders may be reduced below \$10.00 per share.

We may not have sufficient funds to satisfy indemnification claims of our directors and executive officers.

We have agreed to indemnify our directors and executive officers to the fullest extent permitted by law. However, our directors and executive officers have agreed to waive any right, title, interest or claim of any kind in or to any monies in the trust account and to not seek recourse against the trust account for any reason whatsoever. Accordingly, any indemnification provided will be able to be satisfied by us only if: (i) we have sufficient funds outside of the trust account or (ii) we consummate an initial business combination. Our obligation to indemnify our directors and executive officers may discourage stockholders from bringing a lawsuit against our directors, directors and executive officers for breach of their fiduciary duties. These provisions also may have the effect of reducing the likelihood of derivative litigation against our directors and executive officers, even though such an action, if successful, might otherwise benefit us and our stockholders. Furthermore, a stockholder's investment may be adversely affected to the extent we pay the costs of settlement and damage awards against our directors and executive officers pursuant to these indemnification provisions.

If, after we distribute the proceeds in the trust account to our public stockholders, we file a bankruptcy petition or an involuntary bankruptcy petition is filed against us that is not dismissed, a bankruptcy court may seek to recover such proceeds, and we and our board may be exposed to claims of punitive damages.

If, after we distribute the proceeds in the trust account to our public stockholders, we file a bankruptcy petition or an involuntary bankruptcy petition is filed against us that is not dismissed, any distributions received by stockholders could be viewed under applicable debtor/creditor and/or bankruptcy laws as either a "preferential transfer" or a "fraudulent conveyance." As a result, a bankruptcy court could seek to recover all amounts received by our stockholders. In addition, our Board may be viewed as having breached its fiduciary duty to our creditors and/or having acted in bad faith, thereby exposing itself and us to claims of punitive damages, by paying public stockholders from the trust account prior to addressing the claims of creditors.

If, before distributing the proceeds in the trust account to our public stockholders, we file a bankruptcy petition or an involuntary bankruptcy petition is filed against us that is not dismissed, the claims of creditors in such proceeding may have priority over the claims of our stockholders and the per-share amount that would otherwise be received by our stockholders in connection with our liquidation may be reduced.

If, before distributing the proceeds in the trust account to our public stockholders, we file a bankruptcy petition or an involuntary bankruptcy petition is filed against us that is not dismissed, the proceeds held in the trust account could be subject to applicable bankruptcy law, and may be included in our bankruptcy estate and subject to the claims of third parties with priority over the claims of our stockholders. To the extent any bankruptcy claims deplete the trust account, the per-share amount that would otherwise be received by our stockholders in connection with our liquidation may be reduced.

If we are deemed to be an investment company under the Investment Company Act, we may be required to institute burdensome compliance requirements and our activities may be restricted, which may make it difficult for us to complete our business combination.

If we are deemed to be an investment company under the Investment Company Act, our activities may be restricted, including:

- restrictions on the nature of our investments; and
- restrictions on the issuance of securities, each of which may make it difficult for us to complete our business combination.

In addition, we may have imposed upon us burdensome requirements, including:

- registration as an investment company;
- adoption of a specific form of corporate structure; and
- reporting, record keeping, voting, proxy and disclosure requirements and other rules and regulations.

In order not to be regulated as an investment company under the Investment Company Act, unless we can qualify for an exclusion, we must ensure that we are engaged primarily in a business other than investing, reinvesting or trading of securities and that our activities do not include investing, reinvesting, owning, holding or trading "investment securities" constituting more than 40% of our total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. Our business will be to identify and complete a business combination and thereafter to operate the post-transaction business or assets for the long term. We do not plan to buy businesses or assets with a view to resale or profit from their resale. We do not plan to buy unrelated businesses or assets or to be a passive investor.

We do not believe that our principal activities will subject us to the Investment Company Act. To this end, the proceeds held in the trust account were initially invested in United States "government securities" within the meaning of Section 2(a)(16) of the Investment Company Act having a maturity of 180 days or less or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act which invest only in direct U.S. government treasury obligations. To mitigate the risk of us being deemed to have been operating as an unregistered investment company (including under the subjective test of Section 3(a)(1)(A) of the Investment Company Act), in June 2022, the investments in U.S. government securities or money market funds held in the trust account were liquidated to thereafter be held in cash until earlier of: (i) the completion of our initial business combination and (ii) the distribution of the funds in the trust account to the Company's stockholders as described below. Pursuant to the trust agreement, the trustee is not permitted to invest in other securities or assets. By restricting the investment of the proceeds to these instruments, and by having a business plan targeted at acquiring and growing businesses for the long term (rather than on buying and selling businesses in the manner of a merchant bank or private equity fund), we intend to avoid being deemed an "investment company" within the meaning of the Investment Company Act. The trust account is intended as a holding place for funds pending the earliest to occur of: (i) the completion of our primary business objective, which is an initial business combination; (ii) the redemption of any public shares properly submitted in connection with a stockholder vote to amend our amended and restated certificate of incorporation (a) to modify the substance or timing of our obligation to redeem 100% of our public shares if we do not complete our initial business combination within 36 months from the closing of our initial public offering or (b) with respect to any other provisions relating to stockholders' rights or pre-initial business combination activity; or (iii) absent a business combination, our return of the funds held in the trust account to our public stockholders as part of our redemption of the public shares. If we do not invest the proceeds as discussed above, we may be deemed to be subject to the Investment Company Act. If we were deemed to be subject to the Investment Company Act, compliance with these additional regulatory burdens would require additional expenses for which we have not allotted funds and may hinder our ability to complete a business combination. If we are unable to complete our initial business combination, our public stockholders may receive only approximately \$10.00 per share on the liquidation of our trust account and our warrants will expire worthless. In certain circumstances, our public stockholders may receive less than \$10.00 per share upon our liquidation.

Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect our business, including our ability to negotiate and complete our initial business combination, investments and results of operations.

We are subject to laws and regulations enacted by national, regional and local governments. In particular, we will be required to comply with certain SEC and other legal requirements. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time and those changes could have a material adverse effect on our business, investments and results of operations. In addition, a failure to comply with applicable laws or regulations, as interpreted and applied, could have a material adverse effect on our business, including our ability to negotiate and complete our initial business combination, investments and results of operations.

On March 30, 2022, the SEC issued proposed rules relating to, among other items, enhancing disclosures in business combination transactions involving special purpose acquisition companies ("SPACs") and private operating companies; amending the financial statement requirements applicable to transactions involving shell companies; effectively limiting the use of projections in SEC filings in connection with proposed business combination transactions; increasing the potential liability of certain participants in proposed business combination transactions; and the extent to which SPACs could become subject to regulation under the Investment Company Act of 1940.

These rules, if adopted, whether in the form proposed or in revised form, may materially adversely affect our ability to negotiate and complete our initial business combination and may increase the costs and time related thereto.

There is uncertainty regarding the federal income tax consequences of the redemption to the holders of our Class A common stock.

There is some uncertainty regarding the federal income tax consequences to holders of Class A common stock that exercise their redemption rights. The uncertainty of tax consequences relates primarily to the individual circumstances of the taxpayer and include (i) whether the redemption will be treated as a corporate distribution potentially taxable as a dividend, or a sale, that would potentially give rise to capital gain or capital loss and (ii) whether such capital gain is "long-term" or "short-

term." Whether the redemption qualifies for sale treatment, resulting in taxation as capital gain rather than treatment as a corporate distribution, will depend largely on whether the holder owns (or is deemed to own) any shares of Class A common stock following the redemption, and if so, the total number of shares of Class A common stock treated as held by the holder both before and after the redemption relative to all shares of our voting stock outstanding both before and after the redemption. The redemption generally will be treated as a sale, rather than a distribution, if the redemption (i) is "substantially disproportionate" with respect to the holder, (ii) results in a "complete termination" of the holder's interest in us or (iii) is "not essentially equivalent to a dividend" with respect to the holder. Due to the personal and subjective nature of certain of such tests and the absence of clear guidance from the IRS, there is uncertainty as to how a holder who elects to exercise its redemption rights will be taxed in connection with the exercise of redemption rights.

A new 1% U.S. federal excise tax may be imposed upon us in connection with the redemptions by us of our Class A Common Stock.

On August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022 (the "IRA"), which, among other things, imposes a new U.S. federal 1% excise tax on certain repurchases (including redemptions) of stock by publicly traded domestic corporations and certain domestic subsidiaries of publicly traded foreign corporations. This excise tax is imposed on the repurchasing corporation itself, not its stockholders from which shares are repurchased. Generally, the amount of the excise tax is 1% of the fair market value of the shares repurchased at the time of the repurchase. For the purposes of calculating the excise tax, the repurchasing corporation is permitted to net the fair market value of certain new stock issuances against the fair market value of the stock repurchases that occur in the same taxable year. The U.S. Treasury Department, the IRS, and other standard-setting bodies are expected to issue guidance on how the excise tax provisions of the IRA will be applied. The IRA excise tax applies to repurchases that occur after December 31, 2022.

Any repurchase or redemption of our Class A common stock that occurs after December 31, 2022, in connection with the business combination may be subject to the excise tax. Whether and to what extent we would be subject to the excise tax in connection with the business combination would depend on a number of factors, including (i) the fair market value of the redemptions and repurchase in connection with the business combination, (ii) the structure of the business combination, (iii) the nature and amount of any PIPE or other equity issuances in connection with the business combination (or otherwise issued not in connection with the business combination but issued within the same taxable year of the business combination) (while we continue to opportunistically seek to raise a PIPE investment, at this time, we have no committed PIPE investment amount) and (iv) the regulations and other guidance issued by the U.S. Treasury Department and the IRS. Since the excise tax would be payable by us and not by the redeeming holder, we have yet to determine the mechanics of any required payment of the excise taxes.

Our stockholders may be held liable for claims by third parties against us to the extent of distributions received by them upon redemption of their shares.

Under the DGCL, stockholders may be held liable for claims by third parties against a corporation to the extent of distributions received by them in a dissolution. The pro rata portion of our trust account distributed to our public stockholders upon the redemption of our public shares in the event we do not complete our initial business combination within 36 months from the closing of our initial public offering may be considered a liquidating distribution under Delaware law. If a corporation complies with certain procedures set forth in Section 280 of the DGCL intended to ensure that it makes reasonable provision for all claims against it, including a 60-day notice

period during which any third-party claims can be brought against the corporation, a 90-day period during which the corporation may reject any claims brought, and an additional 150-day waiting period before any liquidating distributions are made to stockholders, any liability of stockholders with respect to a liquidating distribution is limited to the lesser of such stockholder's pro rata share of the claim or the amount distributed to the stockholder, and any liability of the stockholder would be barred after the third anniversary of the dissolution. However, it is our intention to redeem our public shares as soon as reasonably possible following the 36 month anniversary from the closing of our initial public offering in the event we do not complete our initial business combination and, therefore, we do not intend to comply with the foregoing procedures.

Because we will not be complying with Section 280, Section 281(b) of the DGCL requires us to adopt a plan, based on facts known to us at such time that will provide for our payment of all existing and pending claims or claims that may be potentially brought against us within the 10 years following our dissolution. However, because we are a blank check company, rather than an operating company, and our operations will be limited to searching for prospective target businesses to acquire, the only likely claims to arise would be from our vendors (such as lawyers, investment bankers, etc.) or prospective target businesses. If our plan of distribution complies with Section 281(b) of the DGCL, any liability of stockholders with respect to a liquidating distribution is limited to the lesser of such stockholder's pro rata share of the claim or the amount distributed to the stockholder, and any liability of the stockholder would likely be barred after the third anniversary of the dissolution. We cannot assure you that we will properly assess all claims that may be potentially brought against us. As such, our stockholders could potentially be liable for any claims to the extent of distributions received by them (but no more) and any liability of our stockholders may extend beyond the third anniversary of such date. Furthermore, if the pro rata portion of our trust account distributed to our public stockholders upon the redemption of our public shares in the event we do not complete our initial business combination within 36 months from the closing of our initial public offering is not considered a liquidating distribution under Delaware law and such redemption distribution is deemed to be unlawful, then pursuant to Section 174 of the DGCL, the statute of limitations for claims of creditors could then be six years after the unlawful redemption distribution, instead of three years, as in the case of a liquidating distribution.

We may not hold an annual meeting of stockholders until after the consummation of our initial business combination, which could delay the opportunity for our stockholders to elect directors.

In accordance with NASDAQ corporate governance requirements, we are not required to hold an annual meeting until no later than one year after our first fiscal year end following our listing on NASDAQ. Under Section 211(b) of the DGCL, we are, however, required to hold an annual meeting of stockholders for the purposes of electing directors in accordance with our bylaws unless such election is made by written consent in lieu of such a meeting. We may not hold an annual meeting of stockholders to elect new directors prior to the consummation of our initial business combination, and thus we may not be in compliance with Section 211(b) of the DGCL, which requires an annual meeting. Therefore, if our stockholders want us to hold an annual meeting prior to the consummation of our initial business combination, they may attempt to force us to hold one by submitting an application to the Delaware Court of Chancery in accordance with Section 211(c) of the DGCL.

We have not registered the shares of Class A common stock issuable upon exercise of the warrants under the Securities Act or any state securities laws at this time, and such registration may not be in place when an investor desires to exercise warrants, thus precluding such investor from being able to exercise its warrants except on a cashless basis and potentially causing such warrants to expire worthless.

We have not registered the shares of Class A common stock issuable upon exercise of the warrants under the Securities Act or any state securities laws at this time. However, under the terms of the warrant agreement, we will use our reasonable best efforts to file, and within 60 business days following our initial business combination to have declared effective, a registration statement under the Securities Act covering such shares and maintain a current prospectus relating to the Class A common stock issuable upon exercise of the warrants, until the expiration of the warrants in accordance with the provisions of the warrant agreement. We cannot assure you that we will be able to do so if, for example, any facts or events arise which represent a fundamental change in the information set forth in the registration statement or prospectus, the financial statements contained or incorporated by reference therein are not current or correct or the SEC issues a stop order. If the shares issuable upon exercise of the warrants are not registered under the Securities Act, we will be required to permit holders to exercise their warrants on a cashless basis. However, no warrant will be exercisable for cash or on a cashless basis, and we will not be obligated to issue any shares to holders seeking to exercise their 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. Notwithstanding the above, if our Class A common stock is at the time of any exercise of a warrant not listed on a national securities exchange such that it satisfies the definition of a "covered security" under Section 18(b)(1) of the Securities Act, we may, at our option, require holders of public warrants who exercise their warrants to do so on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act and, in the event we so elect, we will not be required to file or maintain in effect a registration statement, but we will be required to use our best efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available. In no event will we be required to net cash settle any warrant. If the issuance of the shares upon exercise of the warrants is not so registered or qualified or exempt from registration or qualification, the holder of such warrant shall not be entitled to exercise such warrant and such warrant may have no value and expire worthless. In such event, holders who acquired their warrants as part of a purchase of units will have paid the full unit purchase price solely for the shares of Class A common stock included in the units. If and when the warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying shares of Class A common stock for sale under all applicable state securities laws.

The grant of registration rights to our initial stockholders may make it more difficult to complete our initial business combination, and the future exercise of such rights may adversely affect the market price of our Class A common stock.

Pursuant to the agreement entered into concurrently with the issuance and sale of the securities in our initial public offering, our initial stockholders and their permitted transferees can demand that we register their founder shares, after those shares convert to our Class A common stock at the time of our initial business combination. In addition, holders of our private placement warrants and their permitted transferees can demand that we register the private placement warrants and the Class A common stock issuable upon exercise of the private placement warrants, and holders of warrants that may be issued upon conversion of working capital loans may demand that we register such warrants or the Class A common stock issuable upon exercise of such warrants. We will bear the cost of registering these securities. The registration and availability of such a significant number of securities for trading in the public market may have an adverse effect on the market price of our Class A common stock. In addition, the existence of the registration rights may make our initial business combination more costly or difficult to conclude. This is because the shareholders of the target business may increase the equity stake they seek in the combined entity or ask for more cash consideration to offset the negative impact on the market price of our Class A common stock that is expected when the common stock owned by our initial stockholders, holders of our private placement warrants, or holders of our working capital loans or their respective permitted transferees are registered.

Because we are not limited to a particular industry, sector or any specific target businesses with which to pursue our initial business combination, you will be unable to ascertain the merits or risks of any particular target business' operations.

Although we expect to focus our search for a target business in the energy industry in North America, we may seek to complete a business combination with an operating company in any industry or sector. However, we are not, under our amended and restated certificate of incorporation, permitted to complete our business combination with another blank check company or similar company with nominal operations. There is no basis to evaluate the possible merits or risks of any particular target business's operations, results of operations, cash flows, liquidity, financial condition or prospects. To the extent we complete our business combination, we may be affected by numerous risks inherent in the business operations with which we combine. For example, if we combine with a financially unstable business or an entity lacking an established record of revenues or earnings, we may be affected by the risks inherent in the business and operations of a financially unstable or a development stage

entity. Although our officers and directors will endeavor to evaluate the risks inherent in a particular target business, we cannot assure you that we will properly ascertain or assess all the significant risk factors or that we will have adequate time to complete due diligence. Furthermore, some of these risks may be outside of our control and leave us with no ability to control or reduce the chances that those risks will adversely impact a target business. We also cannot assure you that an investment in our units will ultimately prove to be more favorable to investors than a direct investment, if such opportunity were available, in a business combination target. Accordingly, any stockholders who choose to remain stockholders following the business combination could suffer a reduction in the value of their shares. Such stockholders are unlikely to have a remedy for such reduction in value.

Because we intend to seek a business combination with a target business in the energy industry in North America, we expect our future operations to be subject to risks associated with this sector.

We intend to focus our search for a target business in the energy industry in North America. Risks inherent in investments in the energy industry include, but are not limited to, the following:

- volatility of oil and natural gas prices;
- price and availability of alternative fuels, such as solar, coal, nuclear and wind energy;
- significant federal, state and local regulation, taxation and regulatory approval processes as well as changes in applicable laws and regulations;
- denial or delay of receiving requisite regulatory approvals and/or permits;
- the speculative nature of and high degree of risk involved in investments in the upstream, midstream and energy services sectors, including relying on estimates of oil and gas reserves and the impacts of regulatory and tax changes;
- exploration and development risks, which could lead to environmental damage, injury and loss of life or the destruction of property;
- drilling, exploration and development risks, including encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, equipment failures and other accidents, cratering, sour gas releases, uncontrollable flows of oil, natural gas or well fluids, adverse weather conditions, pollution, fires, spills and other environmental risks, any of which could lead to environmental damage, injury and loss of life or the destruction of property;
- proximity and capacity of oil, natural gas and other transportation and support infrastructure to production facilities;
- availability of key inputs, such as strategic consumables and raw materials and drilling and processing equipment;
- available pipeline, storage and other transportation capacity;
- changes in global supply and demand and prices for commodities;
- impact of energy conservation efforts;
- technological advances affecting energy production and consumption;
- overall domestic and global economic conditions;
- availability of, and potential disputes with, independent contractors;
- adverse weather conditions, natural disasters or other events (such as equipment malfunctions, explosions, fires or spills);
- value of U.S. dollar relative to the currencies of other countries; and
- terrorist acts.

Past performance by JKLM Energy, our management team and members of our Board may not be indicative of future performance of an investment in us.

Information regarding performance by, or businesses associated with, JKLM Energy, our management team and members of our Board is presented for informational purposes only. Past performance by JKLM Energy and such individuals is not a guarantee either (i) of success with respect to any business combination we may consummate or (ii) that we will be able to locate a suitable candidate for our initial business combination. Certain of our officers, directors and advisors have had management and deal execution experience with special purpose acquisition corporations in the past. You should not rely on the historical record of performance of JKLM

Energy or our management team and members of our Board as indicative of our future performance of an investment in us or the returns we will, or are likely to, generate going forward. Additionally, in the course of their respective careers, members of our management team and Board have been involved in businesses and deals that were unsuccessful.

We may seek acquisition opportunities in industries or sectors which may or may not be outside of our management's area of expertise.

We will consider a business combination outside of our management's area of expertise if a business combination candidate is presented to us and we determine that such candidate offers an attractive acquisition opportunity for our Company. Although our management will endeavor to evaluate the risks inherent in any particular business combination candidate, we cannot assure you that we will adequately ascertain or assess all the significant risk factors. We also cannot assure you that an investment in our units will not ultimately prove to be less favorable to investors in our initial public offering than a direct investment, if an opportunity were available, in a business combination candidate. In the event we elect to pursue an acquisition outside of the areas of our management's expertise, our management's expertise may not be directly applicable to its evaluation or operation, and the information contained in this report regarding the areas of our management's expertise would not be relevant to an understanding of the business that we elect to acquire. As a result, our management may not be able to adequately ascertain or assess all the significant risk factors. Accordingly, any stockholders who choose to remain stockholders following our business combination could suffer a reduction in the value of their shares. Such stockholders are unlikely to have a remedy for such reduction in value.

Although we have identified general criteria and guidelines that we believe are important in evaluating prospective target businesses, we may enter into our initial business combination with a target that does not meet such criteria and guidelines, and as a result, the target business with which we enter into our initial business combination may not have attributes entirely consistent with our general criteria and guidelines.

Although we have identified general criteria and guidelines for evaluating prospective target businesses, it is possible that a target business with which we enter into our initial business combination will not have all of these positive attributes. If we complete our initial business combination with a target that does not meet some or all of these criteria and guidelines, such combination may not be as successful as a combination with a business that does meet all of our general criteria and guidelines. In addition, if we announce a prospective business combination with a target that does not meet our general criteria and guidelines, a greater number of stockholders may exercise their redemption rights, which may make it difficult for us to meet any closing condition with a target business that requires us to have a minimum net worth or a certain amount of cash. In addition, if stockholder approval of the transaction is required by law, or we decide to obtain stockholder approval for business or other legal reasons, it may be more difficult for us to attain stockholder approval of our initial business combination if the target business does not meet our general criteria and guidelines. If we are unable to complete our initial business combination, our public stockholders may receive only approximately \$10.00 per share, or less in certain circumstances, on the liquidation of our trust account and our warrants will expire worthless. In certain circumstances, our public stockholders may receive less than \$10.00 per share upon liquidation.

We may seek acquisition opportunities with an early stage company, a financially unstable business or an entity lacking an established record of revenue or earnings, which could subject us to volatile revenues or earnings or difficulty in retaining key personnel.

To the extent we complete our initial business combination with an early stage company, a financially unstable business or an entity lacking an established record of revenues or earnings, we may be affected by numerous risks inherent in the operations of the business with which we combine. These risks include investing in a

business without a proven business model and with limited historical financial data, volatile revenues or earnings and difficulties in obtaining and retaining key personnel. Although our officers and directors will endeavor to evaluate the risks inherent in a particular target business, we may not be able to properly ascertain or assess all the significant risk factors and we may not have adequate time to complete due diligence. Furthermore, some of these risks may be outside of our control and leave us with no ability to control or reduce the chances that those risks will adversely impact a target business.

We are not required to obtain an opinion from an independent investment banking firm or from an independent accounting firm, and consequently, you may have no assurance from an independent source that the price we are paying for the business is fair to our Company from a financial point of view.

Unless we complete our business combination with an affiliated entity or our board cannot independently determine the fair market value of the target business or businesses, we are not required to obtain an opinion from an independent investment banking firm that is a member of FINRA or from an independent accounting firm that the price we are paying is fair to our Company from a financial point of view. If no opinion is obtained, our stockholders will be relying on the judgment of our Board, who will determine fair market value based on standards generally accepted by the financial community. Such standards used will be disclosed in our proxy solicitation or tender offer materials, as applicable, related to our initial business combination.

We may issue additional shares of common stock or preferred stock to complete our initial business combination, and may issue shares of common stock to redeem the warrants or issue shares of common stock or preferred stock under an employee incentive plan after completion of our initial business combination. We may also issue shares of Class A common stock upon the conversion of the Class B common stock at a ratio greater than one-to-one at the time of our initial business combination as a result of the anti-dilution provisions contained in our amended and restated certificate of incorporation. Any such issuances would dilute the interest of our stockholders and likely present other risks.

Our amended and restated certificate of incorporation authorizes the issuance of up to 200,000,000 shares of Class A common stock, par value \$0.0001 per share, 20,000,000 shares of Class B common stock, par value \$0.0001 per share, and 1,000,000 shares of preferred stock, par value \$0.0001 per share. As of the date of this report, there are 165,500,000 and 11,375,000 authorized but unissued shares of Class A common stock and Class B common stock, respectively, available for issuance, which amount does not take into account the shares of Class A common stock reserved for issuance upon exercise of any outstanding warrants, or the shares of Class A common stock issuable upon conversion of Class B common stock. There are no shares of preferred stock issued and currently outstanding. Shares of Class B common stock are convertible into shares of our Class A common stock initially at a one-for-one ratio but subject to adjustment as set forth herein, including in certain circumstances in which we issue Class A common stock or equity-linked securities related to our initial business combination.

We may issue a substantial number of additional shares of common or preferred stock to complete our initial business combination (including pursuant to a specified future issuance). After the completion of our initial business combination, we may issue a substantial number of additional shares of common stock to redeem the warrants as described herein or shares of common or preferred stock under an employee incentive plan. We may also issue shares of Class A common stock upon conversion of the Class B common stock at a ratio greater than one-to-one at the time of our initial business combination as a result of the anti-dilution provisions contained in our amended and restated certificate of incorporation. However, our amended and restated certificate of incorporation, as amended, provides, among other things, that prior to our initial business combination, we may not issue additional shares of capital stock that would entitle the holders thereof to (i) receive funds from the trust account or (ii) vote on any initial business combination. The issuance of additional shares of common or preferred stock:

- may significantly dilute the equity interest of investors in our initial public offering;
- may subordinate the rights of holders of common stock if preferred stock is issued with rights senior to those afforded our common stock;
- could cause a change of control if a substantial number of shares of our common stock are issued, which may affect, among other things, our ability to use our net operating loss carry forwards, if any, and could result in the resignation or removal of our present officers and directors; and
- may adversely affect prevailing market prices for our units, Class A common stock and/or warrants.

Resources could be wasted in researching acquisitions that are not completed, which could materially adversely affect subsequent attempts to locate and acquire or merge with another business. If we are unable to complete our initial business combination, our public stockholders may receive only approximately \$10.00 per share, or less than such amount in certain circumstances, on the liquidation of our trust account and our warrants will expire worthless.

We anticipate that the investigation of each specific target business and the negotiation, drafting and execution of relevant agreements, disclosure documents and other instruments will require substantial management time and attention and substantial costs for accountants, attorneys and others. The cost incurred up to the point that we decide not to complete a specific initial business combination likely would not be recoverable. Furthermore, if we reach an agreement relating to a specific target business, we may fail to complete our initial business combination for any number of reasons including those beyond our control. Any such event will result in a loss to us of the related costs incurred which could materially adversely affect subsequent attempts to locate and acquire or merge with another business. If we are unable to complete our initial business combination, our public stockholders may receive only approximately \$10.00 per share on the liquidation of our trust account and our warrants will expire worthless. In certain circumstances, our public stockholders may receive less than \$10.00 per share on the redemption of their shares.

We are dependent upon our officers and directors, and their loss could adversely affect our ability to operate.

Our operations are dependent upon a relatively small group of individuals and, in particular, our officers and directors. We believe that our success depends on the continued service of our officers and directors, at least until we have completed our initial business combination. In addition, our officers and directors are not required to commit any specified amount of time to our affairs and, accordingly, will have conflicts of interest in allocating their time among various business activities, including identifying potential business combinations and monitoring the related due diligence.

We do not have an employment agreement with, or key-man insurance on the life of, any of our directors or officers. The unexpected loss of the services of one or more of our directors or officers could have a detrimental effect on us.

Our ability to successfully complete our initial business combination and to be successful thereafter will be totally dependent upon the efforts of members of our management team, some of whom may not join us following our initial business combination. The loss of such people could negatively impact the operations and profitability of our post-combination business.

Our ability to successfully complete our business combination is dependent upon the efforts of members of our management team. The role of members of our management team in the target business, however, cannot presently be ascertained. Although some members of our management team may remain with the target business in senior management or advisory positions following our business combination, it is likely that some or all of the management of the target business will remain in place. While we intend to closely scrutinize any individuals we engage after our initial business combination, we cannot assure you that our assessment of these individuals will prove to be correct. These individuals may be unfamiliar with the requirements of operating a company regulated by the SEC, which could cause us to have to expend time and resources helping them become familiar with such requirements.

In addition, the officers and directors of an acquisition candidate may resign upon completion of our initial business combination. The departure of a business combination target's key personnel could negatively impact the operations and profitability of our post-combination business. The role of an acquisition candidate's key personnel upon the completion of our initial business combination cannot be ascertained at this time. Although we contemplate that certain members of an acquisition candidate's management team will remain associated with the acquisition candidate following our initial business combination, it is possible that members of the management of an acquisition candidate will not wish to remain in place. The loss of key personnel could negatively impact the operations and profitability of our post-combination business.

Members of our management team may negotiate employment or consulting agreements with a target business in connection with a particular business combination. These agreements may provide for them to receive compensation following our business combination and as a result, may cause them to have conflicts of interest in determining whether a particular business combination is the most advantageous.

Members of our management team may be able to remain with the Company after the completion of our business combination only if they are able to negotiate employment or consulting agreements in connection with the business combination. Such negotiations could take place simultaneously with the negotiation of the business combination and could provide for such individuals to receive compensation in the form of cash payments and/or our securities for services they would render to us after the completion of the business combination. The personal and financial interests of such individuals may influence their motivation in identifying and selecting a target business. However, we believe the ability of such individuals to remain with us after the completion of our business combination will not be the determining factor in our decision as to whether or not we will proceed with any potential business combination. There is no certainty, however, that any members of our management team will remain with us after the completion of our business combination. We cannot assure you that any members of our management team will remain in senior management or advisory positions with us. The determination as to whether any members of our management team will remain with us will be made at the time of our initial business combination.

We may have a limited ability to assess the management of a prospective target business and, as a result, may complete our initial business combination with a target business whose management may not have the skills, qualifications or abilities to manage a public company, which could, in turn, negatively impact the value of our stockholders' investment in us.

When evaluating the desirability of effecting our initial business combination with a prospective target business, our ability to assess the target business's management may be limited due to a lack of time, resources or information. Our assessment of the capabilities of the target's management, therefore, may prove to be incorrect and such management may lack the skills, qualifications or abilities we suspected. Should the target's management not possess the skills, qualifications or abilities necessary to manage a public company, the operations and profitability of the post-combination business may be negatively impacted. Accordingly, any stockholders who choose to remain stockholders following the business combination could suffer a reduction in the value of their shares. Such stockholders are unlikely to have a remedy for such reduction in value.

The officers and directors of an acquisition candidate may resign upon completion of our initial business combination. The departure of a business combination target's key personnel could negatively impact the operations and profitability of our post-combination business. The role of an acquisition candidate's key personnel upon the completion of our initial business combination cannot be ascertained at this time. Although we contemplate that certain members of an acquisition candidate's management team will remain associated with the acquisition candidate following our initial business combination, it is possible that members of the management of an acquisition candidate will not wish to remain in place.

Our officers and directors may allocate their time to other businesses, thereby causing conflicts of interest in their determination as to how much time to devote to our affairs. This conflict of interest could have a negative impact on our ability to complete our initial business combination.

Our officers and directors are not required to, and will not, commit their full time to our affairs, which may result in a conflict of interest in allocating their time between our operations and our search for a business combination and their other businesses. Each of our officers is engaged in several other business endeavors for which he or she may be entitled to substantial compensation and our officers are not obligated to contribute any specific number of hours per week to our affairs. In addition, certain of our officers and directors are affiliated with JKLM Energy, which is an operating company that makes investments and operates in the industry we expect to target for our initial business combination. If our officers' and directors' other business affairs require them to devote substantial amounts of time to such affairs in excess of their current commitment levels, it could limit their ability to devote time to our affairs, which may have a negative impact on our ability to complete our initial business combination.

Certain of our officers and directors are now, and all of them may in the future become, affiliated with entities engaged in business activities similar to those intended to be conducted by us and, accordingly, may have conflicts of interest in allocating their time and determining to which entity a particular business opportunity should be presented.

Following the completion of our initial public offering and until we consummate our initial business combination, we intend to engage in the business of identifying and combining with one or more businesses. Our Sponsor and officers and directors are, and may in the future become, affiliated with entities (such as operating

companies or investment vehicles) that are engaged in a similar business.

Our officers and directors also may become aware of business opportunities which may be appropriate for presentation to us and the other entities in the future to which they owe certain fiduciary or contractual duties. Accordingly, they may have conflicts of interest in determining to which entity a particular business opportunity should be presented. These conflicts may not be resolved in our favor and a potential target business may be presented to another entity prior to its presentation to us. Our amended and restated certificate of incorporation provides that we renounce our interest in any corporate opportunity offered to any director or officer unless such opportunity is expressly offered to such person solely in his or her capacity as a director or officer of our Company and such opportunity is one we are legally and contractually permitted to undertake and would otherwise be reasonable for us to pursue.

Our officers, directors, security holders and their respective affiliates may have competitive pecuniary interests that conflict with our interests.

We have not adopted a policy that expressly prohibits our directors, officers, security holders or affiliates from having a direct or indirect pecuniary or financial interest in any investment to be acquired or disposed of by us or in any transaction to which we are a party or have an interest. In fact (subject to certain approvals and consents) we may enter into a business combination with a target business that is affiliated with our Sponsor, our directors or officers, although we do not intend to do so. We do not have a policy that expressly prohibits any such persons from engaging for their own account in business activities of the types conducted by us. Accordingly, such persons or entities may have a conflict between their interests and ours.

In particular, JKLM Energy is an operating company focused on investments in the energy industry. As a result, there may be substantial overlap between companies that would be a suitable business combination for us and companies that would make an attractive target for JKLM Energy.

Competing interests of our Sponsor, directors and officers are fully discussed in our Proxy Statement filed with the SEC.

We may engage in a business combination with one or more target businesses that have relationships with entities that may be affiliated with our Sponsor, officers, directors or existing holders which may raise potential conflicts of interest.

In light of the involvement of our Sponsor, officers and directors with other entities, we may decide to acquire one or more businesses affiliated with our Sponsor, officers or directors. Our directors also serve as officers and board members for other entities. Such entities may compete with us for business combination opportunities. Although we will not be specifically focusing on, or targeting, any transaction with any affiliated entities, we would pursue such a transaction if we determined that such affiliated entity met our criteria for a business combination and such transaction was approved by a majority of our disinterested directors. Despite our agreement to obtain an opinion from an independent investment banking firm that is a member of FINRA, or from an independent accounting firm, regarding the fairness to our Company from a financial point of view of a business combination with one or more domestic or international businesses affiliated with our officers, directors or existing holders, potential conflicts of interest still may exist and, as a result, the terms of the business combination may not be as advantageous to our public stockholders as they would be absent any conflicts of interest.

Since our Sponsor will lose its entire investment in us if our business combination is not completed and our officers and directors may have differing personal and financial interests than you, a conflict of interest may

arise in determining whether a particular business combination target is appropriate for our initial business combination.

As of the date of this report, our Sponsor owns an aggregate of 8,625,000 shares of Class B common stock, which it acquired for an aggregate purchase price of \$25,000. Such founder shares will be worthless if we do not complete an initial business combination. In addition, our Sponsor has committed to purchase 8,900,000 private placement warrants, each exercisable for one share of our Class A common stock at \$11.50 per share, for a purchase price of \$8,900,000 or \$1.00 per whole warrant, which will also be worthless if we do not complete a business combination. Our Sponsor has agreed (A) to vote any shares owned by it in favor of any proposed business combination and (B) not to redeem any founder shares in connection with a stockholder vote to approve a proposed initial business combination. In addition, we may obtain loans from our Sponsor, affiliates of our Sponsor or an officer or director. The personal and financial interests of our officers and directors may influence their motivation in identifying and selecting a target business combination, completing an initial business combination and influencing the operation of the business following the initial business combination.

Competing interests of our Sponsor, directors and officers are fully discussed in our Proxy Statement filed with the SEC.

Since our Sponsor paid only approximately \$0.003 per share for the founder shares, our officers and directors could potentially make a substantial profit even if we acquire a target business that subsequently declines in value.

In June 2020, our Sponsor acquired 8,625,000 founder shares for an aggregate purchase price of \$25,000, or approximately \$0.003 per share. Our officers and directors have a significant economic interest in our Sponsor. As a result, the low acquisition cost of the founder shares creates an economic incentive whereby our officers and directors could potentially make a substantial profit even if we acquire a target business that subsequently declines in value and is unprofitable for public investors.

We may issue notes or other debt securities, or otherwise incur substantial debt, to complete a business combination, which may adversely affect our leverage and financial condition and thus negatively impact the value of our stockholders' investment in us.

Although we have no commitments as of the date of this report to issue any notes or other debt securities, or to otherwise incur outstanding debt, we may choose to incur substantial debt to complete our business combination. We have agreed that we will not incur any indebtedness unless we have obtained from the lender a waiver of any right, title, interest or claim of any kind in or to the monies held in the trust account. As such, no issuance of debt will affect the per-share amount available for redemption from the trust account. Nevertheless, the incurrence of debt could have a variety of negative effects, including:

- default and foreclosure on our assets if our operating revenues after an initial business combination are insufficient to repay our debt obligations;
- acceleration of our obligations to repay the indebtedness even if we make all principal and interest payments when due if we breach certain covenants that require the maintenance of certain financial ratios or reserves without a waiver or renegotiation of that covenant;
- our immediate payment of all principal and accrued interest, if any, if the debt security is payable on demand;
- our inability to obtain necessary additional financing if the debt security contains covenants restricting our ability to obtain such financing while the debt security is outstanding;
- our inability to pay dividends on our common stock;
- using a substantial portion of our cash flow to pay principal and interest on our debt, which will reduce the funds available for dividends on our common stock if declared, our ability to pay expenses, make capital expenditures and acquisitions, and fund other general corporate purposes;
- limitations on our flexibility in planning for and reacting to changes in our business and in the industry in which we operate;
- increased vulnerability to adverse changes in general economic, industry and competitive conditions and adverse changes in government regulation;
- limitations on our ability to borrow additional amounts for expenses, capital expenditures, acquisitions, debt service requirements, and execution of our strategy; and
- other disadvantages compared to our competitors who have less debt.

We may only be able to complete one business combination with the proceeds of our initial public offering and, the sale of the private placement warrants, which will cause us to be solely dependent on a single business which may have a limited number of products or services. This lack of diversification may negatively impact our operations and profitability.

As of the date of this report, approximately \$99 million is available in our trust account for completing our business combination and paying related fees and expenses.

We may complete our business combination with a single target business or multiple target businesses simultaneously or within a short period of time. However, we may not be able to complete our business combination with more than one target business because of various factors, including the existence of complex accounting issues and the requirement that we prepare and file pro forma financial statements with the SEC that present operating results and the financial condition of several target businesses as if they had been operated on a combined basis. By completing our initial business combination with only a single entity, our lack of diversification may subject us to numerous economic, competitive and regulatory developments. Further, we would not be able to diversify our operations or benefit from the possible spreading of risks or offsetting of losses, unlike other entities which may have the resources to complete several business combinations in different industries or different areas of a single industry. In addition, we intend to focus our search for an initial business combination in a single industry. Accordingly, the prospects for our success may be:

- solely dependent upon the performance of a single business, property or asset; or
- dependent upon the development or market acceptance of a single or limited number of products, processes or services.

This lack of diversification may subject us to numerous economic, competitive and regulatory developments, any or all of which may have a substantial adverse impact upon the particular industry in which we may operate subsequent to our business combination.

We may attempt to simultaneously complete business combinations with multiple prospective targets, which may hinder our ability to complete our business combination and give rise to increased costs and risks that could negatively impact our operations and profitability.

If we determine to simultaneously acquire several businesses that are owned by different sellers, we will need for each of such sellers to agree that our purchase of its business is contingent on the simultaneous closings of the other business combinations, which may make it more difficult for us, and delay our ability, to complete our initial business combination. With multiple business combinations, we could also face additional risks, including additional burdens and costs with respect to possible multiple negotiations and due diligence investigations (if there are multiple sellers) and the additional risks associated with the subsequent assimilation of the operations and services or products of the acquired companies in a single operating business. If we are unable to adequately address these risks, it could negatively impact our profitability and results of operations.

We may attempt to complete our initial business combination with a private company about which little information is available, which may result in a business combination with a company that is not as profitable as we suspected, if at all.

In pursuing our acquisition strategy, we may seek to complete our initial business combination with a privately held company. Very little public information generally exists about private companies, and we could be required to make our decision on whether to pursue a potential initial business combination on the basis of limited information, which may result in a business combination with a company that is not as profitable as we suspected, if at all.

Our management may not be able to maintain control of a target business after our initial business combination. We cannot provide assurance that, upon loss of control of a target business, new management will possess the skills, qualifications or abilities necessary to profitably operate such business.

We may structure a business combination so that the post-transaction company in which our public stockholders own shares will own less than 100% of the equity interests or assets of a target business, but we will only complete such business combination if the post-transaction company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires an interest in the target sufficient for the post-transaction company not to be required to register as an investment company under the Investment Company Act. We will not consider any transaction that does not meet such criteria. Even if the post-transaction company owns 50% or more of the voting securities of the target, our stockholders prior to the business combination may collectively own a minority interest in the post business combination company, depending on valuations ascribed to the target and us in the business combination transaction. For example, we could pursue a transaction in which we issue a substantial number of new shares of Class A common stock in exchange for all of the outstanding capital stock of a target. In this case, we would acquire a 100% interest in the target. However, as a result of the issuance of a substantial number of new shares of common stock, our stockholders immediately prior to such transaction could own less than a majority of our outstanding shares of common stock subsequent to such transaction. In addition, other minority stockholders may subsequently combine their holdings resulting in a single person or group obtaining a larger share of the post-business combination company's stock than we initially acquired. Accordingly, this may make it more likely that our management will not be able to maintain our control of the target business. We cannot provide assurance that, upon loss of control of a target business, new management will possess the skills, qualifications or abilities necessary to profitably operate such business.

We do not have a specified maximum redemption threshold. The absence of such a redemption threshold may make it possible for us to complete a business combination with which a substantial majority of our stockholders do not agree.

Our amended and restated certificate of incorporation does not provide a specified maximum redemption threshold, except that in no event will we redeem our public shares in an amount that would cause our net tangible assets to be less than \$5,000,001 upon completion of our initial business combination (such that we are not subject to the SEC's "penny stock" rules). As a result, we may be able to complete our business combination even though a substantial majority of our public stockholders do not agree with the transaction and have redeemed their shares or, if we seek stockholder approval of our initial business combination and do not conduct redemptions in connection with our business combination pursuant to the tender offer rules, have entered into privately negotiated agreements to sell their shares to our Sponsor, officers, directors, advisors or their affiliates. In the event the aggregate cash consideration we would be required to pay for all shares of Class A common stock that are validly submitted for redemption plus any amount required to satisfy cash conditions pursuant to the terms of the proposed business combination exceed the aggregate amount of cash available to us, we will not complete the business combination or redeem any shares, all shares of Class A common stock submitted for redemption will be returned to the holders thereof, and we instead may search for an alternate business combination.

In order to complete our initial business combination, we may seek to amend our amended and restated certificate of incorporation or other governing instruments, including our warrant agreement, in a manner that

will make it easier for us to complete our initial business combination but that our stockholders or warrant holders may not support.

In order to complete a business combination, blank check companies have, in the recent past, amended various provisions of their charters and governing instruments, including their warrant agreement. For example, blank check companies have amended the definition of business combination, increased redemption thresholds, changed industry focus and, with respect to their warrants, amended their warrant agreements to require the warrants to be exchanged for cash and/or other securities. We cannot assure you that we will not seek to amend our charter or other governing instruments or change our industry focus in order to complete our initial business combination.

The provisions of our amended and restated certificate of incorporation that relate to our pre-business combination activity (and corresponding provisions of the agreement governing the release of funds from our trust account) may be amended with the approval of holders of 65% of our common stock, which is a

lower amendment threshold than that of some other blank check companies. It may be easier for us, therefore, to amend our amended and restated certificate of incorporation and the trust agreement to facilitate the completion of an initial business combination that some of our stockholders may not support.

Some other blank check companies have a provision in their charter that prohibits the amendment of certain of its provisions, including those which relate to a company's pre-business combination activity, without approval by a certain percentage of the company's stockholders. In those companies, amendment of these provisions requires approval by between 90% and 100% of the company's public stockholders. Our amended and restated certificate of incorporation provides that any of its provisions related to pre-business combination activity (including the requirement to deposit proceeds of our initial public offering and the private placement of warrants into the trust account and not release such amounts except in specified circumstances, and to provide redemption rights to public stockholders as described herein) may be amended if approved by holders of 65% of our common stock entitled to vote thereon, and corresponding provisions of the trust agreement governing the release of funds from our trust account may be amended if approved by holders of 65% of our common stock entitled to vote thereon. In all other instances, (excluding the election of directors prior to the initial business combination) our amended and restated certificate of incorporation may be amended by holders of a majority of our outstanding common stock entitled to vote thereon, subject to applicable provisions of the DGCL or applicable stock exchange rules. We may not issue additional securities that can vote on amendments to our amended and restated certificate of incorporation or in our initial business combination. Our initial stockholders, who collectively beneficially own approximately 75% of our common stock, will participate in any vote to amend our amended and restated certificate of incorporation and/or trust agreement and will have the discretion to vote in any manner they choose. As a result, we may be able to amend the provisions of our amended and restated certificate of incorporation that govern our pre-business combination behavior more easily than some other blank check companies, and this may increase our ability to complete a business combination with which you do not agree. Our stockholders may pursue remedies against us for any breach of our amended and restated certificate of incorporation.

Our Sponsor, officers and directors have agreed, pursuant to a letter agreement with us, that they will not propose any amendment to our amended and restated certificate of incorporation that would affect the substance or timing of our obligation to redeem 100% of our public shares if we do not complete our initial business combination within 36 months from the closing of our initial public offering, unless we provide our public stockholders with the opportunity to redeem their shares of Class A common stock upon approval of any such amendment at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the trust account, including interest (which interest shall be net of amounts released to us to pay taxes and expenses related to the administration of the trust), divided by the number of then outstanding public shares. Our stockholders are not parties to, or third-party beneficiaries of, this letter agreement and, as a result, will not have the ability to pursue remedies against our Sponsor, officers or directors for any breach of the letter agreement. As a result, in the event of a breach, our stockholders would need to pursue a stockholder derivative action, subject to applicable law.

We may be unable to obtain additional financing to complete our initial business combination or to fund the operations and growth of a target business, which could compel us to restructure or abandon a particular business combination.

Although we believe that the net proceeds of our initial public offering and the sale of the private placement warrants will be sufficient to allow us to complete our initial business combination, because we have not

yet selected any prospective target business we cannot ascertain the capital requirements for any particular transaction. If the net proceeds of our initial public offering and the sale of the private placement warrants prove to be insufficient, either because of the size of our initial business combination, the depletion of the available net proceeds in search of a target business, the obligation to repurchase for cash a significant number of shares from stockholders who elect redemption in connection with our initial business combination or the terms of negotiated transactions to purchase shares in connection with our initial business combination, we may be required to seek additional financing or to abandon the proposed business combination. We cannot assure you that such financing will be available on acceptable terms, if at all. To the extent that additional financing proves to be unavailable when needed to complete our initial business combination, we would be compelled to either restructure the transaction or abandon that particular business combination and seek an alternative target business candidate. If we are unable to complete our initial business combination, our public stockholders may receive only approximately \$10.00 per share plus any pro rata interest earned on the funds held in the trust account (and not previously released to us to pay our franchise and income taxes as well as expenses relating to the administration of the trust account) on the liquidation of our trust account and our warrants will expire worthless. In addition, even if we do not need additional financing to complete our business combination, we may require such financing to fund the operations or growth of the target business. The failure to secure additional financing could have a material adverse effect on the continued development or growth of the target business. None of our officers, directors or stockholders is required to provide any financing to us in connection with or after our initial business combination. If we are unable to complete our initial business combination, our public stockholders may only receive approximately \$10.00 per share on the liquidation of our trust account, and our warrants will expire worthless. In certain circumstances, our public stockholders may receive less than \$10.00 per share on the redemption of their shares.

Our initial stockholders may exert a substantial influence on actions requiring a stockholder vote, potentially in a manner that you do not support.

Our initial stockholders own shares representing approximately 75% of our issued and outstanding shares of common stock. Accordingly, they may exert a substantial influence on actions requiring a stockholder vote, potentially in a manner that you do not support, including amendments to our amended and restated certificate of incorporation and approval of major corporate transactions. If our initial stockholders purchase any additional shares of common stock in the aftermarket or in privately negotiated transactions, this would further increase their control. Factors that would be considered in making such additional purchases would include consideration of the

current trading price of our Class A common stock. In addition, our Board, whose members were elected by our initial stockholders, is and will be divided into three classes, each of which will generally serve for a term of three years with only one class of directors being elected in each year. We may not hold an annual meeting of stockholders to elect new directors prior to the completion of our business combination, in which case all of the current directors will continue in office until at least the completion of the business combination. If there is an annual meeting, as a consequence of our "staggered" Board, only a minority of the Board will be considered for election and our initial stockholders or appointed by the other members of the Board, because of their ownership position, will have considerable influence regarding the outcome. Accordingly, our initial stockholders will continue to exert control at least until the completion of our business combination.

We may amend the terms of the warrants in a manner that may be adverse to holders of public warrants with the approval by the holders of at least 50% of the then outstanding public warrants. As a result, the exercise price of your warrants could be increased, the exercise period could be shortened and the number of shares of our Class A common stock purchasable upon exercise of a warrant could be decreased, all without your approval.

Our warrants are issued in registered form under a warrant agreement between Continental Stock Transfer & Trust Company, as warrant agent, and us. The warrant agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of at least 50% of the then outstanding public warrants to make any change that adversely affects the interests of the registered holders of public warrants. Accordingly, we may amend the terms of the public warrants in a manner adverse to a holder if holders of at least 50% of the then outstanding public warrants approve of such amendment. Although our ability to amend the terms of the public warrants with the consent of at least 50% of the then outstanding public warrants is unlimited, examples of such amendments could be amendments to, among other things, increase the exercise price of the warrants, convert the warrants into cash or stock, shorten the exercise period or decrease the number of shares of our Class A common stock purchasable upon exercise of a warrant.

We may redeem your unexpired warrants prior to their exercise at a time that is disadvantageous to you, thereby making your warrants worthless.

We have the ability to redeem outstanding warrants for cash at any time after they become exercisable and prior to their expiration, at a price of \$0.01 per warrant, provided that the last reported sales price of our Class A common stock equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30 trading-day period ending on the third trading day prior to the date on which we give proper notice of such redemption and provided certain other conditions are met. If and when the warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding warrants could force you (i) to exercise your warrants and pay the exercise price therefor at a time when it may be disadvantageous for you to do so, (ii) to sell your warrants at the then-current market price when you might otherwise wish to hold your warrants or (iii) to accept the nominal redemption price which, at the time the outstanding warrants are called for redemption, is likely to be substantially less than the market value of your warrants. In addition, we may redeem your warrants after they become exercisable for a number of shares of Class A common stock determined based on the redemption date and the fair market value of our Class A common stock. Any such redemption may have similar consequences to a cash redemption described above. In addition, such redemption may occur at a time when the warrants are "out-of-the-money," in which case you would lose any potential embedded value from a subsequent increase in the value of the Class A common stock had your warrants remained outstanding.

Our warrants and founder shares may have an adverse effect on the market price of our Class A common stock and make it more difficult to complete our business combination.

We have issued warrants to purchase 17,250,000 shares of our Class A common stock as part of the units offered in our initial public offering and the underwriters' full exercise of their over-allotment option. Additionally, we issued in a private placement warrants to purchase an aggregate of 8,900,000 shares of Class A common stock at \$11.50 per share. In addition, our Sponsor may convert up to \$2,000,000 of the aggregate outstanding sum under the Extension Notes into that number of warrants equal to the principal amount converted divided by \$1.50, with each whole warrant exercisable for one share of Class A common stock. Our Sponsor currently owns 8,625,000 founder shares. The founder shares are convertible into shares of Class A common stock on a one-for-one basis, subject to adjustment as set forth in our amended and restated certificate of incorporation.

To the extent we issue shares of Class A common stock to complete a business combination, the potential for the issuance of a substantial number of additional shares of Class A common stock upon exercise of these warrants and conversion rights could make us a less attractive acquisition vehicle to a target business. Any such issuance will increase the number of issued and outstanding shares of our Class A common stock and reduce the value of the shares of Class A common stock issued to complete the business combination. Therefore, our warrants and founder shares may make it more difficult to complete a business combination or increase the cost of acquiring the target business.

The private placement warrants are identical to the warrants sold as part of the units in our initial public offering except that, so long as they are held by our Sponsor or their permitted transferees, (i) they will not be redeemable by us for cash, (ii) they (including the Class A common stock issuable upon exercise of these warrants) may not, subject to certain limited exceptions, be transferred, assigned or sold by our Sponsor until 30 days after the completion of our initial business combination and (iii) they may be exercised by the holders on a cashless basis.

A provision of our warrant agreement may make it more difficult for us to consummate an initial business combination.

Unlike most blank check companies, if (i) we issue additional shares of common stock or equity-linked securities for capital raising purposes in connection with the closing of our initial business combination at a Newly Issued Price of less than \$9.20 per share of common stock and (ii) the Market Value is below \$9.20 per share, then the exercise price of the warrants will be adjusted to be equal to 115% of the higher of the Market Value and the Newly Issued Price, and the \$10.00 and \$18.00 per share redemption trigger prices will be adjusted (to the nearest

cent) to be equal to 100% and 180% of the higher of the Market Value and the Newly Issued Price, respectively. This may make it more difficult for us to consummate an initial business combination with a target business.

A market for our securities and a market for our securities may not fully develop or be sustained, which would adversely affect the liquidity and price of our securities.

The price of our securities may vary significantly due to one or more potential business combinations and general market or economic conditions. Furthermore, an active trading market for our securities may not be sustained. You may be unable to sell your securities unless a market can be fully developed and sustained.

Because we must furnish our stockholders with target business financial statements, we may lose the ability to complete an otherwise advantageous initial business combination with some prospective target businesses.

The federal proxy rules require that a proxy statement with respect to a vote on a business combination meeting certain financial significance tests include target historical and/or pro forma financial statement disclosure. We will include the same financial statement disclosure in connection with our tender offer documents, whether or not they are required under the tender offer rules. These financial statements may be required to be prepared in accordance with, or be reconciled to, accounting principles generally accepted in the United States of America ("GAAP") or international financial reporting standards as issued by the International Accounting Standards Board ("IFRS"), depending on the circumstances and the historical financial statements may be required to be audited in accordance with the standards of the Public Company Accounting Oversight Board (United States) (the "PCAOB"). These financial statement requirements may limit the pool of potential target businesses we may acquire because some targets may be unable to provide such financial statements in time for us to disclose such financial statements in accordance with federal proxy rules and complete our initial business combination within the prescribed time frame.

We are an emerging growth company and a smaller reporting company within the meaning of the Securities Act, and if we take advantage of certain exemptions from disclosure requirements available to emerging growth companies or smaller reporting companies, this could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies.

We are an "emerging growth company" within the meaning of the Securities Act, as modified by the JOBS Act, and we 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 our 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. As a result, our stockholders may not have access to certain information they may deem important. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if the market value of our Class A common stock held by non-affiliates exceeds \$700 million as of any June 30 before that time, in which case we would no longer be an emerging growth company as of the following December 31. We cannot predict whether investors will find our securities less attractive because if we will rely on these exemptions. If some investors find our securities less attractive as a result, of our reliance on these exemptions, the trading prices of our securities may be lower than they otherwise would be, there may be a less active trading market for our securities and the trading prices securities. The market price of our securities may be more volatile.

Further, Section 107

Our management has limited experience in operating a public company.

Our executive officers have limited experience in the management of a publicly traded company. Our management team may not successfully or effectively manage its transition to a public company that will be subject to significant regulatory oversight and reporting obligations under federal securities laws. Their limited experience in dealing with the increasingly complex laws pertaining to public companies could be a disadvantage in that it is likely that an increasing amount of their time may be devoted to these activities which will result in less time being devoted to the management and growth 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 Company. We may not have a class of securities registered under the Exchange Act) are required to comply adequate personnel with the new appropriate level of knowledge, experience and training in the accounting policies, practices 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 an election to opt out is irrevocable. We have elected to irrevocably 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, we will adopt the new or revised standard at the time public companies adopt the new or revised standard. This may make comparison of our financial statements with another emerging growth company that has not opted out of using the extended transition period difficult or

impossible because of the potential differences in accounting standards used. As a result, following the consummation of the proposed Business Combination, the post-Business Combination company will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies.

Additionally, we are a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We will remain a smaller reporting company until the last day of any fiscal year for so long as either (1) the market value of our ordinary shares held by non-affiliates did not exceed \$250 million as of the prior June 30, or (2) our annual revenues did not exceed \$100 million during such completed fiscal year and the market value of our ordinary shares held by non-affiliates did not exceed \$700 million as of the prior June 30.

Compliance obligations under the Sarbanes-Oxley Act may make it more difficult for us to complete our initial business combination, require substantial financial and management resources, and increase the time and costs of completing an acquisition.

Section 404 of the Sarbanes-Oxley Act requires that we evaluate and report on our system of internal control over financial reporting beginning with our report required of public companies in the United States. The development and implementation of the standards and controls necessary for the year ending December 31, 2021. Only Company to achieve the level of accounting standards required of a public company in the event we are deemed to be a large accelerated filer or an accelerated filer United States may require costs greater than expected. It is possible that the Company will we be required to comply with expand its employee base and hire additional employees to support its operations as a public company which will increase its operating costs in future periods.

Changes in tax regulations or their interpretation could negatively impact our cash flows and results of operations.

[Table of Contents](#)

Changes in tax and other revenue raising laws, regulations and policies in the jurisdictions where we do business could impose new restrictions, costs or prohibitions on our practices and negatively impact our results of operations. In addition, interpretation of tax regulations requires us to exercise our judgment and taxing authorities or our independent registered public accounting firm attestation requirement on may reach conclusions about the application of such regulations that differ from our internal control over financial reporting. Further, for as long as we remain an emerging growth company, we will not be required conclusions. Changes to comply with US tax laws, regulations, or interpretations could impact the independent registered public accounting firm attestation requirement on our internal control over financial reporting. The fact that we are a blank check company makes compliance with the requirements of the Sarbanes-Oxley Act particularly burdensome on us as compared to other public companies because a target company with which we seek to complete our business combination may not be in compliance with the provisions of the Sarbanes-Oxley Act regarding adequacy of its internal controls. The development of the internal control of any such entity to achieve compliance with the Sarbanes-Oxley Act may increase the time and costs necessary to complete any such acquisition.

Provisions in our amended and restated certificate of incorporation and Delaware law may inhibit a takeover of us, which could limit the price investors might be willing to pay in the future for our Class A common stock and could entrench management.

Our amended and restated certificate of incorporation contains provisions that may discourage unsolicited takeover proposals that stockholders may consider to be in their best interests. These provisions include a staggered Board and the ability of the Board to designate the terms of and issue new series of preferred shares, which may make the removal of management more difficult and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities.

We are also subject to anti-takeover provisions under Delaware law, including Section 203 of the DGCL, which could delay or prevent a change of control. Together these provisions may make the removal of management more difficult and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities. Any provision tax treatment of our amended earnings and restated certificate of incorporation, as amended, our amended and restated bylaws or Delaware law that has the effect of delaying, preventing or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock and could also affect the price that some investors are willing to pay for our common stock.

Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our amended and restated certificate of incorporation, as amended, provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware ("Court of Chancery") will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty

owed by any of our directors, officers, employees or stockholders to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery or (iv) any action asserting a claim against us, our directors, officers, or employees that is governed by the internal affairs doctrine, in each such case except for such claims as to which (a) the Court of Chancery determines that it does not have personal jurisdiction over an indispensable party, (b) exclusive jurisdiction is vested in a court or forum other than the Court of Chancery, or (c) the Court of Chancery does not have subject matter jurisdiction. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of our common stock will be deemed to have notice of, and consented to, the provisions of our amended and restated certificate of incorporation described in the preceding sentence. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and such persons. Alternatively, if a court were to find these provisions of our certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, cash flows and financial condition results.

We are subject to audit in various jurisdictions, and these jurisdictions may assess additional taxes against us. Developments in an audit, litigation, or laws, regulations, administrative practices, principles, and interpretations could have a material effect on our operating results or cash flows. The final outcome of operations.

tax audits, investigations, and any related litigation could be materially different from our historical tax provisions and accruals.

Our amended use of different estimates and restated certificate assumptions in the application of incorporation provides that the exclusive forum provision will be applicable to the fullest extent permitted by applicable law. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder and Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. As a result, the exclusive forum provision will not apply to suits brought to enforce any duty or liability created by the Exchange Act, the Securities Act, or any other claim for which the federal courts have exclusive jurisdiction.

Cyber incidents or attacks directed at us our accounting policies could result in information theft, data corruption, operational disruption and/ material changes to our reported financial condition and results of operations, and changes in accounting standards or financial loss.

We depend on digital technologies, including information systems, infrastructure and cloud applications and services, including those their interpretation could significantly impact our reported results of third parties with operations.

Our accounting policies are critical to the manner in which we may deal. Sophisticated and deliberate attacks on, or security breaches in, our systems or infrastructure, or the systems or infrastructure of third parties or the cloud, could lead to corruption or misappropriation of our assets, proprietary information and sensitive or confidential data. As an early stage company without significant investments in data security protection, we may not be sufficiently protected against such occurrences. We may not have sufficient resources to adequately protect against, or to investigate and remediate any vulnerability to, cyber incidents. It is possible that any of these occurrences, or a combination of them, could have adverse consequences on our business and lead to financial loss.

If we complete our initial business combination with a company with operations or opportunities outside of the United States, we would be subject to a variety of additional risks that may negatively impact our operations.

If we complete our initial business combination with a company with operations or opportunities outside of the United States, we would be subject to any special considerations or risks associated with companies operating in an international setting, including any of the following:

- higher costs and difficulties inherent in managing cross-border business operations and complying with different commercial and legal requirements of overseas markets;
- rules and regulations regarding currency redemption;
- complex corporate withholding taxes on individuals;
- laws governing the manner in which future business combinations may be effected;
- tariffs and trade barriers;

- regulations related to customs and import/export matters;
- longer payment cycles and challenges in collecting accounts receivable;
- tax issues, such as tax law changes and variations in tax laws as compared to the United States;
- currency fluctuations and exchange controls;
- rates of inflation;
- cultural and language differences;
- employment regulations;
- crime, strikes, riots, civil disturbances, terrorist attacks, natural disasters and wars;
- deterioration of political relations with the United States; and
- government appropriations of assets.

We may not be able to adequately address these additional risks. If we were unable to do so, our operations might suffer, which may adversely impact present our results of operations and financial condition.

Many of these policies, including policies relating to the recognition of revenue, are highly complex and involve many assumptions, estimates and judgments. We are required to review these assumptions, estimates and judgments regularly and revise them when necessary. Our warrants are accounted actual results of operations vary from period to period based on revisions to these estimates. See the "Critical Accounting Estimates" section of Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for as liabilities and further information. In addition, the changes in fair value of each could have a material effect on our financial results.

The Public Statement from the SEC regarding the regulatory bodies that establish accounting and reporting considerations standards, including the SEC and the Financial Accounting Standards Board, periodically revise or issue new financial accounting and reporting standards that govern the preparation of our consolidated financial statements. Changes to these standards or their interpretation could significantly impact our reported results in future periods.

Our indebtedness may restrict our operations.

As of December 31, 2023, we had approximately \$139,820,514 of total debt outstanding. This indebtedness could restrict our flexibility to react to changes in our businesses, industry, economic conditions, and increase borrowing costs. We must dedicate a portion of our cash flow from operations to debt servicing and repayment of debt, which reduces funds available for warrants issued by SPACs, focused on warrants that have certain settlement terms strategic initiatives and provisions related to certain tender offers, or warrants which do not meet the criteria to be considered indexed to an entity's own stock (the "Public Statement"). The terms described in the Public Statement are common in SPACs opportunities, share repurchases, working capital, and are similar other general corporate needs. It also increases our vulnerability to the terms contained in the warrant agreement governing our warrants. In response to the Public Statement, we re-evaluated the accounting treatment impact of our warrants, adverse economic and determined that they should be classified as derivative liabilities measured at fair value, with changes in fair value reflected on the statement of operations for each respective period. As a result, derivative liabilities related to our outstanding warrants are included on our balance sheet as of December 31, 2022. Accounting Standards Codification ("ASC") Topic 815, *Derivatives and Hedging*, provides for the remeasurement of the fair value of such derivatives at each balance sheet date, with a resulting non-cash gain or loss related to the change in fair value to be reflected on the statement of operations. Due to the recurring fair value measurement, we expect that we will recognize non-cash gains or losses on our outstanding warrants and in each reporting period, and that the amount of such gains or losses could be material.

We have identified a material weakness in our internal control over financial reporting as of December 31, 2022. **industry conditions.**

If we are unable to develop comply with our debt agreements, or to raise additional capital when needed, our business, cash flow, liquidity, and maintain an effective system results of internal control over operations could be harmed.

Our ability to make scheduled cash payments on and to refinance our indebtedness depends on our ability to generate significant operating cash flow in the future, which, to a significant extent, is subject to general economic, financial, reporting, we competitive, legislative, regulatory and other factors that are beyond our control. We may not be able to accurately report maintain a sufficient level of cash flow from operating activities to permit us to pay the principal, premium, if any, and interest on our indebtedness.

In addition, our credit ratings will impact the cost and availability of future borrowings and, accordingly, our cost of capital. Downgrades in our ratings could adversely affect our businesses, cash flows, financial condition, operating results and share and debt prices, as well as our ability to acquire life settlement policies. Failure to make scheduled cash payments on our existing debt, or to comply with the restrictive covenants and other requirements in our debt agreements, could result in an event of default.

[Table of Contents](#)

which, if not cured or waived, could result in acceleration of our debt repayment obligations. We may not have sufficient cash to repay any accelerated debt obligations, which would immediately and materially harm our business, results of operations and financial condition.

We may be required to raise additional capital to refinance our existing debt, or to expand or support our operations. Our access to and cost of financing will depend on, among other things, economic conditions, conditions in the financing markets, the availability of sufficient amounts of financing, our prospects and our credit ratings, and the outlook for our industry as a timely manner, whole. The terms of future debt agreements could include more restrictive covenants or require incremental collateral, which may further restrict our business operations or adversely affect our ability to obtain additional financing. There is no guarantee that debt or equity financings will be available in the future on terms favorable to us or at all. If we are unable to access additional funds on acceptable terms, we may have to adjust our business operations, and our ability to acquire additional life settlement policies, or make other investments in our business could be impaired, any of which may adversely affect investor confidence our cash flows and results of operations.

We may incur substantially more debt, which could exacerbate further the risks associated with our leverage.

We and our subsidiaries may incur substantial additional indebtedness in the future. To the extent that we and our subsidiaries incur additional indebtedness or such other obligations, the risks associated with our substantial indebtedness described above will increase.

Risks related to ownership of our common stock.

Our stock repurchase program may not enhance long-term stockholder value and could increase the volatility of the market price of our common stock and diminish our cash.

Our stock repurchase program does not obligate us to repurchase any shares of our common stock. The timing and materially amount of any repurchases depend upon several factors, including market conditions, business conditions, statutory and adversely contractual restrictions, the trading price of our common stock and the nature of other investment opportunities available to us. In addition, repurchases of our common stock could affect our business stock price and operating results.

Following increase its volatility. The existence of a stock repurchase program could cause our stock price to be higher than it would be absent the issuance program and could reduce market liquidity for our stock. Use of our funds to repurchase stock could diminish our cash reserves, which may impact our ability to finance growth, pursue strategic opportunities, and discharge liabilities. Our stock repurchases may not enhance stockholder value because the Public Statement, market price of our common stock may decline below the prices at which we repurchased stock and after consultation with our independent registered public accounting firm, our short-term stock price fluctuations could reduce the program's effectiveness.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Management is responsible for mitigating the Company's risks, including cybersecurity. The Board of Directors has the oversight responsibility for the Company's risk management and our audit committee concluded that, has delegated its responsibility over cybersecurity to the Audit Committee.

The Audit Committee periodically reviews the Company's cybersecurity policy and programs established by management to mitigate cybersecurity and data risks. The periodic reviews take place on a quarterly basis and include reports from the Company's cybersecurity team led by the Company's Chief Information Security Officer ("CISO") who has over 10 years of data security experience. The quarterly report provides an overview

[Table of Contents](#)

of cybersecurity threats, key measures in light place to mitigate cybersecurity threats and vulnerabilities, provides a status of ongoing security projects to strengthen the Public Statement, it was appropriate to restate our previously issued audited financial statements Company's cybersecurity posture, as of

December 31, 2020, well as plans and resource needs for the period from May 22, 2020 (inception) through December 31, 2020. As part of such process, we identified a material weakness in our internal control over financial reporting.

As described elsewhere in this Annual Report addressing possible future cybersecurity threats and vulnerabilities. The Company's cybersecurity policy is centered on Form 10-K, subsequently we identified 1) an error with respect to improper accounting for accruals and 2) an error in our accounting mitigating risks related to cybersecurity, privacy, physical security, and information security risk management.

The Company's cybersecurity risk management approach is reviewed for alignment with the Company's application of ASC 480-10-S99-3A to overall risk tolerance. The Company has a dedicated cybersecurity team led by the classification of CISO who is responsible for executing the Public Shares risk strategy and presentation of earnings per share. For a discussion of management's consideration of the material weakness identified related to policies developed in coordination with the Company's improper accounting Chief Executive Officer, Chief Financial Officer, General Counsel, Presidents, and the Vice Presidents of Finance and Capital Markets.

The Company's cybersecurity policy outlines every level of protection put in place to safeguard sensitive data as well as company technology assets, including threats and vulnerabilities posed from our interactions with suppliers and third-party service providers. These layers of protection include physical, local, and network layers as prescribed by standard information technology guidelines. The cybersecurity policy also contains procedures for accruals responding to incidents that may threaten the security of Company systems and/or network, which include multiple layers of protections using current security measures and application applications. The effectiveness of ASC 480-10-S99-3A our security policy and procedures are tested frequently with periodic effectiveness reports shared with senior management and the Audit Committee to its accounting classification facilitate their risk oversight responsibilities.

No risks from cybersecurity threats or previous cybersecurity incidents have materially affected our business strategy, results of the Public Share, see Part II, Item 9A: Controls and Procedures included in this Annual Report on Form 10-K. As a result, our management has concluded that the controls surrounding the errors should operations, or financial condition. However, there can be aggregated with the previously

determined error as a control deficiency around the interpretation and accounting for accruals and certain complex financial instruments.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. We continue to evaluate steps to remediate the material weakness. These remediation measures may be time consuming and costly and there is no assurance that these initiatives will ultimately have our controls and procedures in place to monitor and mitigate the intended effects.

If we identify any new material weaknesses in risks of cyber threats, including the future, any such newly identified material weakness could limit our ability to prevent or detect a misstatement remediation of our accounts or disclosures that could result in a material misstatement of our annual or interim financial statements. In such case, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports, in addition to applicable stock exchange listing requirements, investors may lose confidence in our financial reporting critical information security and our stock price may decline as a result. We cannot assure you that the measures we have taken to date, or any measures we may take in the future, software vulnerabilities, will be sufficient and/or timely and that we will not suffer material losses or consequences in the future. Additionally, while we have in place insurance coverage designed to avoid potential future material weaknesses, address certain aspects of cyber risks, such insurance coverage may be insufficient to cover all insured losses or all types of claims that may arise.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

Item 2. Properties

We do not own any real estate or other physical properties materially important to our operation. Our executive office is located at 7777 NW Beacon Square Boulevard, Boca Raton, 2101 Park Center Drive, Suite 200, Orlando, Florida, 33487. 32835. We consider our current office space adequate for our current operations.

Item 3. Legal Proceedings.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

PART

Item 3. Legal Proceedings

From time-to-time, the Company is involved in various civil actions as part of its normal course of business. In view of the inherent difficulty of predicting the outcome of such matters, the Company cannot state what the eventual outcome of these matters will be. However, the Company believes, based on current knowledge and after consultation with counsel, that the Company is not a party to any litigation that is material to ongoing operations as defined in Item 103 of Regulation S-K as of the end of the period to which this Report relates.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

[Table of Contents](#)

Market Information

Our units trade common stock, warrants, and fixed rate senior notes are currently listed on The NASDAQ Stock Market under the ticker symbol ERESU. The common stock "ABL", "ABLLW", and warrants trade on NASDAQ under the symbols "ERES" and "ERESW," "ABLLL", respectively.

Holders

On April 17, 2023 March 30, 2024, there was one holder of record of our units, one holder of record of our Class A common stock, two were 12 holders of record of our Class B common stock. The actual number of holders of common stock is greater than these numbers of record holders and three includes stockholders who are beneficial owners, but whose shares are held by brokers and nominees. The number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Stockholder	Common Stock
Jay Jackson	[1], [2] 12,593,250
K. Scott Kirby	[1], [2] 12,593,250
Sean McNealy	[1], [2] 12,593,550
Matthew Ganovsky	[1], [2] 12,593,250
East Sponsor, LLC (Terry Pegula)	[1], [3] 11,417,000
Cede & Co (Public Float)	1,827,240
Thomas W. Corbett Jr.	[2] 17,500
Adam Gusky	[2] 22,718
Mary Beth Shulte	[2] 22,000
Cornelis Michiel Van Katwijk	[2] 7,500
Karla Radka	[2] 7,500
Total	63,694,758

[1] – 5% Stockholder.

[2] – Directors and named executive officers.

[3] – East Sponsor is the record holder of our warrants.

Securities Authorized for Issuance Under Equity Compensation Plans.

None.

Recent Sales (i) 11,417,000 shares of Unregistered Securities; Use of Proceeds from Registered Offerings.

On July 27, 2020, we sold 8,000,000 private placement Common Stock and (ii) currently exercisable warrants to the Sponsor at \$1.00 per warrant, generating gross proceeds purchase 7,120,000 shares of \$8.0 million. On August 25, 2020, we completed an additional private sale, in connection with the full exercise of the underwriters' over-allotment option under the initial public offering, of 900,000 private placement warrants to the Sponsor at \$1.00 per warrant, generating gross proceeds of \$900,000. Each private placement warrant is exercisable to purchase one share of Class A common stock at \$11.50 per share.

On July 27, 2020, we consummated our initial public offering of 30,000,000 units at \$10.00 per unit, generating gross proceeds of \$300 million. On August 25, 2020, the underwriters fully exercised their over-allotment option to purchase 4,500,000 additional units to cover over-allotments at \$10.00 per unit, which generated additional gross proceeds of \$45.0 million. Wells Fargo Securities, LLC served as the sole book-running manager for the offering. The securities sold in the initial public offering were registered under the Securities Act Common Stock.

Dividends

We have not declared or paid dividends on a registration statement on Form S-1 (No. 333-239677) that became effective on July 23, 2020.

We paid a total of \$6,900,000 in underwriting discounts and commissions and \$865,171 for other costs and expenses related to the initial public offering. The underwriters agreed to defer an additional \$12,075,000 in underwriting discounts and commissions, payable upon consummation of our initial business combination. Wells Fargo Securities, LLC, as the sole book running manager for our initial public offering, has agreed to waive the deferred underwriting fees. After deducting the underwriting discounts and commissions (excluding the deferred portion of \$12,075,000 in underwriting discounts and commissions, which will be released from the trust account upon consummation of initial business combination, if consummated) and incurred offering costs, the total net proceeds from our initial public offering and the sale of the private placement warrants was \$346,000,000, of which \$345,000,000 (or \$10.00 per unit sold in the initial public offering) was placed in the trust account. We reimbursed our Sponsor and certain officers and directors to cover expenses related to the initial public offering. Other than as described above, no payments were made by us to directors, officers or persons owning ten percent or more of our common stock or to their associates, or date. Any future determination to declare cash dividends on our affiliates. common stock will be made at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, general business conditions, Delaware law, and other factors that our board of directors may deem relevant. We do not anticipate paying cash dividends on our common stock for the foreseeable future.

Securities authorized for issuance under equity compensation plans

See Note 15, Stock-Based Compensation, to the consolidated financial statements for further discussion of our stock compensation plans.

Purchases of equity securities by the issuer

See Note 14, Shareholders' Equity, to the consolidated financial statements for further discussion of our stock repurchase program.

Item 6. [Reserved]

[Table of Contents](#)

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

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

[Table of Contents](#)

ABACUS LIFE, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Item 7.

The following discussion and analysis provides information that management believes is relevant to an assessment and understanding of the Company's Abacus Life, Inc.'s financial condition and results of operations. This discussion should be read in conjunction with our audited Abacus Life, Inc.'s financial statements and the related notes related thereto which are included that appear elsewhere in "Item 8. Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

The statements contained in this Annual Report on Form 10-K. Certain information contained in 10-K that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding our expectations, hopes, intentions or strategies regarding the future. In addition to historical financial analysis, this discussion and analysis set forth below includes forward-looking statements based upon current expectations that involve risks, uncertainties, and assumptions, as described under the heading "Cautionary Note Regarding Forward-Looking Statements." All forward-looking statements included in this document are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many various factors, including, but not limited to: the potential impact of our business relationships, including with our employees, customers and competitors; changes in general economic, business and political conditions, including changes in the financial markets; weakness or adverse changes in the level of activity in our sector or the sectors of our affiliated companies, which may be caused by, among other things, high or increasing interest rates, or a weak U.S. economy; significant competition that our operating subsidiaries face; compliance with extensive government regulation; and other risks detailed in the those set forth under "Special "Risk Factors" or elsewhere in this quarterly statement. Unless the context otherwise requires, references in this "Abacus Life, Inc. Management's Discussion and Analysis of Financial Condition and Results of Operations" to "we," "us," "our," and "Company" are intended to mean the business and operations of Abacus Life, Inc..

Objective

The following discussion provides an analysis of the Company's financial condition, cash flows and results of operations from management's perspective and should be read in conjunction with the consolidated financial statements and notes thereto included in Part II, Item 8 of this Annual Report on Form 10-K. Our objective is to provide discussion of events and uncertainties known to management that are reasonably likely to cause the reported financial information not to be indicative of future operating results or of future financial condition and to also offer information that provides an understanding of our financial condition, cash flows and results of operations. This section of this Form 10-K generally discusses 2023 and 2022 items and year-to-year comparisons between 2023 and 2022.

Overview

Abacus Life, Inc. ("Company") was formerly known as East Resources Acquisition Company ("ERES"), a blank check company incorporated in Delaware on May 22, 2020. The Company conducts its business through its wholly-owned, consolidated subsidiaries, primarily Abacus Settlements LLC ("Abacus Settlements" or "Abacus") and Longevity Market Assets, LLC ("LMA"), which are Delaware limited liability companies and headquartered in Orlando, Florida.

In considering the foregoing principles of predecessor determination and in light of the Company's specific facts and circumstances, management determined that LMA and Abacus are dual predecessors for accounting purposes. The financial statement presentation for Abacus Life, Inc. includes the purchase accounting effects of the Abacus Merger as of the Closing Date with the financial statements of LMA as the comparative period. The predecessor financial statements for Abacus are included separately within this report.

Table of Contents

The Company, through its LMA subsidiary, directly acquires life insurance policies in a mutual beneficial transaction for both us and the underlying insured. With meaningful support from our proprietary risk rating heat map, we consistently evaluate policies (at origination and throughout the lifecycle) to generate essentially uncorrelated risk adjusted returns. Additionally, we provide a range of services for owners of life settlement assets.

Upon acquiring a policy, we have the option to either (i) trade that policy to a third-party institutional investor (i.e., generating a spread on each trade) or (ii) hold that policy on our balance sheet until maturity (i.e., paying the premiums over time and receiving the final claim / payout). This process is predicated on driving the best economics for the Company and we categorize this revenue as "Trading" or "Active management revenue."

Additionally, the Company, through its LMA subsidiary, provides a wide range of services to owners and purchasers of life settlements assets (i.e., acquired policies). More specifically, Abacus Life, Inc. provides consulting, valuation, actuarial services, and perform administrative work involved in keeping a policy in force and at the premium level most advantageous to the owner. We have experience servicing a large number of policies for highly sophisticated institutions, including policies for large institutional life settlement funds. We generate revenue on these services by charging a base servicing fee of approximately 0.5% of total asset value of the portfolio or flat rate per policy. We categorize this revenue as "Servicing" or "Portfolio servicing revenue."

The Company, through its Abacus subsidiary, originates life insurance policy settlement contracts as a licensed life settlement provider on behalf of third-party institutional investors ("Financing Entities") and for the Company to invest in the life settlement asset class. Specifically, the Company originates policies through three primary origination channels (Agents/Financial Advisors, Direct-to-Consumers, Life Settlement Brokers) and Third-Party Intermediaries, screens them for eligibility by verifying that the policy is in force, obtaining consents and disclosures, and submitting cases for life

expectancy estimates. This process is characterized as our origination services, which averages a fee of approximately 2% of the life insurance policy's face value ("Origination Revenue").

Our Business Model

As mentioned in the above Overview section, the Company generates revenue in three main ways. The first channel is through our active portfolio management strategy ("Active management revenue"), whereby we can (i) generate a spread on traded policies, (ii) hold policies on our balance sheet (paying premiums over time and receiving the payout/claim), or (iii) generate unrealized gains or losses on policies purchased by our Structured Note Regarding Forward-Looking Statements, Offerings (LMATT Series 2024, Inc., LMATT Growth Series 2.2024, Inc., and LMATT Growth and Income Series 1.2026, Inc.) and Income Funds (LMA Income Series, LP, and the LMA Income Series II, LP). The second channel is from portfolio and policy servicing activities ("Portfolio servicing revenue"), whereby we provide a range of services to life settlement asset owners. The third channel is from origination services rendered by serving as a life settlement provider when purchasing outstanding life insurance policies.

Active management revenue derives from buying and selling policies; and the receipt of death benefits proceeds on policies we hold where the insured dies. Of the purchased policies, some are purchased with the intent to hold to maturity, while others are held for trading to be sold for a gain. We historically elected to account for each investment in life settlement contracts using either the investment method or the fair value method. Once the accounting method is elected for each policy, it cannot be changed. The Company accounts for life settlement policies purchased through the structured note and fund offerings on a fair value basis, and investment method basis at cost plus premiums paid. For all policies purchased after June 30, 2023, the Company accounts for these under the fair value method. For policies purchased before June 30, 2023, the Company elected to use either the fair value method or the investment method (cost, plus premiums paid). The valuation method is chosen upon contract acquisition and is irrevocable.

Table of Contents

For the life settlement policies accounted for under the fair value method, these policies are part of the collateral consideration for the market linked structured notes issued under LMX Series, LLC and LMA Series, LLC subsidiaries where quarterly valuations are a condition of the private placement memorandum. Given that there is a valuation requirement stipulated in the notes, management has elected to use the fair value method for these policies, which are valued based on Level 3 inputs that reflect our assumptions about what factors market participants would use in pricing the asset or liability, such as life expectancies and cash flow discount rates. The inputs are developed based on the best available information, including our own data. Policies carried at fair value method captures the change in fair value within the income statement when those changes occur as opposed to when the policies are sold or mature. For policies held at fair value, changes in fair value are reflected in operations in the period the change is calculated. Under the investment method, investments in contracts are recorded at investment price plus all initial direct costs. Continuing costs (e.g., policy premiums, statutory interest and direct external costs, if any) to keep the policy in force are capitalized. Gains or losses on sales of policies carried using the investment method are recorded at the time of sale or maturity. For policies carried under the fair value method, we record the initial investment of the transaction price and remeasure the investment at fair value at each subsequent reporting period. Changes in fair value are reported in revenue when they occur, including those related to life insurance proceeds (policy maturities) and premium payments. Upon the sale of a life settlement contract, we record gains or losses for the difference between the agreed-upon purchase price with the buyer, and the carrying value of the policy.

Generating Portfolio servicing revenue involves the provision of services to one affiliate by common ownership, and third parties, which own life insurance policies. Portfolio servicing revenue is derived from services related to maintaining these settled policies pursuant to agreement with investors in settled policies ("Service Agreement(s)" "Item 1A. Risk Factors"). Additionally, also included in servicing revenue are fees for limited consulting services related to the evaluation of policies that we perform for third parties. Portfolio servicing revenue is recognized ratably over the life of the Service Agreements, which range from one month to ten years. The duties performed by the company under these arrangements are considered a single performance obligation that is satisfied ratably as the customer simultaneously receives and consumes the benefit provided by us. As such, revenue is recognized for services provided for the corresponding month.

Portfolio servicing revenue also consists of revenue related to consulting engagements. We provide consulting services for the owners of life settlement contracts who are often customers of the servicing business line, or customers of the origination channel. These consulting engagements are comprised of valuation, actuarial services, and overall policy assessments related to life settlement contracts and are short-term in nature. The performance obligations are typically identified as separate services with a specific deliverable or a group of deliverables to be provided in tandem, as agreed to in the engagement letter or contract. Each service provided under a contract is considered as a performance obligation and revenue is recognized at a point in time when the deliverable or group of deliverables is transferred to the customer.

As a life settlement provider, the Company serves as a purchaser of outstanding life insurance policies. When serving as a purchaser, the Company's primary purpose in the transaction is to connect buyers and sellers through an origination process. The origination process is core to the Company's

business and drives its economics. The Company averages approximately 2% of face value of the life insurance policy in origination fees and has developed three high quality origination channels which include agents and Financial Advisors, direct to consumer and Life Settlements Brokers. The Company also originates policies with Third-Party Intermediaries. Generally, diversification across multiple origination channels lowers average policy acquisition costs and increases estimated returns. The Company finds sellers through its origination channels using strategic marketing practices in its core markets, with the purpose of finding policy owners who want to capitalize on their investments prior to death by extracting value from their policies through the sale of such policies to Financing Entities.

Key Factors Affecting Our Performance

The markets for our consulting and portfolio servicing are affected by economic, regulatory, and legislative changes, technological developments, and increased competition from established and new competitors. We believe that the primary factors in selecting Abacus Life, Inc. include reputation, the ability to provide measurable

[Table of Contents](#)

increases to stockholder value and return on investment, global scale, quality of service and the ability to tailor services to each client's specific needs. In that regard, with our ability to leverage the technology developed by the Companies, we are focused on developing and implementing data and analytic solutions for both internal operations and for maintaining industry standards and meeting client needs.

Results of Operations

The following tables set forth our results of operations for the periods presented. The period-to-period comparison of financial results is not indicative of future results:

[Table of Contents](#)

[Table of Contents](#)

	Years Ended December 31,	
	2023	2022
Portfolio servicing revenue		
Related party servicing revenue	\$ 778,678	\$ 818,300
Portfolio servicing revenue	223,496	652,672
Total portfolio servicing revenue	<u>1,002,174</u>	<u>1,470,972</u>
Active management revenue		
Investment Income from life insurance policies held using investment method	17,980,987	37,828,829
Change in fair value of life insurance policies (policies held using fair value method)	43,214,390	5,413,751
Total active management revenue	<u>61,195,377</u>	<u>43,242,580</u>
Origination revenue		
Related Party origination revenue	494,972	—
Origination Revenue	3,708,928	—
Total origination revenue	<u>4,203,900</u>	<u>—</u>
Total revenues	66,401,451	44,713,552
Cost of revenue (excluding depreciation and amortization stated below)		
Related party cost of revenue	99,456	—
Cost of revenues (including stock based compensation of \$322,607 and \$— in 2023 and 2022, respectively)	6,390,921	5,884,669
Total cost of revenues	<u>6,490,377</u>	<u>5,884,669</u>
Gross Profit	59,911,074	38,828,883
Operating expenses		

Sales and marketing	4,905,747	2,596,140
General, administrative and other (including stock based compensation of \$10,455,417 and \$— in 2023 and 2022, respectively)	26,482,571	1,426,865
Unrealized loss (gain) on investments	(1,369,112)	1,045,623
(Gain) loss on change in fair value of debt	2,356,058	90,719
Depreciation and amortization expense	3,409,928	4,282
Total operating expenses	35,785,192	5,163,629
Operating Income	24,125,882	33,665,254
Other income (expense)		
Loss on change in fair value of warrant liability	(4,204,360)	—
Other income (expense)	(146,443)	(347,013)
Interest (expense)	(9,866,821)	(42,798)
Interest income	594,764	1,474
Net income before provision for income taxes	10,503,022	33,276,917
Income tax expense	1,468,535	889,943
Net income	9,034,487	32,386,974
Less: Net income (loss) attributable to noncontrolling interest	(482,139)	704,699
Net income attributable to Abacus Life, Inc.	9,516,626	\$ 31,682,275

[Table of Contents](#)

Revenue

Related Party Services

We have a related-party relationship with Nova Trading (US), LLC ("Nova Trading"), a Delaware limited liability company and Nova Holding (US) LP, a Delaware limited partnership ("Nova Holding" and collectively with Nova Trading, the "Nova Funds") as some of the owners of the Company and certain members of management jointly own 11% of the Nova Funds. We enter into service agreements with the owners of life settlement contracts and are responsible for maintaining the policies, managing processing of claims in the event of death of the insured and ensuring timely payment of optimized premiums computed to derive maximum return on maturity of the policy. We neither assume the ownership of the contracts nor undertake the responsibility to make the associated premium payments. The duties that we perform under these arrangements are considered a single performance obligation that is satisfied over time and revenue is recognized for services provided for the corresponding time period. We earn servicing revenue related to policy and administrative services on behalf of Nova Funds portfolio (the "Nova Portfolio"). The servicing fee is equal to 50 basis points (0.50%) times the monthly invested amount in policies held by Nova Funds divided by 12.

	Years Ended December 31,		\$ Change	% Change
	2023	2022		
Related party servicing revenue	\$ 778,678	\$ 818,300	\$ (39,622)	(4.8)%

Related party servicing revenue decreased by \$(39,622), or (4.8)%, for the year ended December 31, 2023 compared to the year ended December 31, 2022. The decrease in related party servicing revenue is primarily due to servicing less policies owned by the Nova Portfolio for the year ended at December 31, 2023.

	Years Ended December 31,		\$ Change	% Change
	2023	2022		
Portfolio servicing revenue	\$ 223,496	\$ 652,672	\$ (429,176)	(65.8)%

Portfolio servicing revenue decreased by \$(429,176) or (65.8)%, for the year ended December 31, 2023 compared to the year ended December 31, 2022. The decrease in portfolio servicing revenue is primarily attributable to a reduction in the non-recurring consulting projects during the year ended

December 31, 2023 compared to the year ended December 31, 2022. There were no new non-recurring consulting projects initiated during the year ended 2023 to servicing more external funds.

mor3

Active management revenue

	Years Ended December 31,		\$ Change	% Change
	2023	2022		
Active management revenue:				
Policies accounted for under the investment method	\$ 17,980,987	\$ 37,828,829	\$ (19,847,842)	(52.5)%
Policies accounted for under the fair value method	43,214,390	5,413,751	37,800,639	698.2%
Total active management revenue	<u>\$ 61,195,377</u>	<u>\$ 43,242,580</u>	<u>\$ 17,952,797</u>	<u>41.5%</u>

Total active management revenue increased by 17,952,797, or 41.5%, for the year ended December 31, 2023 compared to the year ended December 31, 2022. The increase in active management revenue was primarily

Table of Contents

attributable to an increase of \$22,475,355 in unrealized gains on held policies accounted under the fair value method due to increase in held policies, \$1,849,216 increase in total realized gains, and offset by a decrease of \$(6,371,774) in total maturities on held policies, for the year ended December 31, 2023, compared to the year ended December 31, 2022.

Revenue for policies accounted for under the investment method decreased by \$(19,847,842) or (52.5)% for the year ended December 31, 2023 compared to the year ended December 31, 2022. The decrease is primarily due to decrease in realized gains of \$(12,847,842) due to a shift to electing the fair value method of accounting on all policies purchased after June 30, 2023 and a decrease of \$(7,000,000) in maturities on held policies, for the year ended December 31, 2023, compared to the year ended December 31, 2022.

The aggregate face value of policies accounted for using the investment method is \$33,900,000 as of December 31, 2023, with a corresponding carrying value of \$1,697,178. Additional information regarding policies accounted for under the investment method is as follows:

	Years Ended December 31,	
	2023	2022
Investment method:		
Policies bought	165	145
Policies sold	164	127
Policies matured	2	2
Average realized gain (loss) on policies sold	19%	17%
Number of external counter parties that purchased policies	15	25
Realized gains	\$13,980,987	\$26,828,829
Revenue from maturities	\$4,000,000	\$11,000,000

Revenue for policies accounted for under the fair value method resulted in an increase in revenue of \$37,800,639 or 698.2% for the year ended December 31, 2023 compared to the year ended December 31, 2022. The increase is driven primarily by an increases in unrealized gain on life settlement policies of \$22,475,355 and in realized gains and maturities of \$19,272,794, offset by \$(4,281,610) premiums paid, for the year ended December 31, 2023, compared to the year ended December 31, 2022.

Aggregate face value of policies held at fair value is \$520,503,710 as of December 31, 2023, with a corresponding fair value of \$122,296,559. For the policies held at fair value, the unrealized gain recorded on 382 purchased policies as of \$27,889,106 represents a change in fair value of the aforementioned policies. The Company realized a gain of \$19,606,894, including maturities of \$828,226, for the year ended December 31, 2023 for 196 sold policies that were included in the change in fair value of life insurance policies held using the fair value method and made premium payments of \$4,281,610, which were also included in the total realized gains. Additional information regarding policies accounted for under the fair value method is as follows:

	Years Ended December 31,	
	2023	2022
Fair value method:		
Policies bought	382	35
Policies sold	196	0
Policies matured	3	2
Average realized gain (loss) on policies sold	17%	—%
Number of external counter parties that purchased policies	10	0
Realized gains, net of \$(4,281,610) of premiums paid	\$14,497,058	\$134,100
Revenue from maturities	\$828,226	\$200,000

[Table of Contents](#)

Origination Revenue

Through the origination segment, the Company originates life insurance policy settlement contracts as a licensed life settlement provider on behalf of third-party institutional investors interested in investing in the life settlement asset class. Specifically, Company originates policies through three primary origination channels (agents/financial advisors, direct-to-consumers, life settlement brokers and third-party intermediaries), screens them for eligibility by verifying that the policy is in force, obtaining consents and disclosures, and submitting cases for life expectancy estimates. The Company has a related party relationship with Nova Trading (US), LLC ("Nova Trading"), a Delaware limited liability company and Nova Holding (US) LP, a Delaware limited partnership ("Nova Holding" and collectively with Nova Trading, the "Nova Funds") as the owners of the Company jointly own 11% of the Nova Funds. The pricing for origination fees is governed by origination contracts that have been negotiated by both parties and are considered to be arms-length and consistent with origination fees charged to third party customers. For its origination services to the Nova Funds, the Company earns origination fees equal to the lesser of (i) 2% of the net death benefit for the policy or (ii) \$20,000.

	Years Ended December 31,		\$ Change	% Change
	2023	2022		
Related Party origination revenue	\$494,972	\$—	\$494,972	—%

Related party origination revenue increased to \$494,972 from \$—, for the year ended December 31, 2023 compared to the year ended December 31, 2022. Revenue from originations arose due to Business Combination of LMA and Abacus on June 30, 2023 as this stream of revenue comes from the Abacus business.

	Years Ended December 31,		\$ Change	% Change
	2023	2022		
Origination Revenue	\$3,708,928	\$—	\$3,708,928	—%

Origination Revenue increased to \$3,708,928 from \$—, for the year ended December 31, 2023 compared to the year ended December 31, 2022. Origination Revenue occurred due to Business Combination of LMA and Abacus on June 30, 2023 as this stream of revenue comes from the Abacus business.

Cost of Revenues (Excluding Depreciation and Amortization) and Gross Profit

Cost of revenues (excluding depreciation and amortization) primarily consists of servicing fees, commissions expense, escrow fees, servicing and active management payroll costs, stock-based compensation for active management and servicing employees, life expectancy fees, lead generation expenses, and active management consulting expenses. The payroll costs related to policy servicing are for recurring and non-recurring projects where the time incurred for servicing policies is measurable and directly correlates to revenue earned. Similarly, consulting expenses are for discretionary commissions earned directly related to revenue generated as part of the Active management revenue stream.

	Years Ended December 31,		\$ Change	% Change
	2023	2022		

Cost of revenue (excluding depreciation and amortization)	\$ 6,390,921	\$ 5,884,669	\$ 506,252	8.6%
---	--------------	--------------	------------	------

Cost of revenues (excluding depreciation and amortization) increased by \$506,252, or 8.6%, for the year ended December 31, 2023 compared to the year ended December 31, 2022. The increase in cost of revenues is primarily due to an increase of payroll expenses related to increased headcount, stock-based compensation expense, and increase of commissions for origination activity related to the increase in insurance policy purchase and sale

[Table of Contents](#)

activity during 2023. Related party cost of revenue of 99,456 is associated with third party commission expense for related party origination activity, which is now included within the consolidated financial statements for the Company subsequent to the Business Combination that took place on June 30, 2023.

	Years Ended December 31,		\$ Change	% Change
	2023	2022		
Gross profit	\$ 59,911,074	\$ 38,828,883	\$ 21,082,191	54.3 %

Gross profit increased by \$21,082,191, or 54.3%, for the year ended December 31, 2023 compared to the year ended December 31, 2022. The increase in gross profit is primarily due to an increase in active management services, offset by an increase in cost of revenues.

Operating Expenses

Sales and Marketing Expenses

Sales and marketing expenses primarily consist of advertising and marketing related expenses.

	Years Ended December 31,		\$ Change	% Change
	2023	2022		
Sales and marketing expenses	\$ 4,905,747	\$ 2,596,140	\$ 2,309,607	89.0 %

Sales and marketing expenses increased by \$2,309,607, or 89.0%, for the year ended December 31, 2023, compared to the year ended December 31, 2022. The increase in sales and marketing expense was attributable to an increase in television advertising costs related to the increase in insurance policy purchase and sale activity during 2023.

[Table of Contents](#)

General, Administrative, and Other

General, administrative, and other primarily consists of compensation and benefits related costs associated with our finance, legal, human resources, information technology, and administrative functions. General, administrative and other costs also consist of third-party professional service fees for external legal, accounting and other consulting services, rent and lease charges, insurance costs, and software expense.

	Years Ended December 31,		\$ Change	% Change
	2023	2022		
General, administrative and other (including stock based compensation of \$10,455,417 and \$— in 2023 and 2022, respectively)	\$ 26,482,571	\$ 1,426,865	\$ 25,055,706	1,756.0 %

General, administrative, and other increased by \$25,055,706, or 1,756.0%, for the year ended December 31, 2023, compared to the year ended December 31, 2022. The increase in general, administrative, and other expenses is primarily related to stock-based compensation of \$10,445,417, payroll expense of \$7,653,559, accounting and auditing fees of \$1,790,765, legal and professional fees of \$1,321,712, and an increase in other expenses general and administrative expenses of \$3,844,253 due to the increase in active management activity post the Merger.

Depreciation and amortization expense

Depreciation and amortization expense consists primarily of depreciation on property and equipment purchased and leasehold improvements and amortization of intangible assets. The property at the Company currently consists of furniture, fixtures and leasehold improvements for the office and are not directly used to support the servicing or trading of life settlement policies. The intangible assets at the Company consist of customer relationships, internally developed and used technology, and non-compete agreements.

	Years Ended December 31,		\$ Change	% Change
	2023	2022		
Depreciation and amortization	\$ 3,409,928	\$ 4,282	\$ 3,405,646	79,534.0 %

The increase of \$3,405,646, or 79,534.0%, in depreciation and amortization expense is primarily related to amortization of intangible assets.

Unrealized Loss (Gain) on Investments

	Years Ended December 31,		\$ Change	% Change
	2023	2022		
Unrealized loss (gain) on investments	\$ (1,369,112)	\$ 1,045,623	\$ (2,414,735)	(230.9)%

Unrealized loss (gain) on investments decreased by \$(2,414,735) or (230.9)% for the year ended December 31, 2023, compared to the year ended December 31, 2022. During the first and third quarters of 2022, the Company, through three subsidiaries, LMATT Series 2024, Inc., LMATT Growth Series, Inc., LMATT Growth and Income Series, Inc. purchased S&P 500 call options and sold S&P 500 put options through a broker as an economic hedge related to the market-indexed instruments described below. The primary cause of this decrease pertains to the change in fair value of those options and is classified as an unrealized loss on investments within the results of operations.

(Gain) Loss on Change in Fair Value of Debt

Table of Contents

	Years Ended December 31,		\$ Change	% Change
	2023	2022		
(Gain) loss on change in fair value of debt	\$ 2,356,058	\$ 90,719	\$ 2,265,339	2497.1 %

Change in gain on fair value of debt increased by \$2,265,339, or 2497.1% for the year ended December 31, 2023, compared to the year ended December 31, 2022. The increase is primarily attributable to changes in the risk-free fair value of LMATT Series 2024, Inc., LMATT Growth Series, Inc., LMATT Growth and Income Series, Inc. related debt.

On March 31, 2022, LMATT Series 2024, Inc., a 70% owned subsidiary which the Company consolidates for financial reporting, issued \$10,166,900 in market-indexed private placement notes. The note, titled the Longevity Market Assets Target-Term Series (LMATTS) 2024, is a market-indexed instrument designed to provide upside performance exposure of the S&P 500 Index, while limiting downward exposure. Upon maturity of the note in 2024, the principal, plus the return based upon the S&P 500 Index must be paid. The note has a feature to protect debt holders from market downturns, up to 40%. Any subsequent losses below the 40% threshold will reduce the note on a one-to-one basis. As of December 31, 2023, \$8,816,900 of the principal amount remained outstanding. The notes are held at fair value, which represents the exit price, or anticipated price to transfer the liability to a third party. As of December 31, 2023, the fair value of the LMATT Series 2024, Inc. notes were \$9,477,780. The notes are secured by the assets of the issuing entities, which includes cash, S&P 500 options, and life settlement policies totaling \$5,152,589 as of December 31, 2023. The note's agreements do not restrict the trading of life settlement contracts prior to maturity of the note, as total assets of the issuing companies are considered as collateral. There are also no restrictive covenants associated with the notes with which the entities must comply.

On September 16, 2022, LMATTS Growth Series 2.2024, Inc., a 100% owned subsidiary which the Company consolidates for financial reporting issued \$2,333,391 in market-indexed private placement notes. The note, titled the Longevity Market Assets Target-Term Growth Series 2.2024, Inc. ("LMATTS Growth Series 2.2024, Inc.") is a market-indexed instrument designed to provide upside performance exposure of the S&P 500 Index, while limiting downward exposure. Upon maturity of the note in 2024, the principal, plus the return based upon the S&P 500 Index must be paid. The note has a feature to provide upside performance participation that is capped at 120% of the performance of the S&P 500. A separate layer of the note has a

feature to protect debt holders from market downturns by up to 20% if the index price experiences a loss during the investment period. After the underlying index has decreased in value by more than 20%, the investment will experience all subsequent losses on a one-to-one basis. As of December 31, 2023, the entire principal amount remained outstanding. The notes are held at fair value, which represents the exit price, or anticipated price to transfer the liability to a third party. As of December 31, 2023, the fair value of the LMATT Series 2.2024, Inc. notes were \$3,551,852. The notes are secured by the assets of the issuing entity, LMATT Series 2.2024, Inc., which includes cash, S&P 500 options, and life settlement policies totaling \$1,086,735 as of December 31, 2023. The note agreements do not restrict the trading of life settlement contracts prior to maturity of the note, as total assets of the issuing company are considered as collateral. There are also no restrictive covenants associated with the note with which the entity must comply.

On September 16, 2022, LMATT Growth and Income Series 1.2026, Inc., a 100% owned subsidiary which the Company consolidates for financial reporting issued \$400,000 in market-indexed private placement notes. The note, titled the Longevity Market Assets Target-Term Growth and Income Series 1.2026, Inc ("LMATTSTM Growth and Income Series 1.2026, Inc.") is a market-indexed instrument designed to provide upside performance exposure of the S&P 500 Index, while limiting downward exposure. Upon maturity of the note in 2026, the principal, plus the return based upon the S&P 500 Index must be paid. The note has a feature to provide upside performance participation that is capped at 140% of the performance of the S&P 500. A separate layer of the note has a feature to protect debt holders from market downturns by up to 10% if the index price experiences a loss during the investment period. After the underlying index has decreased in value by more than 10%, the investment will experience all subsequent losses on a one-to-one basis. This note also includes a 4% dividend feature that will be paid annually. As of December 31, 2023, the entire principal amount remained outstanding. The notes are held at fair value, which represents the exit price, or anticipated price to transfer the liability to a third party. As of December 31, 2023, the fair value of the LMATT Growth and Income Series 1.2026, Inc., notes

[Table of Contents](#)

were \$569,862. The notes are secured by the assets of the issuing entity, LMATT Growth and Income Series 1.2026, Inc., which includes cash, S&P 500 options, and life settlement policies totaling \$242,488 as of December 31, 2023. The note agreements do not restrict the trading of life settlement contracts prior to maturity of the note, as total assets of the issuing company are considered as collateral. There are also no restrictive covenants associated with the note with which the entity must comply. See additional fair value considerations within Note 12 of the Company's interim financial statements.

Other Income (Expense)

Other income (expense) consists of working capital support that the Company provides to two life settlement Providers through the SSES further discussed in Note 11, Commitments and Contingencies, of the Company's condensed financial statements. The Company entered into the SSES with the Providers and simultaneously acquired an option to purchase the outstanding equity ownership of the Providers, upon the achievement by the Providers of certain financial targets. For the years ended December 31, 2023 and 2022, the Providers were considered to be VIEs, but were not consolidated in our consolidated financial statements as we do not hold a controlling financial interest in the Providers.

	Years Ended December 31,		\$ Change	% Change
	2023	2022		
Other income (expense)	\$ (146,443)	\$ (347,013)	\$ 200,570	(57.8)%
Interest (expense)	(9,866,821)	(42,798)	(9,824,023)	22954.4 %
Interest income	594,764	1,474	593,290	100 %
Loss on change in fair value of warrant liability	(4,204,360)	—	(4,204,360)	100 %

Other income (expense) decreased by \$200,570, or 57.8%, for the year ended December 31, 2023, compared to the year ended December 31, 2022. The decrease is primarily related to financial assistance provided to the Providers. Refer to Note 2, Summary of Significant Accounting Policies, in the Annual report for further information.

Interest expense was \$9,824,023 for the year ended December 31, 2023, compared to \$42,798 for the year ended December 31, 2022. The increase in interest expense is primarily related to the Owl Rock Credit Facility (includes \$3,327,418 of loss on extinguishment), the SPV Purchase and Sale Note (non-cash interest expense of \$1,538,004), and the Sponsor PIK Note (non-cash interest of \$644,217), and the launch of two Income funds, LMA Income Series, LP and LMA Income Series II, LP for the year ended December 31, 2023.

Interest income was \$593,290, for the year ended December 31, 2023, compared to \$1,474 the year ended December 31, 2022. The increase in interest income is primarily due to money market sweeps during 2023.

Loss on change in fair value of warrant liability was \$(4,204,360), for the year ended December 31, 2023, compared to \$— for the year ended December 31, 2022. The loss is primarily attributable to the increase in the price for the public warrants from June 30, 2023 to December 31, 2023, which is a determining factor for measuring the fair value of the private warrants.

Income Tax Expense

Prior to the Business Combination, the Company elected to file as an S corporation for federal and Florida state income tax purposes. As such, the Company incurred no federal or Florida state income taxes, except for income taxes recorded related to LMATT Series 2024, Inc., a Delaware C corporation and wholly owned subsidiary of LMX Series, LLC, which are consolidated by the Company. Accordingly, the income tax expense has historically been attributable to income tax expense for LMATT Series 2024, Inc. However, the Business Combination resulted in changes to the tax status of certain entities which impacted the provision for income taxes.

Table of Contents

	Years Ended December 31,		\$ Change	% Change
	2023	2022		
Income tax expense	\$ 1,468,535	\$ 889,943	\$ 578,592	65.0 %

Income tax expense increased by \$578,592, or 65.0% for the year ended December 31, 2023 compared to the year ended December 31, 2022. Our effective income tax rate for the years ended December 31, 2023 and 2022, was 14.0% and 22%, respectively. The Company's effective tax rate as of December 31, 2022 differed from the statutory rate of 21% due to the impact of state income taxes and valuation allowance released, as there was sufficient evidence of the Company's ability to generate future taxable income at December 31, 2022. The existence of non-taxable flow-through entities within the Company as well as a change in tax status of certain entities upon the Business Combination caused the effective tax rate to be significantly lower than the statutory rate for the year ended December 31, 2023. The income tax expense for the year ended December 31, 2023 is mainly related to the unfavorable adjustment related to restricted stock award deductions limited by IRC 162(m).

Results of Operations—Segment Results

The Company organizes its business into three reportable segments (i) portfolio servicing, (ii) active management, and (iii) originations, which generate revenue in different manners. During 2021, we primarily focused on the Portfolio Servicing business. At the end of June 2021, we underwent a change in our business to focus on active management services in addition to portfolio servicing. Finally, the Company originates life insurance policies as a result of the Business Combination.

This segment structure reflects the financial information and reports used by the Company's management, specifically its chief operating decision maker (CODM), to make decisions regarding the Company's business, including resource allocations and performance assessments as well as the current operating focus in accordance with Accounting Standards Codification ("ASC") ASC 280, *Segment Reporting*. The Company's CODM is the Chief Executive Officer of the Company.

The portfolio servicing segment generates revenues by providing policy services to customers on a contract basis. The active management segment generates revenues by buying, selling and trading policies and maintaining policies through to death benefit. The origination segment generates revenue by originating life insurance policy settlement contracts as a licensed life settlement provider on behalf of third-party institutional investors interested in investing in the life settlement asset class. The Company's reportable segments are not aggregated.

The following tables provides supplemental information of revenue and profitability by operating segment:

Portfolio Servicing

	Years Ended December 31,		\$ Change	% Change
	2023	2022		
Total revenue	\$ 1,002,174	\$ 1,470,972	(\$ 468,798)	(31.9)%

Gross profit (Loss)	278,115	300,235	(22,120)	(7.4)%
---------------------	---------	---------	----------	--------

Total revenue for the portfolio servicing segment decreased by \$(468,798) or (31.9)%, for the year ended December 31, 2023 compared to the year ended December 31, 2022. The decrease in portfolio servicing revenue is primarily attributable to a decrease in the non-recurring consulting projects in Portfolio servicing revenue. Gross profit from our portfolio servicing segment decreased by \$22,120, or 7.4%, for the year ended December 31, 2023 compared to the year ended December 31, 2022, primarily due to increases in cost of revenue.

Active Management

[Table of Contents](#)

	Years Ended December 31,		\$ Change	% Change
	2023	2022		
Total revenue	\$ 61,195,377	\$ 43,242,580	\$ 17,952,797	41.5%
Gross profit	59,020,991	38,528,648	\$ 20,492,343	53.2%

Total revenue for the active management segment increased by \$17,952,797, or 41.5% for the year ended December 31, 2023, compared to the year ended December 31, 2022. Gross profit from our active management segment increased \$20,492,343, or 53.2% for the year ended December 31, 2023, compared to the year ended December 31, 2022. The increase in Active management revenue and gross profit was primarily attributable to the increase in revenue of \$17,952,797, or 41.5%, and decrease in cost of revenue from 10.9% of revenue in 2022 to 3.6% of revenue in 2023. The decrease in cost of revenue was related to decrease in discretionary commissions for individuals directly related to active management trading revenue.

Originations

	Years Ended December 31,		\$ Change	% Change
	2023	2022		
Total revenue	\$ 19,247,972	\$ —	\$ 19,247,972	—%
Gross profit	611,968	—	611,968	—%

Total revenue for the originations segment increased by \$19,247,972 for the year ended December 31, 2023 compared to the year ended December 31, 2022. Among the total originations revenue, the majority of the balance is related to the eliminated intercompany activity of \$(15,044,072) that is related to policies that Abacus originated for LMA. No originations revenue was recorded prior the June 30, 2023 Business Combination.

[Table of Contents](#)

Key Business Metrics and Non-GAAP Financial Measures

The consolidated financial statements of Abacus Life, Inc. have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission and are prepared in accordance with U.S. GAAP. We monitor key business metrics and non-GAAP financial measures that assist us in evaluating our business, measuring our performance, identifying trends and making strategic decisions. We have presented the following non-GAAP measures, their most directly comparable GAAP measure, and key business metrics:

Non-GAAP Measure	Comparable GAAP Measure
Adjusted Net Income, Adjusted EPS	Net Income attributable to Abacus Life, Inc. and EPS
Adjusted EBITDA	Net Income

Adjusted Net Income, Adjusted EPS, Adjusted EBITDA and Adjusted EBITDA Margin, are not measures of financial performance under GAAP and should not be considered substitutes for GAAP measures, net income (loss) (for Adjusted EBITDA and Adjusted EBITDA Margin), net income (loss) attributable to Abacus Life, Inc. (for Adjusted Net Income) or earnings (loss) per share (for Adjusted EPS), which are considered to be the most directly comparable GAAP measures. These non-GAAP financial measures have limitations as analytical tools, and when assessing Company's operating performance, these non-GAAP financial measures should not be considered in isolation or as substitutes for net income (loss), net income (loss)

attributable to Abacus Life, Inc., earnings (loss) per share or other consolidated statements of operations and comprehensive income data prepared in accordance with GAAP.

Adjusted Net Income is presented for the purpose of calculating Adjusted EPS. The Company defines Adjusted Net Income as net income (loss) attributable to Abacus Life, Inc. adjusted for non-controlling interest income, amortization, change in fair value of warrants and non-cash stock-based compensation and the related tax effect of those adjustments. Management believes that Adjusted Net Income is an appropriate measure of operating performance because it eliminates the impact of expenses that do not relate to business performance.

Adjusted EPS measures our per share earnings and is calculated as Adjusted Net Income divided by adjusted weighted-average shares outstanding. We believe Adjusted EPS is useful to investors because it enables them to better evaluate per share operating performance across reporting periods and management believes that Adjusted EPS is an appropriate measure of operating performance because it eliminates the impact of expenses that do not relate to business performance.

Adjusted Net Income and Adjusted EPS

The following table presents a reconciliation of Adjusted Net Income to the most comparable GAAP financial measure, net income (loss) attributable to Abacus Life, Inc. and Adjusted EPS to the most comparable GAAP financial measure, earnings per share, on a historical basis for the periods indicated below:

[Table of Contents](#)

	Years Ended December 31,	
	2023	2022
Net income attributable to Abacus Life, Inc.	\$ 9,516,626	\$ 31,682,275
Net income attributable to non-controlling interests	(482,139)	704,699
Amortization expense	3,364,167	—
Stock based compensation	10,768,024	—
Loss on change in fair value of warrant liability	4,204,360	—
Tax impact ^[1]	2,069,993	—
Adjusted Net Income	\$ 29,441,031	\$ 32,386,974
Weighted-average shares of Class A common stock outstanding - basic ^[2]	56,951,414	50,369,350
Weighted-average shares of Class A common stock outstanding - diluted ^[2]	57,767,898	50,369,350
Proforma Adjusted EPS - basic	\$ 0.52	\$ 0.64
Proforma Adjusted EPS - diluted	\$ 0.51	\$ 0.64

[1] Tax impact represents the permanent difference in tax expense related to the restricted stock awards granted to the CEO due to IRC 162(m) limitations.

[2] The number of shares outstanding have been retrospectively recast for prior period presented to reflect the the outstanding stock of Abacus Life, Inc. as a result of the Business Combination.

Adjusted Net Income for the year ended December 31, 2023 was \$29,441,031 compared to \$32,386,974 for the year ended December 31, 2022. The decrease of \$(2,945,943), or (9.1)%, in adjusted Net Income is primarily due to increases in general and administrative expenses and sales and marketing expenses to support the increase in active management activity. Adjusted basic EPS for the year ended December 31, 2023 was \$0.52 compared to \$0.64 for the year ended December 31, 2022. Adjusted diluted EPS for the year ended December 31, 2023 was \$0.51 compared to \$0.64 for the year ended December 31, 2022.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA is net income adjusted for depreciation expense, amortization, interest expense, income tax and other non-cash and certain non-recurring items that in our judgement significantly impact the period-over-period assessment of performance and operating results that do not directly relate to business performance within Abacus Life, Inc.'s control. These items may include payments made as part of the Company's expense support commitment, (gain) loss on change in fair value of debt, loss on change in fair value of warrant liability, S&P 500 put and call options that were entered into as an economic hedge related to the debt (described as the unrealized loss on investments), non-cash stock based compensation, and certain non-recurring items. Adjusted EBITDA should not be determined as substitution for net income (loss), cash flows provided (used in) operating, investing, and financing activities, operating income (loss), or other metrics prepared in accordance with U.S. GAAP.

[Table of Contents](#)

Management believes the use of Adjusted EBITDA assists investors in understanding the ongoing operating performance by presenting comparable financial results between periods. We believe that by removing the impact of depreciation and amortization and excluding certain non-cash charges, amounts spent on interest and taxes and certain non-recurring charges that are highly variable from year to year, Adjusted EBITDA provides our investors with performance measures that reflect the impact to operations from trends in changes in revenue, policy values and operating expenses, providing a perspective not immediately apparent from net income and operating income. The adjustments we make to derive the non-GAAP measure of Adjusted EBITDA exclude items which may cause short-term fluctuations in net income and operating income and which we do not consider to be the fundamental attributes or primary drivers of our business.

The following table presents a reconciliation of Adjusted EBITDA and Adjusted EBITDA margin to the most comparable GAAP financial measure, net income (loss), on a historical basis for the years ended December 31, 2023, and 2022 indicated below:

	Years Ended December 31,	
	2023	2022
Net Income	\$ 9,034,487	\$ 32,386,974
Depreciation and amortization expense	3,409,928	4,282
Income Tax	1,468,535	889,943
Interest (Expense)	9,866,821	42,798
Other Income (Expenses)	146,443	347,013
Interest Income	(594,764)	(1,474)
Loss on change in fair value of warrant liability	4,204,360	—
Stock based compensation	10,768,024	—
Unrealized loss (gain) on investments	(1,369,112)	1,045,623
Loss on change in fair value of debt	2,356,058	90,719
Adjusted EBITDA	\$ 39,290,780	\$ 34,805,878
Adjusted EBITDA Margin	59.2%	77.8%
Net Income Margin	13.6%	72.4%

Adjusted EBITDA for the year ended December 31, 2023 was \$39,290,780 compared to \$34,805,878 for the year ended December 31, 2022. The increase of \$4,484,902, or 13%, in adjusted EBITDA is primarily due to stock-based compensation of \$10,768,024, \$9,824,023 in interest expense, \$4,204,360 loss on change in fair value of warrant liability, an increase in depreciation and amortization expense of \$3,405,646, and an increase \$2,265,339 in gain on change in fair value of debt, partially offset by an increase in General and administrative expense not including stock-compensation of \$(14,600,289) and an increase in sales and marketing expense of \$(2,309,607) to support the increase in active management activity.

We monitor the following key business metrics: (i) number of policies serviced, (ii) value of policies serviced, and (iii) total invested dollars. Servicing revenue involves the provision of services to one affiliate by common ownership and third parties which own life insurance policies. The number of policies and the value of policies serviced represents the volume and dollar value of policies over which the above services are performed. Total invested dollars represent the acquisition cost plus premiums paid by the policy. We use the aforementioned metrics to assess business operations and provide concrete benchmarks that provide a clear snapshot of growth between the periods under consideration. Please refer to the following Key Business Metrics below:

[Table of Contents](#)

	Years Ended December 31,		\$ Change	% Change
	2023	2022		
Key business metric				
Number of policies serviced	722	473	249	52.6%
Value of policies serviced	\$ 1,143,584,088	\$ 732,264,245	\$ 411,319,843	56.2%
Total invested dollars	\$ 257,129,186	\$ 180,788,244	\$ 76,340,942	42.2%

<u>Non-GAAP Measure</u>	<u>Comparable GAAP Measure</u>
Proforma Adjusted Net Income, Proforma Adjusted EPS	Net Income attributable to Abacus Life, Inc. and Net Income for Abacus Settlements, LLC and EPS for Abacus Life, Inc.
Proforma Adjusted EBITDA	Net Income for Abacus Life, Inc. and Net Income for Abacus Settlements, LLC

Proforma adjusted Net Income and Proforma Adjusted EPS

Proforma Adjusted Net Income, Proforma Adjusted EPS, Proforma Adjusted EBITDA and Proforma Adjusted EBITDA Margin, are not measures of financial performance under GAAP and should not be considered substitutes for GAAP measures, net income (loss) for Abacus Life Inc. and Abacus Settlements, LLC (for Proforma Adjusted EBITDA and Proforma Adjusted EBITDA Margin), net income (loss) attributable to Abacus Life, Inc. and net income for Abacus Settlements, LLC (for Proforma Adjusted Net Income) or earnings (loss) per share (for Proforma Adjusted EPS), which are considered to be the most directly comparable GAAP measures. These non-GAAP financial measures have limitations as analytical tools, and when assessing Company's operating performance, these non-GAAP financial measures should not be considered in isolation or as substitutes for net income (loss) for Abacus Life, Inc. and Abacus Settlements, LLC, net income (loss) attributable to Abacus Life, Inc. and Abacus Settlements, LLC, earnings (loss) per share or other consolidated statements of operations and comprehensive income data prepared in accordance with GAAP.

Proforma Adjusted Net Income is presented for the purpose of calculating Proforma Adjusted EPS. The Company defines Proforma Adjusted Net Income as net income (loss) attributable to Abacus Life, Inc. plus historical net income for Abacus Settlements, LLC prior to the Business Combination adjusted for non-controlling interest, amortization, stock based compensation, change in fair value of warrants, and the related tax effect of those adjustments. Management believes that Proforma Adjusted Net Income is an appropriate measure of operating performance because it represents the combined results for the two legacy operating companies, Abacus Settlements, LLC and Longevity Market Assets, LLC year-over-year as if the business combination had occurred at the beginning of the years shown and eliminates the impact of expenses that do not relate to business performance.

The following table presents a reconciliation of Proforma Adjusted Net Income to the most comparable GAAP financial measure, net income (loss) attributable to Abacus Life, Inc. and net income for Abacus Life, Inc. and Proforma Adjusted EPS to the most comparable GAAP financial measure, earnings per share, on a historical basis for the periods indicated below:

[Table of Contents](#)

	Years Ended December 31,	
	2023	2022
Net income attributable to Abacus Life, Inc.	\$ 9,516,628	\$ 31,682,276
Net income for Abacus Settlements, LLC ^[1]	(974,901)	(52,495)
Net income attributable to Abacus Life, Inc.	8,541,727	31,629,781
Net income attributable to non-controlling interests	(482,139)	704,699
Amortization expense	3,364,167	—
Stock compensation expense	10,768,024	—
Loss on change in fair value of warrant liability	4,204,360	—
Tax impact ^[2]	2,069,993	—
Proforma Adjusted Net Income	\$ 28,466,132	\$ 32,334,480
Weighted-average shares of Class A common stock outstanding - basic	56,951,414	50,369,350
Weighted-average shares of Class A common stock outstanding - diluted	57,767,898	50,369,350
Proforma Adjusted EPS - basic	\$ 0.50	\$ 0.64
Proforma Adjusted EPS - diluted	\$ 0.49	\$ 0.64

[1] Net income attributable to Abacus Settlements, LLC, includes all of 2023 activity.

[2] Tax impact represents the permanent difference in tax expense related to the restricted stock awards granted to certain executives due to IRC 162(m) limitations.

Proforma Adjusted Net Income for the year ended December 31, 2023 was \$28,466,132 compared to \$32,334,480 for the year ended December 31, 2022. The decrease of \$(3,868,348), or (12.0)%, in Proforma adjusted Net Income is primarily due to the increase in proforma general and

administrative expenses offset by increase in revenues. Proforma Adjusted EPS for the year ended December 31, 2023 was \$0.50 compared to \$0.64 for the year ended December 31, 2022.

[Table of Contents](#)

Proforma Adjusted EBITDA

Proforma Adjusted EBITDA is net income for Abacus Life, Inc. plus historical net income for Abacus Settlements, LLC prior to the Business Combination and adjusted for depreciation expense, amortization expense, interest expense, income tax and other non-cash and certain non-recurring items that in our judgement significantly impact the period-over-period assessment of performance and operating results that do not directly relate to business performance within Abacus Life, Inc.'s control. These unusual items may include payments made as part of the Company's expense support commitment, (gain) loss on change in fair value of debt, loss on change in fair value of warrant liability, S&P 500 put and call options that were entered into as an economic hedge related to the debt (described as the unrealized loss on investments), non-cash stock based compensation, and certain non-recurring items. Proforma Adjusted EBITDA should not be determined as substitution for net income (loss), cash flows provided (used in) operating, investing, and financing activities, operating income (loss), or other metrics prepared in accordance with U.S. GAAP.

Management believes the use of Proforma Adjusted EBITDA assists investors in understanding the ongoing operating performance by presenting comparable financial results between periods and represents the combined results for the two legacy operating companies, Abacus Settlements, LLC and Longevity Market Assets, LLC year-over-year as if the business combination had occurred at the beginning of the years shown. We believe that by removing the impact of depreciation and amortization and excluding certain non-cash charges, amounts spent on interest and taxes and certain non-recurring charges that are highly variable from year to year, Proforma Adjusted EBITDA provides our investors with performance measures that reflect the impact to operations from trends in changes in revenue, policy values and operating expenses, providing a perspective not immediately apparent from net income and operating income. The adjustments we make to derive the non-GAAP measure of Proforma Adjusted EBITDA exclude items which may cause short-term fluctuations in net income and operating income and which we do not consider to be the fundamental attributes or primary drivers of our business.

The following table presents a reconciliation of Proforma Adjusted EBITDA and Proforma Adjusted EBITDA margin to the most comparable GAAP financial measure, net income (loss) for Abacus Life Inc. and net income (loss) for Abacus Settlements, LLC, on a historical basis for the periods indicated below:

[Table of Contents](#)

	Years Ended December 31,	
	2023	2022
Net Income for Abacus Life, Inc.	\$ 9,034,489	\$ 32,386,975
Net Income for Abacus Settlements, LLC	(974,901)	(52,495)
Proforma Net Income	8,059,588	32,334,480
Depreciation and amortization expense	3,481,174	109,604
Interest expense	9,866,657	51,615
Interest income	(596,681)	(3,673)
Income Tax	1,471,721	891,961
Stock compensation	10,768,024	—
Other (Income) / Expenses	(108,200)	346,740
Loss on change in fair value of warrant liability	4,204,360	—
Expense support agreement	—	—
Loss on change in fair value of debt	2,356,058	90,719
Unrealized (gain) / loss on investments	(1,369,112)	1,045,623
Proforma Adjusted EBITDA	\$ 38,133,589	\$ 34,867,069
Revenue	79,588,733	69,917,016

Proforma Adjusted EBITDA Margin	47.91 %	49.87 %
Proforma Net Income Margin	10.13 %	46.25 %

[1] Net income attributable to Abacus Settlements, LLC, includes all of 2023 activity.

[2] Tax impact represents the permanent difference in tax expense related to the restricted stock awards granted to certain executives due to IRC 162(m) limitations.

Proforma Adjusted EBITDA for the year ended December 31, 2023 was \$38,133,589 compared to \$34,867,069 for the year ended December 31, 2022.

The increase of \$3,266,520 or 9.4%, in proforma adjusted EBITDA is primarily due to the increase in proforma revenue and interest expense, partially offset by increases in operating expenses. While operating expenses also increased, many of these increases in expenses are being reflected in the non-recurring and non-cash adjustments shown herein as a result of the Business Combination.

[Table of Contents](#)

Proforma Segment revenue

Proforma Segment Revenue is not a measure of financial performance under GAAP and should not be considered substitutes for GAAP measures, segment revenue for Abacus Life Inc. and Abacus Settlements, LLC, which are considered to be the most directly comparable GAAP measures. This non-GAAP financial measure has limitations as analytical tools, and when assessing Company's operating performance, this non-GAAP financial measures should not be considered in isolation or as substitutes for segment revenue for Abacus Life Inc. and Abacus Settlements, LLC, or other consolidated statements of operations and comprehensive income data prepared in accordance with GAAP.

The Company defines Proforma Segment Revenue as segment revenue for Abacus Life, Inc. plus historical revenue for Abacus Settlements, LLC prior to the Business Combination adjusted for inter-segment activity for policies that Abacus Settlements, LLC has originated on behalf of Longevity Market Assets, LLC. Management believes that Proforma Segment Revenue is an appropriate measure of operating performance because it represents the combined results for the two legacy operating companies, Abacus Settlements, LLC and Longevity Market Assets, LLC year-over-year as if the business combination had occurred at the beginning of the years shown and eliminates inter-segment revenue.

	Years Ended December 31,	
	2023	2022
Portfolio Servicing	\$ 1,002,174	\$ 1,470,972
Proforma Active Management	61,195,377	43,242,580
Proforma Originations	32,435,254	25,203,463
Total Proforma Revenue (including intersegment)	94,632,805	69,917,015
Intersegment elimination	(15,044,072)	—
Total Proforma Revenue	\$ 79,588,733	\$ 69,917,015

Proforma Segment Revenue for the year ended December 31, 2023 was \$79,588,733 compared to \$69,917,015 for the year ended December 31, 2022. The increase of \$9,671,718 or 13.8% in Proforma Segment revenue is primarily due to an increase in Active Management revenue and Originations revenue, prior to the inter-segment elimination.

[Table of Contents](#)

Liquidity and Capital Resources

The Company finances its operations primarily through cash generated from operations and net proceeds from debt or equity financing. The Company actively manages its working capital and the associated cash requirements when servicing policies while also effectively utilizing cash and other sources of liquidity to purchase additional policies. As of December 31, 2023, our principal source of liquidity was cash totaling \$25,588,668. During the year ended December 31, 2023, the Company had a net income attributable to Abacus Life, Inc. of \$9,516,626. During the year ended December 31, 2022, the Company had net income attributable to Abacus Life, Inc. of \$31,682,275.

The Company is obligated to provide financial support to the Providers as described in Note 2, Summary of Significant Accounting Policies, and Note 11, Commitments and Contingencies, of the Company's financial statements. At inception of the SSES on January 1, 2021 through December 31, 2021, the Company had incurred \$120,000 related to the initial funding of operations, and \$— related to expenses. For the year ended December 31, 2023, the Company incurred expense of \$163,338 to fund the Providers' deficits. In 2022, the Providers reimbursed the Company for the initial funding

of \$120,000. For the year ended December 31, 2023, the Providers were considered to be VIEs, but were not consolidated in our consolidated financial statements due to a lack of the power criterion or the losses/benefits criterion.

On November 10, 2023, the Company issued \$35,650,000 in fixed rate senior unsecured notes ("Fixed Unsecured Notes"). The net proceeds after related debt issue costs, were used by the Company to repay the Owl Rock Credit Facility, with the remaining to be used for general corporate purposes. The Fixed Unsecured Notes are based on a fixed interest rate of 9.875% to be paid in quarterly interest payments beginning on February 15, 2024 and mature on November 15, 2028. The Company has the option to redeem the Fixed Unsecured Notes in whole or in part at a price of 100% of the outstanding principal balance on or after November 15, 2027. The notes will be senior unsecured obligations of the Company and will rank equal in right of payment to all of the Company's other senior unsecured indebtedness from time to time outstanding.

Our future capital requirements will depend on many factors, including our revenue growth rate and the expansion of our active management and portfolio activities. The Company may, in the future, enter into arrangements to acquire or invest in complementary businesses, products and technologies. The Company may be required to seek additional equity or debt financing.

Refer to Note 4, Life Insurance Settlement Policies, Note 13, Long-Term Debt, and Note 19, Leases, for further discussion on rights and obligations that impact liquidity.

Cash Flows from our operations

The following table summarizes our cash flows for the periods presented:

	Years Ended December 31,	
	2023	2022
Net cash provided/(used) in operating activities	\$ (64,523,149)	\$ 10,693,254
Net cash provided/(used) in investing activities	2,241,502	(3,704,646)
Net cash provided by financing activities	57,817,492	22,961,795

Operating Activities

During the year ended December 31, 2023, our operating activities used \$(64,523,149) of net cash as compared to \$10,693,254 of net cash provided from operating activities during the year ended December 31, 2022. The increase in net cash used from operating activities during the year ended December 31, 2023 compared to the year ended December 31, 2022, was primarily due to \$(80,598,101) net cash used to purchase life settlement policies accounted for at fair value and \$7,018,933 net cash provided to sell life settlement policies accounted for

[Table of Contents](#)

at cost during the year ended December 31, 2023, partially offset by \$7,188,332 in higher operational expense accruals and \$10,768,024 of non-cash stock-based compensation, compared to purchases of \$(8,066,975) life settlement policies accounted for at fair value and \$(8,716,111) life settlement policies accounted for at cost during the year ended in December 31, 2022.

[Table of Contents](#)

Investing Activities

During the year ended December 31, 2023, investing activities provided \$2,241,502 of net cash as compared to (3,704,646) net cash used during the year ended December 31, 2022. \$2,241,502 of net cash provided in investing activities during the year ended December 31, 2023, was related to receipts of \$2,781,176 from affiliates, \$(350,000) used to purchase other investments, and (189,674) used to purchase equipment. Net cash used in investing activities during the year ended December 31, 2022 was related to purchase of available-for-sale investments of \$(750,000), other investments of \$(50,000) and the increase in the amounts due from affiliates during the year of \$(2,904,646).

Financing Activities

During the year ended December 31, 2023, financing activities generated \$57,817,492 of net cash as compared to 22,961,795 of net cash generated during the year ended December 31, 2022. The increase of \$34,855,697 in net cash generated in financing activities during the year ended December 31, 2023 compared to December 31, 2022, was mainly related to proceeds of \$124,672,976 from the issuance of debt, offset by \$(26,250,000) of

repayment of debt, \$(23,533,073) of capital distributions to members, \$(11,397,402) in transaction costs, \$(5,547,943) payment of discounts and financing costs, and \$(1,283,062) of repurchase of commons stock during December 31, 2023. Net cash generated in financing activities during the year ended December 31, 2022 was related to the increase in amount for issuance of debt securities of \$30,028,640, partially offset by amounts due to affiliates of \$(666,845) and distributions to former members of \$(6,400,000).

See Note 12, Fair Value Measurements, Note 13, Long-Term Debt, and Note 14, Stockholders' Equity, for additional information related to our financing sources.

Contractual Obligations and Commitments

Our significant contractual obligations as of December 31, 2023, include three notes, LMATTSTM 2024, LMATTSTM 2.2024, and LMATTSTM 1.2026. The \$10,166,900 LMATTSTM 2024 notes are a market-indexed instrument designed to provide upside performance exposure of the S&P 500 Index, while limiting downward exposure. Upon maturity of the notes in 2024, the principal, plus the return based upon the S&P 500 Index must be paid. The notes have a feature to protect debt holders from market downturns, up to 40%. Any subsequent losses below the 40% threshold will reduce the notes. The notes do not pay interest to the holders. As of December 31, 2023, \$8,816,900 of the principal amount remained outstanding.

The \$2,333,391 LMATTSTM 2.2024 notes are market-indexed instruments designed to provide upside performance exposure of the S&P 500 Index, while limiting downward exposure. Upon maturity of the notes in 2024, the principal, plus the return based upon the S&P 500 Index must be paid. The notes have a feature to protect debt holders from market downturns, up to 20%. Any subsequent losses below the 20% threshold will reduce the notes. The notes do not pay interest to the holders. As of December 31, 2023, the \$2,333,391 principal amount remained outstanding.

The \$400,000 LMATTSTM 1.2026 notes are market-indexed instruments designed to provide upside performance exposure of the S&P 500 Index, while limiting downward exposure. Upon maturity of the notes in 2026, the principal, plus the return based upon the S&P 500 Index must be paid. The notes have a feature to protect debt holders from market downturns, up to 10%. Any subsequent losses below the 10% threshold will reduce the notes. The notes pay annual interest of 4% on invested capital to the holders. As of December 31, 2023, the \$400,000 principal amount remained outstanding.

[Table of Contents](#)

Additionally, LMA Income Series, GP, LLC, wholly owned and controlled by that LMA Series, LLC, formed a limited partnership, LMA Income Series, LP and issued partnership interests to limited partners in a private placement offering. The initial term of the offering is three years with the ability to extend for two additional one-year periods at the discretion of the general partner, LMA Income Series, GP, LLC. The limited partners will receive an annual dividend of 6.5% paid quarterly and 25% of returns in excess of a 6.5% internal rate of return capped at a 15% net internal rate of return. The General Partner will receive 75% of returns in excess of a 6.5% internal rate of return to limited partners then 100% in excess of a 15% net internal rate of return. It was determined that LMA Series, LLC is the primary beneficiary of LMA Income Series, LP and thus has fully consolidated the limited partnership in its consolidated financial statements for the years ended December 31, 2023, and 2022.

During the three months ended March 31, 2023, LMA Income Series II, GP, LLC, wholly owned and controlled by that LMA Series, LLC, formed a limited partnership, LMA Income Series II, LP and issued partnership interests to limited partners in a private placement offering. The initial term of the offering is three years with the ability to extend for two additional one-year periods at the discretion of the general partner, LMA Income Series II, GP, LLC. The limited partners will receive annual dividends equal to the Preferred Return Amounts as follows: Capital commitment less than \$500,000, 7.5%; between \$500,000 and \$1,000,000, 7.8%; over \$1,000,000, 8%. Thereafter, 100% of the excess to be paid to the General Partner. It was determined that LMA Series, LLC is the primary beneficiary of LMA Income Series, LP and thus has fully consolidated the limited partnership in its consolidated financial statements for the year ended December 31, 2023.

The private placement offerings proceeds for both LMA Income Series, LP and LMA Income Series II, LP will be used to acquire an actively managed large and diversified portfolio of financial assets. Abacus Life, Inc. elected to account for the secured borrowings at fair value under the collateralized financing entity guidance within ASC 810, *Consolidations*. As of December 31, 2023, the fair value of the LMA Income Series, LP secured borrowing was \$22,368,210. As of December 31, 2023, the fair value of the LMA Income Series II, LP secured borrowing was \$32,380,852.

On November 10, 2023, the Company issued \$35,650,000 in fixed rate senior unsecured notes ("Fixed Unsecured Notes"). The net proceeds after related debt issue costs, were used by the Company to repay the Owl Rock Credit Facility, with the remaining to be used for general corporate purposes. The Fixed Unsecured Notes are based on a fixed interest rate of 9.875% to be paid in quarterly interest payments beginning on February 15, 2024 and mature on November 15, 2028. The Company has the option to redeem the Fixed Unsecured Notes in whole or in part at a price of 100% of the outstanding principal balance on or after November 15, 2027. The notes will be senior unsecured obligations of the Company and will rank equal in right of payment to all of the Company's other senior unsecured indebtedness from time to time outstanding.

Additionally, Abacus Life, Inc. has operating lease obligations, which are included as liabilities on our balance sheet, for our office space. As of December 31, 2023, operating lease obligations were \$1,914,785 with \$1,914,785 due in less than one year and \$0 due within one to three years, which are comprised of the minimum commitments for our office space.

Recent Accounting Pronouncements

See Note 2, Summary of Significant Accounting Policies, to our consolidated financial statements for a discussion of recently issued accounting pronouncements, including information about new accounting standards and the future adoption of such standards.

Critical Accounting Policies and Estimates

The Company prepared its consolidated financial statements in accordance with GAAP. Our preparation of these financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities and related disclosures at the date of the financial statements, as well as revenue and expense recorded during the reporting periods. The Company evaluates our estimates and judgments on an ongoing basis.

[Table of Contents](#)

The Company bases its estimates on historical experience and or other relevant assumptions that the Company believes to be reasonable under the circumstances. Actual results may differ materially from management's estimates.

See Note 2, Summary of Significant Accounting Policies, to our consolidated financial statements for further information related to our critical accounting policies and estimates, which are as follows:

[Table of Contents](#)

Valuation of Goodwill and Other Intangible Assets

As described in Note 1, Description of Business, and Note 3, Business Combination, to the consolidated financial statements, the Company completed a "Business Combination" on June 30, 2023 where it acquired 100% of the ownership interest of Abacus Settlements, LLC ("Abacus"). The enterprise value for Abacus was estimated to be \$165,361,332 of which 140,287,000 and \$32,900,000 was recognized as goodwill and intangible assets, respectively. Refer to Note 2, Summary of Significant Accounting Policies, and Note 6, Goodwill and Other Intangible Assets, for how we determine the fair value of goodwill and other intangible assets, reporting units, and how we determine when an impairment loss should be recorded. We completed our annual goodwill impairment test during the fourth quarter of 2023 and did not record any impairment charges. During 2023, we also evaluated our other intangible assets for impairment and did not record any impairment charges.

Warrants

As described in Note 1, Description of Business, and Note 3, Business Combination, to the consolidated financial statements, the Company has a series of warrants outstanding (collectively the "Warrants"), which include: (i) warrants (the "Private Placement Warrants") originally issued in connection with the Company's initial public offering (the "Company IPO") to purchase up to 7,120,000 shares of the Company's common stock, par value \$0.0001 per share (the "Common Stock"), issuable upon the exercise, at an exercise price of \$11.50 per share; (ii) warrants issued in connection with the Closing of the Business Combination to purchase up to 1,780,000 shares of our Common Stock issuable upon the exercise, at an exercise price of \$11.50 per share; (iii) warrants (the "Public Warrants") issued in connection with the Company IPO to purchase up to 17,250,000 shares of Common Stock, at an exercise price of \$11.50 per share, of the public warrants. The Private Placement Warrants are accounted as a liability with the change in fair value flowing to net income. We evaluate the fair value of the Private Placement Warrants on a quarterly basis. See Note 12, Fair Value Measurements, for additional discussion. At the time of the Business Combination, the Public Warrants were remeasured and accounted for as an expense of the IPO resulting in charge to stockholder's equity. See to Note 14, Stockholder's Equity, for additional discussion.

Longevity Market Assets Target-Term Series (LMATTS™) Note

On March 31, 2022, LMATT Series 2024, Inc., which the Company consolidates for financial reporting, issued \$10,066,900 in market-indexed private placement notes. The notes, LMATTS™ 2024, are market-indexed instruments designed to provide upside performance exposure of the S&P 500 Index, while limiting downward exposure. Upon maturity of the notes in 2024, the principal, plus the return based upon the S&P 500 Index must be paid.

The notes have a feature to protect debt holders from market downturns, up to 40%. Any subsequent losses below the 40% threshold will reduce the notes. The notes do not pay interest to the holders. As of December 31, 2023, \$8,816,900 of the principal amount remained outstanding.

On September 16, 2022, LMATT Growth Series 2.2024, Inc., which the Company consolidates for financial reporting, issued \$2,333,391 in market-indexed private placement notes. The notes, LMATTSTM 2.2024, are market-indexed instruments designed to provide upside performance exposure of the S&P 500 Index, while limiting downward exposure. Upon maturity of the notes in 2024, the principal, plus the return based upon the S&P 500 Index must be paid. The notes have a feature to protect debt holders from market downturns, up to 20%. Any subsequent losses below the 20% threshold will reduce the notes. The notes do not pay interest to the holders. As of December 31, 2023, the entire \$2,333,391 principal amount remained outstanding.

On September 16, 2022, LMATT Growth and Income Series 1.2026, Inc., which Abacus Life, Inc. consolidates for financial reporting, issued \$400,000 in market-indexed private placement notes. The notes, LMATTSTM 1.2026, are market-indexed instruments designed to provide upside performance exposure of the S&P 500 Index, while limiting downward exposure. Upon maturity of the notes in 2026, the principal, plus the return based upon the S&P 500 Index must be paid. The notes have a feature to protect debt holders from market downturns, up to 10%. Any subsequent losses below the 10% threshold will reduce the notes. The notes pay an annual 4% interest rate.

[Table of Contents](#)

on invested capital to the holders. As of December 31, 2023, the entire \$400,000 principal amount remained outstanding.

The Company has elected the fair value option in accounting for the instruments. Fair value is determined using Level 3 inputs. The valuation methodology is based on the Black-Scholes-Merton option-pricing formula and a discounted cash flow analysis. Inputs to the Black-Scholes-Merton model include (i) the S&P 500 Index price, (ii) S&P 500 Index volatility, (iii) a risk-free rate based on data published by the US Treasury, and (iv) a term assumption based on the contractual term of the LMATTSTM 2024 notes and LMATTSTM 2.2024 notes. The discounted cash flow analysis includes a discount rate that is based on the implied discount rate assumption developed by calibrating a valuation model to the purchase price on the initial investment date. The implied discount rate is evaluated for reasonableness by benchmarking it to yields on actively traded comparable securities.

For the year ended December 31, 2023, the Company has recognized a loss of \$(1,867,391) and a loss of \$(666,013) for the LMATTSTM 2024 notes and LMATTSTM 2.2024 notes, respectively on the change in fair value fair value of the debt resulting from risk-free valuation scenarios, which is included within (gain) loss on change in fair value of debt within the consolidated statement of operations and comprehensive income. See Note 13, Long-Term Debt, and Note 12, Fair Value Measurements, to the consolidated financial statements for further discussion.

[Table of Contents](#)

Longevity Market Assets Income Series, LP

On September 2, 2022, LMA Income Series, GP, LLC, wholly owned and controlled by that LMA Series, LLC, which Abacus Life, Inc. consolidates, formed a limited partnership, LMA Income Series, LP and subsequently issued partnership interests to limited partners in a private placement offering. It was determined that LMA Series, LLC is the primary beneficiary of LMA Income Series, LP and thus has fully consolidated the limited partnership in its consolidated financial statements for the year ended December 31, 2023. The limited partners will receive an annual dividend of 6.5% paid quarterly and 25% of returns in excess of a 6.5% internal rate of return capped at 9% which would require a 15% net internal rate of return. The General Partner will receive 75% of returns in excess of a 6.5% internal rate of return to limited partners then 100% in excess of a 15% net internal rate of return. The general partner committed \$250,000, with the limited partners contributing \$17,428,349. Additional limited partner contributions of \$4,461,095 were raised in the first quarter of 2023 bringing the total deposit amount to \$21,889,444.

The private placement offerings proceeds were used to acquire an actively managed large and diversified portfolio of financial assets. The Company, through its consolidated subsidiaries, serves as the portfolio manager for the financial asset portfolio, which includes investment sourcing and monitoring. In this role, the Company has the unilateral ability to acquire and dispose of any of the above investments. The Company elected to account for the secured borrowing at fair value under the collateralized financing entity guidance within ASC 810-10-30. As of December 31, 2023, the fair value of the secured borrowing, not including the \$250,000 committed from the general partner, was \$32,380,852 and there was no gain or loss recognized. See Note 13, Long-Term Debt, to the consolidated financial statements for further discussion.

Longevity Market Assets Income Series II, LP

On January 31, 2023, LMA Series, LLC, a wholly owned subsidiary of the Company, signed an Operating Agreement to be the sole member of a newly created general partnership, LMA Income Series II, GP, LLC. Subsequent to that, LMA Income Series II, GP, LLC formed a limited partnership, LMA

Income Series II, LP and subsequently issued partnership interests to limited partners in a private placement offering. It was determined that LMA Series, LLC is the primary beneficiary of LMA Income Series II, LP and thus has fully consolidated the limited partnership in its consolidated financial statements for the year ended December 31, 2023. The limited partners will receive annual dividends equal to the preferred return amounts as follows: Capital commitment less than \$500,000, 7.5%; between \$500,000 and \$1,000,000, 7.8%; over \$1,000,000, 8%. Thereafter, 100% of the excess to be paid to the General Partner.

The private placement offerings proceeds were used to acquire an actively managed large and diversified portfolio of financial assets. The Company, through its consolidated subsidiaries, serves as the portfolio manager for the financial asset portfolio, which includes investment sourcing and monitoring. In this role, the Company has the unilateral ability to acquire and dispose of any of the above investments. The Company elected to account for the secured borrowing at fair value under the collateralized financing entity guidance within ASC 810-10-30. As of December 31, 2023, the fair value of the secured borrowing, not including the commitment from the general partner, was \$32,380,852 and there was no gain or loss recognized. See Note 13, Long-Term Debt, to the consolidated financial statements for further discussion.

Valuation of Life Insurance Policies

Abacus Life, Inc. accounts for its holdings of life insurance settlement policies at fair value in accordance with ASC 325-30, *Investments in Insurance Contracts*. Any resulting changes in estimates are reflected in operations in the period the change becomes apparent.

[Table of Contents](#)

The Company follows ASC 820, *Fair Value Measurements and Disclosures*, in estimating the fair value of its life insurance policies, which defines fair value as an exit price representing the amount that would be received if an asset were sold or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the guidance establishes a three-level, fair value hierarchy that prioritizes the inputs used to measure fair value. Level 1 relates to quoted prices in active markets for identical assets or liabilities. Level 2 relates to observable inputs other than quoted prices included in Level 1. Level 3 relates to unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Abacus Life, Inc.'s valuation of life settlements is considered to be Level 3, as there is currently no active market where Abacus Life, Inc. is able to observe quoted prices for identical assets. Abacus Life, Inc.'s valuation model incorporates significant inputs that are not observable.

The aggregate face value of policies held at fair value is \$520,503,710 as of December 31, 2023, with a corresponding fair value of \$122,296,559. The aggregate face value of policies accounted for using the investment method is \$33,900,000 as of December 31, 2023, with a corresponding carrying value of \$1,697,178. See Note 4, Life Insurance Settlement Policies, and Note 12, Fair Value Measurements, to the consolidated financial statements for further discussion.

Equity Investments in Privately-Held Companies

Equity investments without readily determinable fair values include our investments in privately-held companies in which Abacus Life, Inc. holds less than a 20% ownership interest and does not have the ability to exercise significant influence. Abacus Life, Inc. determines fair value using level 3 inputs under the measurement alternative. These investments are recorded at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

In addition, the Company monitors these investments to determine if impairment charges are required based primarily on the financial condition and near-term prospects of these companies. As of December 31, 2023, Abacus Life, Inc. did not identify any impairment indicators and determined that the carrying value of \$1,650,000 is the fair value for these equity investments in privately held companies, given that there have been no observable price changes. See Note 8, Other Investments and Other Noncurrent Assets, to the consolidated financial statements for further discussion.

Available-For-Sale Securities

The Company has investments in securities that are classified as available-for-sale securities, and which are reflected on the consolidated balance sheets at fair value. These securities solely consist of a convertible promissory note in a private company that was entered into an arms-length. Abacus Life, Inc. determines the fair value using unobservable inputs by considering the initial investment value, next round financing, and the likelihood of conversion or settlement based on the contractual terms in the agreement. Unrealized gains and losses on these investments are included as a separate component of accumulated other comprehensive loss, net of tax, on the consolidated balance sheets. Abacus Life, Inc. classifies its available-for-sale securities as short-term or long-term based on the nature of the investment, its maturity date and its availability for use in current operations. Abacus Life, Inc. monitors its available-for-sale securities for possible other-than-temporary impairment when business events or changes in

circumstances indicate that the carrying value of the investment may not be recoverable. As of December 31, 2023, Abacus Life, Inc. evaluated the fair value of its investment and determined that the fair value approximates the carrying value of \$1,105,935, and no unrealized gains and losses were recorded. See Note 8, Other Investments and Other Noncurrent Assets, to the consolidated financial statements for further discussion.

Stock Repurchase Program

[Table of Contents](#)

On December 11, 2023, our Board of Directors authorized a stock repurchase program under which the Company may purchase shares of our common stock for an aggregate purchase price not to exceed \$15 million over a period of up to 18 months. See Note 14, Stockholders' Equity, to the consolidated financial statements for further discussion of our stock repurchase program.

[Table of Contents](#)

ABACUS SETTLEMENTS, LLC MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis provide information that management believes is relevant to an assessment and understanding of Abacus Settlements, LLC's financial condition and results of operations. This discussion should be read in conjunction with Abacus Settlements, LLC's unaudited financial statements and related notes thereto that appear elsewhere in this Annual Report on Form 10-K.

Overview

We are a blank check company formed

In addition to historical financial analysis, this discussion and analysis contains forward-looking statements based upon current expectations that involve risks, uncertainties and assumptions, as described under the **Cautionary Note Regarding Forward-Looking Statements**. Actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" or elsewhere in this quarterly statement. Unless the **context otherwise requires**, references in this "Abacus Settlements, LLC Management's Discussion and Analysis of Delaware Financial Condition and Results of Operations" to "we," "us," "our," and "Abacus" are intended to mean the business and operations of Abacus Settlements, LLC.

Overview

Abacus originates life insurance policy settlement contracts as a licensed life settlement provider on May 22, 2020 behalf of third-party institutional investors ("Financing Entities") interested in investing in the life settlement asset class. Specifically, Abacus originates policies through three primary origination channels (Agents/Financial Advisors, Direct-to-Consumers, Life Settlement Brokers) and Third-Party Intermediaries. Abacus screens them for eligibility by verifying that the policy is in force, obtaining consents and disclosures, and submitting cases for life expectancy estimates. This process is characterized as our origination services, which averages a fee of approximately 2% of face value ("Origination Revenue").

Our Business Model

As a life settlement provider, Abacus serves as a purchaser of outstanding life insurance policies. When serving as a purchaser, Abacus' primary purpose in the transaction is to connect buyers and sellers through an origination process. The origination process is core to Abacus' business and drives its economics. Abacus averages approximately 2% of face value in origination fees on policies and has developed three high quality origination channels which include agents and Financial Advisors, direct to consumer and Life Settlements Brokers. Abacus also originates policies with Third-Party Intermediaries. Generally, diversification across multiple origination channels lowers average policy acquisition costs and increases estimated returns. Abacus finds sellers through its origination channels using strategic marketing practices in its core markets, with the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or other similar business combination with one or more businesses. We intend finding policy owners who want to effectuate our initial business combination using cash capitalize on their investments prior to death by extracting value from the proceeds of the initial public offering and their policies through the sale of such policies to Financing Entities.

Key Factors Affecting Our Performance

Our operations and financial performance are impacted by economic factors affecting the **Private Placement Warrants**, **industry**, including:

[Table of Contents](#)

Opportunities in the Life Settlements Industry

Within the life settlements industry, there is significant policy value that lapses on an annual basis. Currently, the life settlements industry only captures a narrow portion of the potential market leaving significant runway for future growth for industry participants. With the anticipation of growth in total face value of life insurance policies, we believe we are well positioned to capitalize on the overall market growth. Abacus is currently conducting business in 49 states and the District of Columbia. The company holds viatical settlement and or life settlement provider licenses in forty-three (43) of those jurisdictions. Abacus also conducts business in seven (7) jurisdictions which do not currently have life and or viatical settlement provider licensing requirements. Abacus conducts business where it is legally allowed to across the United States. The only state Abacus is not currently conducting business in is Alaska and there are no current plans to procure a license.

Our ability to originate policies is essential to scale our capital stock, debt business over time. In order to support this expected growth, we continue to invest in our technology and marketing infrastructure. In general, we expect our efforts will continue to focus on driving education and awareness of life settlements.

Macroeconomic Changes

Global macroeconomic factors, including regulatory policies, unemployment, changes in retirement savings, the cost of healthcare, inflation, and tax rate changes impact demand for our origination services. These factors evolve over time and while these changes have not currently made any significant impact on performance, these trends may shift the timing and volume of transactions, or a combination the number of cash, stock customers using our origination services.

Components of Results of Operations

Results of Operations

The following tables set forth our results of operations for each of the periods indicated, and debt.

On August 30, 2022, we presented and expressed the Company, LMA Merger Sub, Abacus Merger Sub, LMA and Abacus entered into the Merger Agreement, pursuant to which, subject to the satisfaction or waiver relationship of certain conditions precedent in the Merger Agreement, (i) LMA Merger Sub will merge with and into LMA, with LMA surviving such merger line items as a direct wholly owned subsidiary percentage of revenue for those periods. The period-to-period comparison of financial results is not necessarily indicative of future results.

Table of Contents

The following tables set forth our historical results for the Company periods indicated, and (ii) the changes between periods:

	Six Months Ended		Year Ended	
	June 30		December 31	
	2023	2022		
Origination revenue	\$ 3,252,738	\$ 7,050,007		
Related-party revenue	9,931,938	18,153,456		
Total revenue	13,184,676	25,203,463		
Cost of revenue	2,734,949	5,538,470		
Related party cost of revenue	6,558,354	11,022,535		
Gross profit	3,891,373	8,642,458		
Operating expenses				
General and administrative expenses	4,848,580	8,674,425		
Depreciation expense	5,597	12,165		
Total operating expenses	4,854,177	8,686,590		
Income (loss) from operations	(962,804)	(44,132)		
Other income (expense)				
Interest income	1,917	2,199		

Interest (expense)	(11,725)	(8,817)
Other income	—	273
Total other (expense)	(9,808)	(6,345)
Income (loss) before income taxes	(972,612)	(50,477)
Provision for income taxes	2,289	2,018
Net income (loss) and comprehensive income	\$ (974,901)	\$ (52,495)

Origination Revenue

Abacus Merger Sub will merge with and into Abacus, with Abacus surviving such merger. Abacus recognizes revenue from origination activities by acting as a direct wholly owned subsidiary provider of life settlements and viatical settlements by representing investors that are interested in purchasing life settlements on the Company. The proposed Business Combination secondary or tertiary market. Revenue from origination services consists of fees negotiated for each purchase and sale of a policy to an investor, which also include any agent and broker commissions received and the reimbursement of transaction costs.

	Six Months Ended		Year Ended	
	June 30		December 31	
	2023	2022		
Origination revenue	\$ 3,252,738	\$ 7,050,007		

Revenue for the six months ended June 30, 2023 and year ended September 30, 2022 was \$3,252,738 and \$7,050,007, respectively, and is expected to be consummated comprised of revenue in broker channel based on face values on the first half of 2023, subject to the fulfillment of certain conditions. Subject to the terms of the Merger Agreement, the aggregate merger consideration policies originated with respect to the holders of issued consistent third party customers, origination fees, services revenue, and outstanding transaction fees reimbursements.

Related Party Revenue

Abacus has a related party relationship with Nova Trading (US), LLC ("Nova Trading"), a Delaware limited liability company interests in and Nova Holding (US) LP, a Delaware limited partnership ("Nova Holding" and,

Table of Contents

collectively with Nova Trading, the "Nova Funds") as the owners of Abacus jointly own 11% of the Nova Funds. The pricing for origination fees is governed by origination contracts that have been negotiated by both parties and are considered to be arms-length and consistent with origination fees charged to third party customers. For its origination services to the Nova Funds, Abacus earns origination fees equal to the lesser of (i) 2% of the net death benefit for the policy or (ii) \$20,000.

	Six Months Ended		Year Ended	
	June 30		December 31	
	2023	2022		
Related Party Revenue	\$ 9,931,938	\$ 18,153,456		

Related party revenue for the six months ended June 30, 2023 and year ended December 31, 2023 was \$9,931,938 and \$18,153,456, respectively. For six months ended June 30, 2023 and year ended December 31, 2022, Abacus had originated 72 and 333 policies for the Nova Funds with a total value of \$96,674,080 and \$87,143,005, respectively, and is comprised of origination services to LMA and transaction fees reimbursed by the related party. Further, for the six months ended June 30, 2023, Abacus will had originated 103 policies, for LMA with a total value of \$192,685,578.

Cost of Revenue, Related Party Cost of Revenue, and Gross Margin

Cost of revenue is primarily comprised of third-party commissions, which includes third-party sales and marketing commission fees, as well as transaction costs that are reimbursed as part of the origination activity and depreciation and amortization expense. Abacus receives an origination fee plus any commission to be paid from the purchaser for its part in arranging the life settlement transactions. Out of that fee income, Abacus pays commissions to the licensed representative of the seller, if one is required. Commission expense is recorded at the same time revenue is recognized and is included within cost of revenue. Depreciation expense consists of depreciation of property and equipment assets, which are computer

equipment. Amortization expense consists primarily of amortization of capitalized costs incurred for the development of internal use software. The costs incurred exclusively consist of approximately \$531.8 million, payable in a number of newly issued shares of Class A common stock at a deemed value of \$10.00 per share, with a portion fees incurred from an external consulting firm during the development stage of the aggregate merger consideration payable project and is amortized on the straight-line basis over an estimated useful life of three years.

	Six Months Ended		Year Ended
	June 30		December 31
	2023	2022	
Cost of revenue	\$ 2,734,949	\$ 5,538,470	
Related party cost of revenue	6,558,354	11,022,535	
Gross Profit	\$ 3,891,373	\$ 8,642,458	
Gross Margin	30 %	34 %	

Cost of revenue for the six months ended June 30, 2023 and for the year ended December 31, 2022 was \$2,734,949 and \$5,538,470 and is primarily comprised of commissions expense, life expectancy fees, and lead generation expenses.

Related party cost of revenue for the six months ended June 30, 2023 and for the year ended December 31, 2022 was \$6,558,354 and \$11,022,535 and is comprised of LMA agent commission expenses, originations of policies sold to the Nova Funds, and transaction fees reimbursements.

Gross profit for the six months ended June 30, 2023 and for the year ended December 31, 2022 was \$3,891,373 and \$8,642,458, respectively. Gross margin for the six months ended June 30, 2023 and for the year ended December 31, 2022 was 30% and 34%, respectively.

[Table of Contents](#)

Operating Expenses

Operating expenses are comprised of general and administrative expenses as well as depreciation expense.

General and administrative expenses include compensation, payroll, advertising, marketing, rent, insurance, recruitment, trade shows, telephone & internet, licenses, and other professional fees.

Depreciation expense consists of depreciation of property and equipment assets, which are computer equipment, office furniture and lease improvement.

	Six Months Ended		Year Ended
	June 30		December 31
	2023	2022	
General and administrative expenses	\$ 4,848,580	\$ 8,674,425	
Depreciation expense	5,597	12,165	

General and administrative expenses for the six months ended June 30, 2023 and for the nine months ended September 30, 2022 was \$4,848,580 and \$8,674,425, respectively, and is comprised of payroll expenses for administration support, sales department, marketing expenses, sponsorships, rent and office expenses.

Depreciation expense for the six months ended June 30, 2023 and for year ended December 31, 2022 was \$5,597 and \$12,165, respectively. The depreciation expense for both the periods were computed on property and equipment (i.e., computer equipment, office furniture, and leasehold improvements).

Other income (expense)

Other income (expense) includes interest income, consulting income, and other income. Interest income represents the interest earned on Abacus' certificates of deposits. Consulting income represents income earned on various origination consulting services performed. Other income comprises of income from credit card cash rewards.

	Six Months Ended		Year Ended
	June 30		December 31
	2023	2022	
Interest income	\$ 1,917	\$ 2,199	
Interest (expense)	(11,725)	(8,817)	
Other income	—	273	

Interest income for the six months ended June 30, 2023 and for the year ended December 31, 2022 was \$1,917 and \$2,199, respectively. The interest income for both the periods represents interest earned on Abacus certificate of deposit.

Interest expense for the six months ended June 30, 2023 and for the year ended December 31, 2022 was \$11,725 and \$8,817, respectively, and is comprised of amortization of deferred financing fees.

Other Income for the year ended December 31, 2022 was \$273.

[Table of Contents](#)

Provision for Income Taxes

	Six Months Ended		Year Ended
	June 30		December 31
	2023	2022	
Provision for income taxes	\$ 2,289	\$ 2,018	

Provision for income taxes for the six months ended June 30, 2023 and for the year ended December 31, 2022 was \$2,289 and \$2,018, respectively. The amounts for both the periods are primarily annual report filing fees with various states.

Business Segments

Operating as a centrally led life insurance policy intermediary, Abacus' Chief Executive Officer is the Chief Operating Decision Maker (CODM) who allocates resources and assesses financial performance. As a result of this management approach, Abacus is organized as a single operating segment. The CODM reviews performance and allocates resources based on the total originations, total corresponding revenue generated for the period, gross profit, and adjusted EBITDA.

Key Business Metrics and Non-GAAP Financial Measures

Management uses non-GAAP financial measures, in conjunction with GAAP financial measures, as an integral part of managing our business and to, among other things: (i) monitor and evaluate the performance of our business operations and financial performance; (ii) facilitate internal comparisons of the historical operating performance of our business operations; (iii) review and assess the operating performance of our management team; (iv) analyze and evaluate financial and strategic planning decisions regarding future operating investments; and (v) plan for and prepare future annual operating budgets and determine appropriate levels of operating investments.

We monitor the following key business metrics and non-GAAP financial measures that assist us in evaluating our business, measuring our performance, identifying trends and making strategic decisions. As such, we have presented the following non-GAAP measure, their most directly comparable U.S. GAAP measure, and key business metrics:

Non-GAAP Measure	Comparable U.S. GAAP Measure
Adjusted EBITDA	Net Income

Adjusted EBITDA is net income adjusted for depreciation expense, provision for income taxes, interest income, and certain non-recurring items that in our judgement significantly impact the period-over-period assessment of performance and operating results. Adjusted EBITDA should not be construed as an indicator of our operating performance, liquidity, or cash flows provided by or used in operating, investing, and financing activities, as there may be significant factors or trends that it fails to address. We caution investors that non-GAAP financial information departs from traditional accounting

conventions. Therefore, its use can make it difficult to compare current results with results from other reporting periods and with the satisfaction results of other companies.

Management believes the use of Adjusted EBITDA measures assists investors in understanding the ongoing operating performance by presenting comparable financial results between periods. We believe that by removing the impact of depreciation and amortization, amounts spent on interest and taxes and certain conditions.

For additional information regarding non-recurring income and charges that are highly variable from year to year, Adjusted EBITDA provides our investors with performance measures that reflect the Merger Agreement, see impact to operations from trends in changes in revenue and operating expenses, providing a perspective not immediately apparent from net

[Table of Contents](#)

income and operating income. The adjustments we make to derive the Company's Current Reports on Form 8-K filed on August 30, 2022 non-GAAP measure of Adjusted EBITDA exclude items which may cause short-term fluctuations in net income and October 14, 2022 operating income and which we do not consider to be the fundamental attributes or primary drivers of our business.

The following table illustrates the reconciliations from net income to adjusted EBITDA for the six months ended June 30, 2023, and the Company's Proxy Statement year ended December 31, 2022:

	Six Months Ended June 30		Year Ended December 31	
	2023	2022		
Net income (loss) and comprehensive income	\$ (974,901)	\$ (52,495)		
Depreciation expense	5,597	12,165		
Provision for income taxes	2,289	2,018		
Interest income	(1,917)	(2,199)		
Interest expense	11,725	8,817		
Adjusted EBITDA	\$ (957,207)	\$ (31,694)		

Adjusted EBITDA for the six months ended June 30, 2023, was \$(957,207) and for the year ended December 31, 2022 was \$(31,694).

We monitor the following key business metrics such as filed the number of policies originated year-over-year in measuring our performance. Origination revenues represent fees negotiated for each purchase and sale of a policy to an investor. The number of policy originations represents the volume of policies over which the above origination services are performed. The number of policy originations directly correlates with origination revenues allowing management to evaluate fees earned upon each transaction. There are no estimates, assumptions, or limitations specific to the SEC.

[Results number of Operations](#)

policy originations.

	Six Months Ended June 30		Year Ended December 31	
	2023	2022		
Number of Policy Originations	253	487		

[Table of Contents](#)

[Liquidity and Capital Resources](#)

We have neither engaged in any financed operations (other than searching for an initial business combination after since our initial public offering) nor generated any revenues to date. Our only activities inception primarily through customer payments and net proceeds from May 22, 2020 (inception) through December 31, 2022 were organizational activities, those necessary to prepare for the initial public offering, described below, and, subsequent to the initial public offering, identifying a target company for an initial business combination and completing such business combination. We generate

non-operating income equity financing in the form of change capital contributions from our members. Our principal uses of cash and cash equivalents in fair value recent periods have been funding our operations. As of warrant liability, change in fair value June 30, 2023 and December 31, 2022, our principal sources of forward purchase agreements (prior to liquidity were cash and cash equivalents of \$808,226 and \$1,458,740 and retained earnings of \$509,953 and \$1,927,137, respectively. During the termination of the forward purchase agreement on December 2, 2022), interest income from banks, and, until June 2022 when all investments in the trust account were liquidated to thereafter be held in cash as further explained in Note 1 to the financial statements, we also generated interest income on marketable securities held in the trust account. We do not expect to generate any operating revenues until after the completion of our initial business combination. 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 year six months ended December 31, 2022 June 30, 2023, we had a net loss of \$643,564, which consists \$(974,901) and net cash used by operations of operating costs \$(24,292). We believe our existing cash and cash equivalents as well as proceeds from equity financing will be sufficient to fund anticipated cash requirements for the next twelve months.

Our future capital requirements will depend on many factors, including our revenue growth rate, the expansion of \$11,722,287, offset by a change in fair value our sales and marketing activities, the timing and extent of warrant liability of \$9,335,550, a change in fair value of the forward purchase agreement liability of \$600,000, and interest earned from bank of \$10,031 and interest earned on marketable securities held spending to support product development efforts. We may, in the trust account of \$672,439, future, enter into arrangements to acquire or invest in complementary businesses, products and income tax expense of \$52,485.

For technologies. We may be required to seek additional equity or debt financing. The additional debt financing would result in debt service obligations, and any future instruments governing such debt could provide for operating and financing covenants that could restrict our operations.

Cash Flows

Cash Flows for the Six Months Ended June 30, 2023 and Year Ended December 31, 2022:

The following table summarizes our cash flows for the six months ended June 30, 2023 and year ended December 31, 2022:

	Six Months Ended June 30		Year Ended December 31
	2023	2022	
Net cash used in operating activities	\$ (24,292)	\$ (383,292)	
Net cash used in investing activities	(182,528)	(64,011)	
Net cash used in financing activities	(443,694)	(693,259)	

Operating Activities

During the six months ended June 30, 2023 and the year ended December 31, 2021 December 31, 2022, we had our operating activities used \$24,292 and \$383,292 of net income of \$15,839,365, which consists of operating costs of \$1,382,681, offset by a change in fair value of warrant liability of \$15,899,200, a change in fair value of the forward purchase agreement liability of \$1,300,000, interest earned from bank of \$62 and interest earned on marketable securities held in the trust account of \$22,784.

Liquidity and Capital Resources

On July 27, 2020, we consummated the initial public offering of 30,000,000 Units at a price of \$10.00 per Unit, generating gross proceeds of \$300,000,000. Simultaneously with the closing of the initial public offering, we consummated the sale of 8,000,000 private placement warrants at a price of \$1.00 per private placement warrant in a private placement to our stockholders, generating gross proceeds of \$8,000,000.

On August 25, 2020, the underwriters exercised their over-allotment option in full, resulting in an additional 4,500,000 Units issued for total gross proceeds of \$45,000,000. In connection with the underwriters' exercise of their over-allotment option, we also consummated the sale of an additional 900,000 private placement warrants at \$1.00 per private placement warrant, generating total proceeds of \$900,000. A total of \$45,000,000 was deposited into the trust account, bringing the aggregate proceeds held in the trust account to \$345,000,000.

Following the initial public offering, the full exercise of the over-allotment option and the sale of the private placement warrants, a total of \$345,000,000 was placed in the trust account and we had \$912,561 of cash held outside of the trust account, after payment of costs related to the initial public offering, and available

for working capital purposes. We incurred \$19,840,171 in transaction costs, including \$6,900,000 in cash underwriting fees, \$12,075,000 of deferred underwriting fees and \$865,171 of other offering costs.

For the period ended December 31, 2022, cash used in operating activities, was \$2,602,281. Net loss respectively.

Investing Activities

During the six months ended June 30, 2023 and the year ended December 31, 2022, our investing activities used \$182,528 and \$64,011, respectively.

Financing Activities

During the six months ended June 30, 2023 and the year ended December 31, 2022, our financial activities used \$443,694 and \$693,259, respectively.

[Table of \\$643,564 was affected by non-cash charges for the change](#) [Contents](#)

Contractual Obligations and Commitments

Our contractual obligations as of June 30, 2023, which are included as liabilities on our balance sheet, include operating lease obligations of \$190,521 with \$177,873 due in fair value of warrant liability of \$9,335,550, change in fair value of forward purchase agreement liability of \$600,000, interest earned on marketable securities held in the trust account of \$672,439, gain on deferred underwriting fee waiver of \$513,188 less than one year and changes in operating assets and liabilities, \$12,648 due within one to three years, which used \$9,162,460 of cash in operating activities.

For the period ended December 31, 2021, cash used in operating activities was \$1,236,555. Net income of \$15,839,365 was affected by non-cash charges for the change in fair value of warrant liability of \$15,899,200, change in fair value of forward purchase agreement liability of \$1,300,000, interest earned on marketable securities held in the trust account of \$22,784 and changes in operating assets and liabilities, which used \$90,353 of cash in operating activities.

As of December 31, 2022 and December 31, 2021, we had cash and marketable securities held in the trust account of \$99,222,704 and \$345,048,888, respectively. We intend to use substantially all are comprised of the funds held in the trust account, including any amounts representing interest earned on the trust account to complete minimum commitments for our initial business combination. We may withdraw interest to pay franchise and income taxes. During the period ended December 31, 2022 we withdrew \$335,723 of interest earned on the trust account. During the period ended December 31, 2021, we did not withdraw any interest earned on the trust account. To the extent that our capital stock or debt is used, in whole or in part, as consideration to complete our initial 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.

As of December 31, 2022 and December 31, 2021, we had cash of \$86,572 and \$853,130 outside of the trust account, respectively. We intend to use the 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, and structure, negotiate and complete an initial business combination.

In order to fund working capital deficiencies or finance transaction costs in connection with an initial business combination, the Sponsor, an affiliate of the Sponsor, or our officers and directors may, but are not obligated to, loan us funds as may be required. If we complete a business combination, we would repay such loaned amounts. In the event that a business combination does not close, we may use a portion of the working capital held outside the trust account to repay such loaned amounts but no proceeds from our trust account would be used for such repayment. Up to \$1,500,000 of such loans may be convertible into warrants, at a price of \$1.50 per warrant at the option of the lender. The warrants would be identical to the private placement warrants, including as to exercise price, exercisability and exercise period. The terms of such loans by our officers and directors, if any, have not been office space.

determined

Critical Accounting Policies and no written agreements exist with respect to such loans. The loans would be repaid upon consummation of a business combination, without interest.

In August 2021, the Sponsor committed to provide us an aggregate of \$1,500,000 in loans for working capital purpose. As of December 31, 2022 and December 31, 2021, there was a balance of \$1,500,000 under this loan. Subsequent to the reporting period, on January 31, 2023, the Sponsor agreed to loan us up to an additional \$1,500,000 under this loan.

Estimates

We do not believe we will need to raise additional funds in order to meet the expenditures required for operating our business. However, if our estimate of the costs of identifying a target business, undertaking in-depth due diligence and negotiating an initial business combination are less than the actual amount necessary to do so, we may have insufficient funds available to operate our business prior to our initial business combination. Moreover, we may need to obtain additional financing either to complete our initial business combination or because we become obligated to redeem a significant number of our public shares upon consummation of our initial business combination, in which case we may issue additional securities or incur debt in connection with such initial business combination. Subject to compliance with applicable securities laws, we would only complete such financing simultaneously with the completion of our initial business combination. If we are unable to complete our initial business combination because we do not have sufficient funds available to us, we will be forced to cease operations and liquidate the trust account. In addition, following our initial business combination, if cash on hand is insufficient, we may need to obtain additional financing in order to meet our obligations.

As a result of the above, in connection with the Company's assessment of going concern considerations financial statements in accordance with GAAP. Our significant accounting policies are described in more detail in Note 2, Summary of Significant Accounting Standards Update ("ASU") 2014-15, "Disclosures of Uncertainties about an Entity's Ability Policies, 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. 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.

Off-Balance Sheet Arrangements

We have no obligations, assets or liabilities, which would be considered off-balance sheet arrangements as of December 31, 2022. We do not participate included 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 an agreement to pay two affiliates of the Sponsor a monthly fee of \$10,000 each for office space and administrative support to the Company. We began incurring these fees on July 24, 2020 and will continue to incur these fees monthly until the earlier of the completion of the initial business combination and the Company's liquidation. For the year ended December 31, 2022 and December 31, 2021, the Company incurred and paid an aggregate of \$240,000 and \$240,000 in connection with these agreements, respectively.

The underwriters are entitled to a deferred fee of \$0.35 per Unit, or \$12,075,000 in the aggregate. Wells Fargo Securities, LLC, as the sole book running manager for this annual filing statement. While our initial public offering, has agreed to waive its entitlement to any deferred underwriting fees.

On July 2, 2020, we entered into a forward purchase agreement pursuant to which East Asset Management, LLC ("East Asset Management"), an affiliate of the Sponsor, agreed to purchase an aggregate of up to 5,000,000 forward purchase units, consisting of one forward purchase shares and one-half of one forward purchase warrants, for \$10.00 per unit, or an aggregate maximum amount of \$50,000,000, in a private placement that would close simultaneously with the closing of an initial business combination. On and effective as of December 2, 2022, we and East Asset Management entered into an agreement to terminate the forward purchase agreement, pursuant to which

the parties agreed that no payments or deliveries are due by either party in respect of the forward purchase agreement and the forward purchase agreement is in no further force and effect.

In addition, in order to finance transaction costs in connection with an intended initial business combination, our Sponsor or an affiliate of our Sponsor or certain of our officers and directors may, but are not obligated to, loan us funds as may be required. If we complete an initial business combination, we would repay such loaned amounts. In the event that the initial business combination does not close, we may use a portion of the working capital held outside the trust account to repay such loaned amounts but no proceeds from our trust account would be used for such repayment. As of April 17, 2023, our Sponsor has loaned to us an aggregate of \$1,500,000 for working capital purposes. The working capital loan does not bear interest and is repayable in full upon consummation of a business combination. If we do not complete a business combination, the working capital loan need not be repaid and all amounts owed under it will be forgiven. 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. We do not expect to seek loans from parties other than our Sponsor or an affiliate of our Sponsor as we do not believe third parties will be willing to loan such funds and provide a waiver against any and all rights to seek access to funds in our trust account.

On July 25, 2022, in connection with the First Extension Amendment Proposal, we entered into the First Extension Note with our Sponsor, and on January 23, 2023, in connection with the Second Extension Amendment Proposal, we entered into the Second Extension Note with our Sponsor. Pursuant to the First Extension Note, the Sponsor agreed that it will contribute to us as a loan of \$0.033 for each public share that was not redeemed in connection with the stockholder

vote to approve the First Extension Amendment Proposal, for each month until the earlier of (i) the date of the special meeting held in connection with the stockholder vote to approve a business combination and (ii) January 27, 2023 if we failed to complete a business combination by such date. Pursuant to the Second Extension Note, the Sponsor agreed that it will contribute to us as a loan of \$0.033 for each public share that was not redeemed in connection with the stockholder vote to approve the Second Extension Amendment Proposal, for each month until the earlier of (i) the date of the special meeting held in connection with the stockholder vote to approve a business combination and (ii) July 27, 2023 if we fail to complete a business combination by such date. As of April 17, 2023, there was a balance of \$1,924,356 under the First Extension Note and a balance of \$565,497, under the Second Extension Note.

The Extension Notes do not bear interest and are repayable in full upon the earlier of (i) the date of the consummation of our initial business combination and (ii) the date of our liquidation. At any time prior to payment in full of the principal balance of the First Extension Note, the holder of the First Extension Note (or a permitted assignee) will have the option, but not the obligation, to convert up to \$1,500,000 of the unpaid principal balance of the First Extension Note into that number of warrants, each whole warrant exercisable for one share of our Class A common stock, equal to the principal amount of the First Extension Note so converted divided by \$1.50. At any time prior to payment in full of the principal balance of the Second Extension Note, the holder of the Second Extension Note (or a permitted assignee) will have the option, but not the obligation, to convert up to \$500,000 of the unpaid principal balance of the Second Extension Note into that number of warrants, each whole warrant exercisable for one share of our Class A common stock, equal to the principal amount of the Second Extension Note so converted divided by \$1.50. The terms of the warrants resulting from conversion of the Extension Notes will be identical to the terms of the private placement warrants. Our Sponsor will have the sole discretion whether to continue extending for additional months, and if it determines not to continue extending for additional months, its obligation to make additional Contributions will terminate. If this occurs, we would wind up our affairs and redeem 100% of the outstanding Class A common stock in accordance with the procedures set forth in our charter. The maturity date of the Extension Notes may be accelerated upon the occurrence of an Event of Default (as defined therein). We may prepay any outstanding principal under the Extension Notes at any time, at our election and without penalty, provided, however, our Sponsor shall have a right to first convert such principal balance as described in Section 17 of the Extension Notes upon notice of such prepayment. If a business combination is not completed and we liquidate, there will not be sufficient assets to repay the Extension Notes and they will be worthless.

Critical Accounting Policies

The preparation of these financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates, assumptions and assumptions judgments from time to time that may affect the reported amounts of assets, liabilities and liabilities, disclosure related disclosures, as of contingent assets and liabilities at the date of these financial statements, and income and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following critical accounting policies:

Derivative Financial Instruments

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". The Company's derivative instruments are recorded at fair value and re-valued at each reporting date, with changes in the fair value reported in the Statements of Operations. Derivative assets and liabilities are classified on the balance sheet 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 has determined the warrants and the forward contract for additional warrants are derivatives. As the financial instruments meet the definition of a derivative, the warrants and the forward contract for additional warrants are measured at fair value at issuance and at each reporting date in accordance with ASC 820, Fair Value Measurement, with changes in fair value recognized in the Statement of Operations in the period of change.

Class A Common Stock Subject to Possible Redemption

We account for our shares of Class A common stock subject to possible redemption in accordance with the guidance in Accounting Standards Codification ("ASC") Topic 480 "Distinguishing Liabilities from Equity." Shares of Class A common stock subject to mandatory redemption is classified as a liability instrument and is measured at fair value. Conditionally redeemable common stock (including 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 our control) is classified as temporary equity. At all other times, common stock is classified as stockholders' equity. Our common stock features certain redemption rights that are considered to be outside of our control and subject to occurrence of uncertain future events. Accordingly, the Class A common stock subject to possible redemption is presented as temporary equity, outside of the stockholders' equity section of our balance sheet.

Net Income (Loss) per Common Share

We apply the two-class method in calculating earnings per share. Net income per common share, basic and diluted for Class A common stock subject to possible redemption is calculated by dividing the proportionate share of earnings, net of applicable taxes, if any, by the weighted average number of shares of Class A common stock subject to possible redemption outstanding for the period. Net loss is allocated evenly on a pro rata basis between Class A and Class B on weighted average number of shares of common stock outstanding over the period. 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 per common share 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.

Recent accounting standards

In August 2020, the Financial Accounting Standards Board ("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) ("ASU 2020-06") to simplify accounting for certain financial instruments. ASU 2020-06 eliminates the current models that require separation of beneficial conversion and cash conversion features from convertible instruments and simplifies the derivative scope exception guidance pertaining to equity classification of contracts in an entity's own equity. The new standard also introduces additional disclosures for convertible debt and freestanding instruments that are indexed to and settled in an entity's own equity. ASU 2020-06 amends the diluted earnings per share guidance, including the requirement to use the if-converted method for all convertible instruments. ASU 2020-06 is effective January 1, 2022 for public business

entities that meet the definition of a Securities SEC filer, excluding entities eligible to be smaller reporting companies as defined by the SEC and should be applied on a full or modified retrospective basis, with early adoption permitted beginning on January 1, 2021. The Company has adopted the standard on January 1, 2022 and has assessed that it had no impact on the accounting of the Company.

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

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

As of December 31, 2022, we were not subject to any market or interest rate risk. Following the consummation of our initial public offering, and prior to June 2022, at which time the assets in the trust account were liquidated to thereafter be held in cash (as described previously in this report), the net proceeds of our initial public offering, including amounts in the trust account, were invested in U.S. government treasury bills, notes or bonds with a maturity of 185 days or less or in certain money market funds that invest solely in U.S. treasuries. Due to the short-term nature of these investments, there was no associated material exposure to interest rate risk.

Item 8. Consolidated Financial Statements and Supplementary Data.

This information appears following Item 15 of this Report and is included herein by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act 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 Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

As of December 31, 2022, as required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are not effective. The conclusion that our disclosure controls and procedures were not effective was due to the presence of material weaknesses in internal control over financial reporting with respect to improper accounting for accruals and accounting for complex financial instruments in accordance with U.S. GAAP. Management concluded that such disclosure controls and procedures are not effective.

To respond to this material weakness, we have devoted, and plan to continue to devote, significant effort and resources to the remediation and improvement of our internal control over financial reporting. While we have processes to identify and appropriately apply applicable accounting requirements, we plan to enhance these processes to better evaluate and understand the nuances of the complex accounting standards that apply to our financial statements. Our plans at this time include providing enhanced access to accounting literature, research materials and documents and increased communication among our personnel and third-party professionals with whom we consult regarding complex accounting applications. The elements of our remediation plan can only be accomplished over time, and we can offer no assurance that these initiatives will ultimately have the intended effects.

Management's Report on Internal Controls Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act as a process designed by, or under the supervision of, the Company's principal executive and principal financial officer and effected by the Company's Board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes not identified any estimates made in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Under the supervision and with the participation that involve a significant level of our management, including our principal executive and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on our evaluation, our management concluded that we did not maintain effective internal control over financial reporting as of December 31, 2022.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm due to a transition period established by rules of the SEC for "emerging growth companies".

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the most recent fiscal quarter that estimation uncertainty which have materially affected, had or are reasonably likely to materially affect, our internal control over have a material impact on the financial reporting. In light condition or results of operations.

Related Party Receivables

Related party receivables include fees to be reimbursed to Abacus from life expectancy reports, assisted physician services and escrow services incurred on policies that related party financing entities purchase as part of the restatement of our financial statements included in this Annual Report on Form 10-K, we plan to enhance our processes to identify and appropriately apply applicable accounting requirements to better evaluate and understand the nuances origination agreement with Abacus. Related party receivables are stated at their net realizable value. All of the complex accounting standards outstanding receivables of \$5,710 as of June 30, 2023 were collected in July, 2023. About 43% of fees due or \$175,194 as of December 31, 2022, were collected in January 2023. Abacus provides an allowance for doubtful accounts equal to the estimated collection losses that apply to our financial statements. Our plans at this time include providing enhanced access to accounting literature, research materials and documents and increased communication among our personnel and third-party professionals will be incurred in collection of all receivables. The estimated losses are based upon historical collection experience coupled with whom we consult regarding complex accounting applications. The elements of our remediation plan can only be accomplished over time, and we can offer no assurance that these initiatives will ultimately have the intended effects.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

MANAGEMENT

Officers and Directors

As of the date of this report, our officers and directors all exist receivables. Account balances are as follows:

Name	Age	Position
Terrence M. Pegula	71	Chairman, Chief Executive Officer and President
Gary L. Hagerman, Jr.	44	Chief Financial Officer and Treasurer
John P. Sieminski	64	General Counsel and Secretary
Adam Gusky	48	Chief Investment Officer
Jacob Long	35	Vice President, Operations
James S. Morrow	51	Director
William A. Fustos	65	Director
Thomas W. Corbett, Jr.	73	Director
Thomas A. Lopus	63	Director

Terrence M. Pegula, Chairman, Chief Executive Officer and President

Mr. Pegula currently serves as our Chairman, Chief Executive Officer and President. Mr. Pegula is one of the most experienced Chief Executive Officers in the Appalachian Basin, with over 40 years of success forming multiple oil & gas companies. Mr. Pegula has a proven operating and investing track record in the energy sector. In 2010, he sold assets of East Resources, Inc. to Royal Dutch Shell plc ("Shell") for \$4.7 billion. In 2014, he was the majority owner of assets sold by HG Energy, LLC ("HG Energy") to American Energy Partners, LP ("American Energy Partners") for \$1.75 billion. At the respective times that both divestitures occurred, East Resources, Inc. was not burdened with significant debt. Mr. Pegula has experience operating all segments of the value-chain, including upstream, midstream, processing and local distribution of company assets. Mr. Pegula is currently the Owner and Vice President of East Management Services, an affiliate of our Sponsor. Mr. Pegula also currently owns entities operating small assets in Texas, Colorado and Wyoming. Mr. and Ms. Pegula also own the Buffalo Sabres professional hockey team.

Mr. Pegula graduated from the Pennsylvania State University in 1973 with a degree in Petroleum. The potential for recovery is remote. There is no allowance for doubtful accounts as of June 30, 2023 or December 31, 2022.

Intangible Assets

Intangible assets are stated at cost, less accumulated amortization, and Natural Gas Engineering. In 2007 he was the recipient of the University's prestigious C. Drew Stahl Distinguished Achievement Award in Petroleum & Natural Gas Engineering. In 2011, he was appointed by Pennsylvania Governor Tom Corbett to his Marcellus Shale Advisory Commission and was also named Penn State's Philanthropist of the Year in recognition of his past support and capitalized costs incurred for the gift that provided the funds for the University to construct the Pegula Ice Arena and develop an NCAA Division I hockey program. In 2014 he received Penn State's Distinguished Alumni Award. In 2018 he was appointed by Pennsylvania Governor Tom Wolf to Penn State's Board of Trustees, on which he still serves. Finally, in 2020 he was appointed by the Department of Energy Secretary Dan Brouillette to serve on the National Petroleum Counsel. Mr. Pegula is well-qualified to serve on our Board due to his extensive experience in investment and management of oil and gas companies.

Gary L. Hagerman, Jr., Chief Financial Officer and Treasurer

Mr. Hagerman currently serves as our Chief Financial Officer and Treasurer. Gary served as a director from June 2020 to September 2021. Mr. Hagerman joined East Management Services, an affiliate of our Sponsor, in August of 2015 as the Chief Accounting Officer after spending the prior twelve years at Pittsburgh-based accounting firm Sobol Veltum & Associates working as the manager overseeing all audit and assurance, tax, and advisory services provided to the entities owned by Terrence and Kim Pegula. In January of 2018, he was promoted to Chief Financial Officer of East Management Services, JKLM Energy and all the other companies owned and operated by

the Pegulas. Mr. Hagerman holds a B.S. degree in Accounting from West Liberty State College and is a licensed CPA in Pennsylvania and West Virginia.

John P. Sieminski, General Counsel and Secretary

Mr. Sieminski currently serves as our General Counsel and Secretary. Mr. Sieminski joined East Resources, Inc. in April of 2008 as the company's first General Counsel after spending over seventeen years in private law practice with two law firms in Pittsburgh, Pennsylvania. Mr. Sieminski played key contract negotiation, due diligence and overall transactional administrative roles in East Resources, Inc.'s issuance of convertible debt instruments to Kohlberg Kravis & Roberts & Co. ("KKR") in 2009, with a deal value of \$330 million, the sale of East's Pennsylvania, New York, and Greater Rocky Mountain assets to Shell in 2010, and the sale of West Virginia and Ohio producing assets to affiliates of American Energy Partners in 2014 with a deal value \$1.75 billion. Mr. Sieminski has been involved

in the formation and management of multiple entities owned by Terrence and Kim Pegula in the areas of oil & gas, professional sports, investments, real estate, and entertainment. Mr. Sieminski is currently the General Counsel and Secretary of East Management Services, JKLM Energy and East Asset Management, all affiliates of our Sponsor. Mr. Sieminski received a B.A. in psychology from The Pennsylvania State University and a Juris Doctor from Duquesne University School of Law in Pittsburgh, where he was a member of the Law Review. He is actively involved in JKLM Energy's activities as an executive board member of the Marcellus Shale Coalition.

Adam Gusky, Chief Investment Officer

Mr. Gusky currently serves as our Chief Investment Officer. Mr. Gusky has served as the Chief Investment Officer of East Management Services, an affiliate of our Sponsor since the inception of East Management Services in 2010. At East Resources, Inc., Mr. Gusky was responsible for all financial due diligence for acquisitions, and he was in charge of the reserve-based lending facility. He also developed and implemented the corporate hedging strategy. Mr. Gusky currently serves on the Board of Directors of Rand Capital Corporation, a publicly traded business development company, where East Asset Management made a control investment. Mr. Gusky received his B.A. in History and his MBA from Duke University.

Jacob Long, Vice President, Operations

Mr. Long currently serves as our Vice President of Operations. Mr. Long has served as Operations Manager and Vice President of Operations for JKLM Energy, an affiliate of the Company, since January 2016, overseeing the development of 38 deep, high-pressured Utica wells in north-central Pennsylvania. Mr. Long concurrently managed internal use software. The costs incurred exclusively consist of fees incurred from an external consulting firm during the West Texas exploration program and legacy oil production in Colorado. Prior to JKLM Energy, Mr. Long worked at HG Energy in various management roles related to production, reservoir, and A&D evaluation for conventional and unconventional assets. He was also a part of the development stage of the team project and are subject to capitalization under ASC 350-40, Internal-Use Software. The software is amortized on the straight-line basis over an estimated useful life of 3 years. Abacus reviews definite-lived intangible assets and other long-lived assets for impairment at least annually or whenever an event occurs that indicates the carrying amount of an asset may not be recoverable. No impairment was recorded for the 2014 sale to American Energy Partners. Mr. Long holds a B.S. degree in Petroleum Engineering six months ended June 30, 2023 and year ended December 31, 2022.

Revenue Recognition

Abacus recognizes revenue from Marietta College.

James S. Morrow, Director

Mr. Morrow currently serves in origination activities by acting as a Director. Mr. Morrow is a provider of life settlements and viatical settlements representing investors that are interested in purchasing life settlements on the secondary or tertiary market. Revenue from origination services consists of fees negotiated for each purchase and sale of a veteran portfolio manager policy to an investor, which also include any agent and broker commissions received and the reimbursement of transaction costs.

Table of Contents

Abacus' revenue-generating arrangements are within the scope of Accounting Standards Codification ("ASC") 606, Revenue from Contracts with over 20 years of experience. Mr. Morrow has served as Chief Executive Officer of Callodine Capital Management, LP ("Callodine") since founding Callodine in 2018. Prior to Callodine, Mr. Morrow worked as a customer service representative for a life insurance company. Abacus originates life settlements policies with third parties that include settlement brokers, life insurance agents, and direct consumers or policyholders. Abacus then provides the administration services needed to this. Mr. Morrow spent 19 years at Fidelity Investments Inc. ("Fidelity") where he managed \$40 billion of assets across multiple equity-income strategies, including a \$3.5 billion energy portfolio. Prior to Fidelity, Mr. Morrow worked in distressed debt for Chase Manhattan Bank. Mr. Morrow received his Bachelor of Science in Finance from the University of Buffalo and his MBA from the University of Chicago. Mr. Morrow's extensive experience as an investment manager makes him well-qualified to serve on our Board.

William A. Fustos, Director

Mr. Fustos currently serves as a Director. Mr. Fustos has worked in the oil and gas industry for more than 35 years, first with Texaco as a reservoir engineer, and then with several independent oil companies. In 1994, he formed Fustos Energy Services, an engineering firm whose work included reservoir engineering consulting along with a contract well servicing business. In 1998, he joined East Resources, Inc. as Vice President of Operations.

eventually holding the position of Chief Operating Officer. As COO, Mr. Fustos's duties included supervision and oversight of all the operational and strategic activities of East Resources, Inc. He was elected a Director in 2009, transfer of the Marcellus Shale Coalition life settlement policies to investors in 2009, exchange for an industry

organization founded origination fee. Such transactions are entirely performed through an escrow agent. In these arrangements, the customer is the investor, and Abacus has a single performance obligation to lead originate a life settlement policy for the oil investor. The consideration transferred upon each policy is negotiated directly with the investor by Abacus and gas industry's regulatory and political efforts in Pennsylvania. He has served as chair of Penn State's Corporate Relations Subcommittee is dependent upon the College of Earth and Mineral Sciences' Development Council and in 2012 was policy death benefits held by each life settlement policy. The revenue is recognized when the recipient of Penn State's prestigious C. Drew Stahl Distinguished Achievement Award in Petroleum & Natural Gas Engineering. Since 2017, Mr. Fustos has served as a member performance obligation under the terms of the Board contracts with customers are satisfied. Abacus recognizes revenue from life settlement transactions when the closing has occurred and any right of Directors for HG Energy II, LLC, a large independent upstream oil rescission under applicable state law has expired (i.e., the customer obtains control over the policy and gas company based in Parkersburg, WV. Also since 2017, Mr. Fustos has served on the board of Penn Hills Resources, LLC. He graduated from Penn State in 1979 with a degree in Petroleum and Natural Gas Engineering and has been licensed as a Professional Engineer in the Commonwealth of Pennsylvania. Mr. Fustos is well-qualified to serve on our Board due to his extensive experience in the oil and gas industry and his service on the boards of several other oil and gas companies.

Thomas W. Corbett, Jr., Director

Mr. Corbett currently serves as a Director. Mr. Corbett has been the principal member of Corbett Consulting, LLC since 2015 and, from 2011 to 2015, served as the Governor of Pennsylvania. He has also served as the state's Attorney General and as the US Attorney for the Western District of Pennsylvania. Mr. Corbett received a B.A. in political science from Lebanon Valley College and a Juris Doctor from St. Mary's University Law School. He was a member of the board of directors for Composites Consolidation Company LLC from 2015 to 2016 and was a member of the board for Animal Friends of Pittsburgh until 2019. He currently serves on the board of the Variety Club, The Children's Charity Pittsburgh. Mr. Corbett is well-qualified to serve on our Board due to his extensive leadership and risk management experience, as well as his service on other public company boards.

Thomas A. Lopus, Director

Mr. Lopus currently serves as a Director. Mr. Lopus has worked in the oil and gas industry for 18 years in various roles. From June 2016 to June 2019, he served as the Director of Operations for Range Resources Corporation. He also served as a Senior Vice President - Oil & Gas Assets for Pardee Resources Company. Prior to that Mr. Lopus served as the Appalachian Business Manager for J-W Operating Company from January 2019 to December 2012. Mr. Lopus received a B.S. in Petroleum and Natural Gas Engineering from Penn State University. He was a member of the board of directors for Linn Energy from 2006 to 2008. In 2012, he was awarded the Industry Executive Leader award from the Northeast US Oil and Gas Awards and was a founding member of the Marcellus Shale Coalition from 2008 to 2016. Mr. Lopus is well-qualified to serve on our Board due to his extensive experience in the oil and gas industry.

Number and Terms of Office of Officers and Directors

We currently have seven directors. Our Board is divided into three classes with only one class of directors being elected in each year and each class (except for those directors appointed prior to our first annual meeting of stockholders) serving a three-year term. The term of office of the first class of directors, consisting of James S. Morrow, will expire at our first annual meeting of stockholders. The term of office of the second class of directors, consisting of Thomas A. Lopus and William A. Fustos, will expire at the second annual meeting of stockholders. The term of office of the third class of directors, consisting of Terrence M. Pegula and Thomas W. Corbett, Jr., will expire at the third annual meeting of stockholders.

Under our amended and restated certificate of incorporation, as amended, holders of our founder shares will have the right to elect all of our directors prior to consummation of our initial business combination use and holders of our public shares will not have obtain the benefits from the policy. While rescission periods may vary by state, most states grant the owner the right to vote on rescind the election contract before the earlier of directors during such time. These provisions 30 calendar days after the execution date of our amended and restated certificate of incorporation may only be amended if approved by holders of at least 90% of our outstanding common stock entitled to vote thereon. Subject to any other special rights applicable the contract or 15 calendar days after life settlement proceeds have been sent to the shareholders, any vacancies on our Board may be filled by the affirmative vote of a majority owner. Purchase and sale of the directors present policies generally occurs simultaneously, and voting at only the meeting of our board or by a majority of the holders of our founder shares.

Our officers fees received, including any agent and broker commissions and transaction costs reimbursed, are appointed by the Board recorded as gross revenue.

For agent and serve at the discretion of the Board, rather than for specific terms of office. Our Board is authorized to appoint persons to the offices set forth in our bylaws as it deems appropriate. Our bylaws provide that our officers may consist of one or more Chief Executive Officer, a Chief

Financial Officer, a Secretary broker commissions received and such other officers (including without limitation, a Chairman of the Board, Chief Operating Officer, Presidents, Vice Presidents, Partners, Managing Directors and Senior Managing Directors) and such other offices as may be determined by the Board.

Director Independence

NASDAQ listing standards require that a majority of our board of directors be independent. An "independent director" is defined generally as a person other than an officer or employee of the Company or its subsidiaries or any other individual having a relationship which in the opinion of the Company's board of directors, would interfere with the director's exercise of independent judgment in carrying out the responsibilities of a director. Our Board transaction costs reimbursed, Abacus has determined that William A. Fustos, Thomas A. Lopus and Thomas W. Corbett, Jr. they are independent directors. Our independent directors have regularly scheduled meetings at which only independent directors are present.

Officer and Director Compensation

None acting as the principal in the relationship as they maintain control of our officers or directors has received any cash compensation for the services rendered to us. No compensation being performed as part of any kind, including finder's and consulting fees, will be paid to our Sponsor, officers and directors, or any of their respective affiliates, for services rendered performance obligation prior to or facilitating the transfer of the life settlement policy to the investor.

While the origination fees are fixed amounts based on the face value of the policy death benefit, there is variable consideration present due to the owner's rescission right. When variable consideration is present in connection with a contract, Abacus estimates the completion amount of our initial business combination. However, these individuals will variable consideration to which it expects to be reimbursed for any out-of-pocket expenses incurred in connection with activities on our behalf such as identifying potential target businesses entitled at contract inception and performing due diligence on suitable business combinations. Additionally, in connection with again at each reporting period until the successful completion of our initial business combination, we may determine to provide a payment to our Sponsor, officers, directors, advisors or our or their affiliates; however any such payment would not be made from amount is known. Abacus applies the proceeds of our initial public offering held variable consideration constraint so that variable consideration is included in the trust account and we currently do not have any agreement or arrangement with any such party to do so. Our audit committee reviews on a quarterly basis all payments that were or are to be made to our Sponsor, officers or directors, or our or their affiliates.

After the completion of our initial business combination, directors or members of our management team who remain with us may be paid consulting or management fees from the combined company. All of these fees will be fully disclosed to stockholders, transaction price only to the extent then known, it is probable that a subsequent change in estimate will not result in a significant revenue reversal. While origination fees are variable due to the tender offer materials or proxy solicitation materials furnished rescission periods, given the that the rescission periods are relatively short in nature, Abacus has concluded that such fees are fully constrained until the rescission period lapses and thus records revenue at a fixed amount based on the face value of the policy death benefit after the rescission period is over.

New Accounting Pronouncements

See Note 2, Summary of Significant Accounting Policies, to our stockholders in connection with a proposed business combination. We have not established any limit on the amount of such fees that may be paid by the combined company to our directors or members of management. It is unlikely the amount of such compensation will be known at the time of the proposed business combination, because the directors of the post-combination business will be responsible consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not required for determining officer and director compensation. Any compensation to be paid to our officers will be determined, or recommended to the Board for determination, either by a compensation committee constituted solely by independent directors or by a majority of independent directors on our board of directors.

Following a business combination, to the extent we deem it necessary, we may seek to recruit additional managers to supplement the incumbent management team of the target business. We cannot assure you that we will have the ability to recruit additional managers, or that additional managers will have the requisite skills, knowledge or experience necessary to enhance the incumbent management.

Committees of the Board of Directors

Our Board has two standing committees: an audit committee and a compensation committee. Each committee operates under a charter approved by our board with the composition and responsibilities described below. The charter of each committee is available on our website.

Audit Committee

We have established an audit committee of the Board. William A. Fustos, Thomas A. Lopus and Thomas W. Corbett, Jr. serve as members of our audit committee. Under NASDAQ listing standards and applicable SEC rules, we are required to have at least three members of the audit committee, all of whom must be independent. Under NASDAQ listing standards and applicable SEC rules, our audit committee must have one independent member at the time of listing, a majority of independent members within 90 days of listing, and consist of all smaller reporting companies.

independent members within one year of listing. Mr. Fustos meets the independent director standard under NASDAQ's listing standard and under Rule 10A-3(b).

JOBS Act Election

Section 102(b)(1) of the Exchange JOBS Act and serves as chairman of the audit committee.

Each member of the audit committee exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, financially literate and our Board has determined those that Mr. Fustos qualifies as an "audit committee financial expert" as defined in applicable SEC rules.

We have adopted an audit committee charter, which details the principal functions of the audit committee, including:

- the appointment, compensation, retention, replacement, and oversight of the work of the independent auditors and any other independent registered public accounting firm engaged by us;
- pre-approving all audit and permitted non-audit services to be provided by the independent auditors not had a Securities Act registration statement declared effective or any other registered public accounting firm engaged by us, and establishing pre-approval policies and procedures;
- reviewing and discussing with the independent auditors all relationships the auditors have with us in order to evaluate their continued independence;
- setting clear hiring policies for employees or former employees of the independent auditors;
- setting clear policies for audit partner rotation in compliance with applicable laws and regulations;
- obtaining and reviewing a report, at least annually, from the independent auditors describing (i) the independent auditor's internal quality-control procedures and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm and any steps taken to deal with such issues;
- reviewing and approving any related party transaction required to be disclosed pursuant to Item 404 of Regulation S-K promulgated by the SEC prior to us entering into such transaction; and
- reviewing with management, the independent auditors, and our legal advisors, as appropriate, any legal, regulatory or compliance matters, including any correspondence with regulators or government agencies and any employee complaints or published reports that raise material issues regarding our financial statements or accounting policies and any significant changes in accounting standards or rules promulgated by the Financial Accounting Standards Board, the SEC or other regulatory authorities.

Compensation Committee

We have established a compensation committee of the Board. William A. Fustos and Thomas A. Lopus serve as members of our compensation committee. Under NASDAQ listing standards and applicable SEC rules, our compensation committee must have one independent member at the time of listing, a majority of independent members within 90 days of listing, and consist of all independent members within one year of listing. Mr. Fustos meets the independent director standard under NASDAQ listing standards, and will serve as chairman of the compensation committee.

We have adopted a compensation committee charter, which details the principal functions of the compensation committee, including:

- reviewing and approving on an annual basis the corporate goals and objectives relevant to our Chief Executive Officer's compensation, evaluating our Chief Executive Officer's performance in light of such goals and objectives and determining and approving the remuneration (if any) of our Chief Executive Officer based on such evaluation;
- reviewing and approving on an annual basis the compensation of all of our other officers;
- reviewing on an annual basis our executive compensation policies and plans;
- implementing and administering our incentive compensation equity-based remuneration plans;
- assisting management in complying with our proxy statement and annual report disclosure requirements;

- approving all special perquisites, special cash payments and other special compensation and benefit arrangements for our officers and employees;
- if required, producing a report on executive compensation to be included in our annual proxy statement; and
- reviewing, evaluating and recommending changes, if appropriate, to the remuneration for directors.

Notwithstanding the foregoing, as indicated above, no compensation of any kind, including finder's, consulting or other similar fees, will be paid to any of our existing stockholders, officers, directors or any of their respective affiliates, prior to, or for any services they render in order to complete the consummation of a business combination. Accordingly, it is likely that prior to the consummation of an initial business combination, the compensation committee will only be responsible for the review and recommendation of any compensation arrangements to be entered into in connection with such initial business combination.

The charter also provides that the compensation committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser and will be directly responsible for the appointment, compensation and oversight of the work of any such adviser. However, before engaging or receiving advice from a compensation consultant, external legal counsel or any other adviser, the compensation committee will consider the independence of each such adviser, including the factors required by NASDAQ and the SEC.

Director Nominations

We do not have a standing nominating committee. In accordance with Rule 5605(e)(2) of the NASDAQ Rules, a majority of the independent directors may recommend a director nominee for selection by the Board. The Board believes that the independent directors can satisfactorily carry out the responsibility of properly selecting or approving director nominees without the formation of a standing nominating committee. As we do not have a standing nominating committee, we do not have a nominating committee charter in place.

Our Board will consider candidates for nomination who have a high level of personal and professional integrity, strong ethics and values and the ability to make mature business judgments. In general, in identifying and evaluating nominees for director, our Board will also consider experience in corporate management such as serving as an officer or former officer of a publicly held company, experience as a board member of another publicly held company, professional and academic experience relevant to our business, leadership skills, experience in finance and accounting or executive compensation practices, whether candidate has the time required for preparation, participation and attendance at Board meetings and committee meetings, if applicable, independence and the ability to represent the best interests of our stockholders.

Compensation Committee Interlocks and Insider Participation

None of our officers currently serves, and in the past year none of them has served, as a member of the compensation committee of any entity that has one or more officers serving on our Board.

Code of Ethics

We have adopted a Code of Ethics applicable to our directors, officers and employees. The Code of Ethics will be available on our website <https://www.eastresources.com>. We will also post any amendments to or waivers of our Code of Ethics on our website.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act, as amended, requires our officers, directors and persons who beneficially own more than ten percent of our common stock to file reports of ownership and changes in ownership with the SEC. These reporting persons are also required to furnish us with copies of all Section 16(a) forms they file. Based solely upon a review of such forms, we believe that all reporting requirements for fiscal year 2022 were complied with by each person who at any time during the 2022 fiscal year was a director or an executive officer or held more than 10% of our common stock, except for the following: Mr. Gusky filed a Form 4 approximately 17 months late on November 2, 2022.

Corporate Governance Guidelines

Our Board has adopted corporate governance guidelines in accordance with the corporate governance rules of NASDAQ that serve as a flexible framework within which our Board and its committees operate. These guidelines cover a number of areas including board membership criteria and director qualifications, director responsibilities, board agenda, roles of the Chairman of the board, Chief Executive Officer and presiding director, meetings of independent directors, committee responsibilities and assignments, board member access to management and independent advisors, director communications with third parties, director compensation, director orientation and continuing education, evaluation of senior management and management succession planning. A copy of our corporate governance guidelines is posted on our website.

Conflicts of Interest

JKLM Energy may compete with us for acquisition opportunities. If JKLM Energy decides to pursue any such opportunity, we may be precluded from procuring such opportunities. In addition, investment ideas generated within JKLM Energy may be suitable for both us and for JKLM Energy and may be pursued by JKLM Energy rather than by us. Neither JKLM Energy nor members of our board of directors who are also employed by JKLM Energy have any obligation to present us with any opportunity for a potential business combination of which they become aware. Members of our management, in their capacities as management of JKLM Energy or in their other endeavors, may be required to present potential business combinations to JKLM Energy or third parties, before they present such opportunities to us.

Certain of our officers and directors presently have, and any of them in the future may have additional, fiduciary or contractual obligations to other entities pursuant to which such officer or director is or will be required to present business combination opportunities to such entity. Accordingly, in the future, if any of our officers or directors becomes aware of a business combination opportunity which is suitable for an entity to which he or she has then-current fiduciary or contractual obligations, he or she will honor his or her fiduciary or contractual obligations to present such opportunity to such entity. We do not believe, however, that any fiduciary duties or contractual obligations of our officers arising in the future would materially undermine our ability to complete our business combination. Our amended and restated certificate of incorporation provides that we renounce our interest in any corporate opportunity offered to any director or officer unless such opportunity is expressly offered to such person solely in his or her capacity as a director or officer of our Company and such opportunity is one we are legally and contractually permitted to undertake and would otherwise be reasonable for us to pursue.

Our Board has consented to the participation of our officers and directors in the formation of, or becoming an officer or director of, any other special purpose acquisition company with a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act prior provides that an emerging growth company can elect to our entering into 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.

[Table of Contents](#)

[Table of Contents](#)

The Company has irrevocably elected to opt out of such extended transition period, which means that when a definitive agreement regarding our initial business combination.

Notwithstanding standard is issued or revised and it has different application dates for public or private companies, the foregoing, we may pursue an acquisition opportunity jointly with our Sponsor, or one or more of its affiliates, which we refer to Company, as an "Affiliated Joint Acquisition." Such entities may co-invest with us in emerging growth company, will adopt the target business new or revised standard at the time of our initial business combination, public companies adopt the new or we could raise additional proceeds to complete the acquisition by issuing to such entity a class of equity or equity-linked securities. Each of our officers and directors presently has, and any of them in the future, may have additional fiduciary or contractual obligations to other entities pursuant to which such officer or director is or will be required to present a business combination opportunity to such entity. Accordingly, if any of our officers or directors becomes aware of a business combination opportunity which is suitable for an entity to which he or she has then-current fiduciary or contractual obligations, he or she will honor his or her fiduciary or contractual obligations to present such opportunity to such other entity.

We do not believe, however, that the fiduciary duties or contractual obligations of our officers or directors will materially affect our ability to complete our business combination. In addition, we may pursue an Affiliated Joint Acquisition opportunity with an entity to which an officer or director has a fiduciary or contractual obligation. Any such entity may co-invest with us in the target business at the time of our initial business combination, or we could raise additional proceeds to complete the acquisition by issuing to such entity a class of equity or equity-linked securities. Our amended and restated certificate of incorporation provides that we renounce our interest in any corporate opportunity offered to any director or officer unless such opportunity is expressly offered to such person solely in his or her capacity as a director or officer of our Company and such opportunity is one we are legally and contractually permitted to undertake and would otherwise be reasonable for us to pursue. In addition, the Company and its affiliates, including our officers and directors who are affiliated with the Company, may sponsor or form other blank check companies similar to ours during the period in which we are seeking an initial business combination. Any such companies may present additional conflicts of interest in pursuing an acquisition target. However, we do not believe that any such potential conflicts would materially affect our ability to complete our initial business combination.

Potential investors should also be aware of the following other potential conflicts of interest:

- None of our officers or directors is required to commit his or her full time to our affairs in particular and, accordingly, each of them may have conflicts of interest in allocating his or her time among various business activities.

- In the course of their other business activities, our officers and directors may become aware of investment and business opportunities which may be appropriate for presentation to us as well as the other entities with which they are affiliated. Our officers and directors may have conflicts of interest in determining to which entity a particular business opportunity should be presented.
- Our Sponsor, officers and directors have agreed to waive their redemption rights with respect to any founder shares and any public shares held by them in connection with the consummation of our initial business combination. Additionally, our Sponsor, officers and directors have agreed to waive their redemption rights with respect to any founder shares held by them if we fail to consummate our initial business combination within 36 months after the closing of our initial public offering. If we do not complete our initial business combination within such applicable time period, the proceeds of the sale of the private placement warrants held in the trust account will be used to fund the redemption of our public shares, and the private placement warrants will expire worthless. With certain limited exceptions, the founder shares will not be transferable, assignable by our Sponsor until the earlier of: (A) one year after the completion of our initial business combination or (B) subsequent to our initial business combination, (x) if the last sale price of our Class A common stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after our initial business combination, or (y) the date on which we complete a liquidation, merger, capital stock exchange, reorganization or other similar transaction that results in all of our stockholders having the right to exchange their shares of common stock for cash, securities or other property. With certain limited exceptions, the private placement warrants and the Class A common stock underlying such warrants, will not be transferable, assignable or salable by our Sponsor or its permitted transferees until 30 days after the completion of our initial business combination. Since our Sponsor and officers and directors may directly or indirectly own common stock and warrants following our initial public offering, our officers and directors may have a conflict of interest in determining whether a particular target business is an appropriate business with which to complete our initial business combination.
- Our officers and directors may have a conflict of interest with respect to evaluating a particular business combination if the retention or resignation of any such officers and directors was included by a target business as a condition to any agreement with respect to our initial business combination.
- Our Sponsor, officers or directors may have a conflict of interest with respect to evaluating a business combination and financing arrangements as we may obtain loans from our Sponsor or an affiliate of

our Sponsor or any of our officers or directors to finance transaction costs in connection with an intended initial business combination.

A fulsome discussion of the interests that our Sponsor, officers and directors have in our proposed Business Combination is set forth in the Proxy Statement filed with the SEC and which will be distributed to our stockholders in advance of the special meeting to be held in connection with the proposed Business Combination.

The conflicts described above may not be resolved in our favor.

In general, officers and directors of a corporation incorporated under the laws of the State of Delaware are required to present business opportunities to a corporation if:

- the corporation could financially undertake the opportunity;
- the opportunity is within the corporation's line of business; and
- it would not be fair to our Company and its stockholders for the opportunity not to be brought to the attention of the corporation.

Accordingly, as revised standard. As a result, of multiple business affiliations, our officers and directors may have similar legal obligations relating to presenting business opportunities meeting the above-listed criteria to multiple entities. Furthermore, our amended and restated certificate of incorporation provides that we renounce our interest in any corporate opportunity offered to any director or officer unless such opportunity is expressly offered to such person solely in his or her capacity as a director or officer of our Company and such opportunity is one we are legally and contractually permitted to undertake and would otherwise be reasonable for us to pursue, and to the extent the director or officer is permitted to refer that opportunity to us without violating another legal obligation.

We are not prohibited from pursuing an initial business combination with a company that is affiliated with our Sponsor, officers or directors, subject to certain approvals and consents. In the event we seek to complete our initial business combination with such a company, we, or a committee of independent directors, would obtain an opinion from an independent investment banking firm which is a member of FINRA, or from an independent accounting firm, that such an initial business combination is fair to our company from a financial point of view.

We cannot assure you that any of the above mentioned conflicts will be resolved in our favor.

In the event that we submit our initial business combination to our public stockholders for a vote, our Sponsor has agreed to vote any founder shares held by it and any public shares purchased during or after the offering in favor of our initial business combination and our officers and directors have also agreed to vote any public shares purchased during or after the offering in favor of our initial business combination.

Limitation on Liability and Indemnification of Officers and Directors

Our amended and restated certificate of incorporation, as amended, provides that our officers and directors will be indemnified by us to the fullest extent authorized by Delaware law, as it now exists or may in the future be amended. In addition, our amended and restated certificate of incorporation provides that our directors will not be personally liable for monetary damages to us or our stockholders for breaches of their fiduciary duty as directors, unless they violated their duty of loyalty to us or our stockholders, acted in bad faith, knowingly or intentionally violated the law, authorized unlawful payments of dividends, unlawful stock purchases or unlawful redemptions, or derived an improper personal benefit from their actions as directors.

We will enter into agreements with our officers and directors to provide contractual indemnification in addition to the indemnification provided for in our amended and restated certificate of incorporation. Our bylaws also will permit us to secure insurance on behalf of any officer, director or employee for any liability arising out of his or her actions, regardless of whether Delaware law would permit such indemnification. We will purchase a policy of directors' and officers' liability insurance that insures our officers and directors against the cost of defense, settlement or payment of a judgment in some circumstances and insures us against our obligations to indemnify our officers and directors.

These provisions may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against officers and directors, even though such an action, if successful, might otherwise benefit us and our stockholders. Furthermore, a stockholder's investment may be adversely affected to the extent we pay the costs of settlement and damage awards against officers and directors pursuant to these indemnification provisions.

We believe that these provisions, the directors' and officers' liability insurance and the indemnity agreements are necessary to attract and retain talented and experienced officers and directors.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 11. Executive Compensation.

Compensation Discussion and Analysis

None of our officers or directors has received any cash compensation for services rendered to us. No compensation of any kind, including finder's and consulting fees, will be paid to our Sponsor, officers and directors, or any of their respective affiliates, for services rendered prior to or in connection with the completion of our initial business combination. However, these individuals will be reimbursed for any out-of-pocket expenses incurred in connection with activities on our behalf such as identifying potential target businesses and performing due diligence on suitable business combinations. Additionally, in connection with the successful completion of our initial business combination, we may determine to provide a payment to our Sponsor, officers, directors, advisors or our or their affiliates; however any such payment would not be made from the amounts held in the trust account and we currently do not have any agreement or arrangement with any such party to do so. Our audit committee will review on a quarterly basis all payments that were or are to be made to our Sponsor, officers or directors, or our or their affiliates.

After the completion of our initial business combination, directors or members of our management team who remain with us may be paid consulting or management fees from the combined company. All of these fees will be fully disclosed to stockholders, to the extent then known, in the tender offer materials or proxy solicitation materials furnished to our stockholders in connection with a proposed business combination. We have not established any limit on the amount of such fees that may be paid by the combined company to our directors or members of management. It is unlikely the amount of such compensation will be known at the time of the proposed business combination, because the directors of the post-combination business will be responsible for determining officer and director compensation. Any compensation to be paid to our officers will be determined, or recommended to the Board for determination, either by a compensation committee constituted solely by independent directors or by a majority of independent directors on our Board.

Following a business combination, to the extent we deem it necessary, we may seek to recruit additional managers to supplement the incumbent management team of the target business. We cannot assure you that we will have the ability to recruit additional managers, or that additional managers will have the requisite skills, knowledge or experience necessary to enhance the incumbent management.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth information regarding the beneficial ownership of our common stock as of April 17, 2023 based on information obtained from the persons named below, with respect to the beneficial ownership of shares of our common stock, by:

- each person known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock;
- each of our officers and directors upon completion of our initial public offering who beneficially owns shares of our common stock; and
- all our officers and directors upon completion of our initial public offering as a group.

Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them.

Name and Address of Beneficial Owner ⁽¹⁾	Class A		Class B		Approximate Percentage of Outstanding Common Stock
	Common Stock	Common Stock	Common Stock	Common Stock	
	Number of Shares Beneficially Owned ⁽²⁾	Approximate Percentage of Class	Number of Shares Beneficially Owned ⁽²⁾	Approximate Percentage of Class	
Terrence M. Pegula	—	—	8,615,000	99.88%	75%
Gary L. Hagerman, Jr.	1,000	*	—	—	—
John P. Sieminski	2,500	*	—	—	—
James S. Morrow	—	—	—	—	—
William A. Fustos	22,000	*	—	—	—
Thomas W. Corbett, Jr.	—	—	10,000	*	*
Benjamin Wingard	4,000	*	—	—	*
Jacob Long	5,000	*	—	—	*
Adam Gusky	2,452	*	—	—	*
All officers and directors as a group (10 individuals)	36,952	1.29%	8,625,000	100%	75%
East Sponsor, LLC ⁽³⁾	—	—	8,615,000	99.88%	75%

* less than 1%.

(1) Unless otherwise noted, the business address of each of the following entities or individuals is c/o East Resources Acquisition Company, 7777 NW Beacon Square Boulevard, Boca Raton, Florida 33487.

(2) Interests shown consist solely of founder shares, classified as shares of Class B common stock. Such shares are convertible into shares of Class A common stock on a one-for-one basis, subject to adjustment.

(3) East Sponsor, LLC is the record holder of the shares reported herein. East Asset Management, LLC is the managing member of East Sponsor, LLC, and Terrence M. Pegula and Kim S. Pegula are the managing members of East Asset Management, LLC. As such, they may be deemed to have or share beneficial ownership of the Class B common stock held directly by East Sponsor, LLC. Each such person disclaims any beneficial ownership of the reported shares other than to the extent of any pecuniary interest they may have therein, directly or indirectly.

Changes in Control

None.

Item 13.Certain Relationships and Related Transactions, and Director Independence.

Certain Relationships and Related Party Transactions

In June 2020, our Sponsor acquired 8,625,000 founder shares for an aggregate purchase price of \$25,000. Prior to the initial investment in the Company of \$25,000 by our Sponsor, we had no assets, tangible or intangible. The number of founder shares issued was determined based on the expectation that such founder shares would represent 20% of the outstanding shares upon completion of our initial public offering. If we increase or decrease the size of the offering, we will effect a stock dividend or a share contribution back to capital or other appropriate mechanism, as applicable, with respect to our Class B common stock immediately

prior to the consummation of the offering in such amount as to maintain **Business Combination**, the ownership of our initial stockholders at 20% of the issued and outstanding shares of our common stock upon the consummation of our initial public offering. In July 2020, our

Sponsor transferred 10,000 founder shares to Thomas W. Corbett, Jr., one of our independent director nominees, at their original purchase price. Up to an aggregate of 1,125,000 founder shares are subject to forfeiture by our Sponsor depending **Company will comply with new or revised accounting standards** on the extent to relevant dates on which the underwriters' overallotment option is exercised. The founder shares (including the Class A common stock issuable upon exercise thereof) may not, subject to certain limited exceptions, be transferred, assigned or sold by the holder.

In July and August of 2020, our Sponsor purchased an aggregate of 8,900,000 private placement warrants at a price of \$1.00 per warrant, in a private placement. Each private placement warrant entitles the holder to purchase one share of our Class A common stock at \$11.50 per share. The private placement warrants (including the Class A common stock issuable upon exercise thereof) may not, subject to certain limited exceptions, be transferred, assigned or sold by the holder.

Following the closing of our initial public offering, certain employees of JKLM Energy and East Management Services, each an affiliate of our Sponsor, provide us with services related to the identification and pursuit of business combination opportunities, for which we reimburse JKLM Energy and East Management Services based on a fixed fee to be negotiated separately, plus reimbursement of expenses actually incurred.

Other than these fees, which are subject to negotiation, no compensation of any kind, including finder's and consulting fees, will be paid to our Sponsor, officers and directors, or any of their respective affiliates, for services rendered prior to or in connection with the completion of an initial business combination. However, these individuals will be reimbursed for any out-of-pocket expenses incurred in connection with activities on our behalf, including with respect to our formation and initial public offering and to identifying potential target businesses and performing due diligence on suitable business combinations. Additionally, in connection with the successful completion of our initial business combination, we may determine to provide a payment to our Sponsor, officers, directors, advisors or our or their affiliates; however any such payment would not be made from the proceeds of our initial public offering held in the trust account and we currently do not have any agreement or arrangement with any such party to do so. Our audit committee will review on a quarterly basis all payments that were or are to be made to our Sponsor, officers, directors or our or their affiliates. There is no cap or ceiling on the reimbursement of out-of-pocket expenses incurred by such persons in connection with activities on our behalf.

In addition, in order to finance transaction costs in connection with an intended initial business combination, our Sponsor or an affiliate of our Sponsor or certain of our officers and directors may, but are not obligated to, loan us funds as may be required. If we complete an initial business combination, we would repay such loaned amounts. In the event that the initial business combination does not close, we may use a portion of the working capital held outside the trust account to repay such loaned amounts but no proceeds from our trust account would be used for such repayment. As of April 17, 2023, our Sponsor has loaned to us an aggregate of \$3,000,000 for working capital purposes. The working capital loan does not bear interest and is repayable in full upon consummation of a business combination. If we do not complete a business combination, the working capital loan need not be repaid and all amounts owed under it will be forgiven. 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. We do not expect to seek loans from parties other than our Sponsor or an affiliate of our Sponsor as we do not believe third parties will be willing to loan such funds and provide a waiver against any and all rights to seek access to funds in our trust account.

In connection with our initial public offering, we entered into a forward purchase agreement pursuant to which East Asset Management had agreed to purchase an aggregate of up to 5,000,000 forward purchase units, consisting of the forward purchase shares and the forward purchase warrants, for \$10.00 per unit, or an aggregate maximum amount of \$50,000,000, in a private placement that would close simultaneously with the closing of our initial business combination. Pursuant to the termination agreement, dated December 2, 2022, by and between the Company and our Sponsor, the forward purchase agreement was terminated and is of no further effect. The parties agreed that no payments or deliveries are due by either party in respect of the forward purchase agreement.

On July 25, 2022, in connection with the First Extension Amendment Proposal, we entered into the First Extension Note with our Sponsor, and on January 23, 2023, in connection with the Second Extension Amendment Proposal, we entered into the Second Extension Note with our Sponsor. Pursuant to the First

Extension Note, the Sponsor agreed that it will contribute to us as a loan (each loan being referred to herein as a "Contribution") of \$0.033 for each Public Share that was not redeemed in connection with the stockholder vote to approve the First Extension Amendment Proposal, for each month until the earlier of (i) the date of the special meeting held in connection with the stockholder vote to approve a business combination and (ii) January 27, 2023 if we failed to complete a business combination by such date. Pursuant to the Second Extension Note, the Sponsor agreed that it will make a Contribution of \$0.033 for each Public Share that was not redeemed in connection with the stockholder vote to approve the Second Extension Amendment Proposal, for each month until the earlier of (i) the date of the special meeting held in connection with the stockholder vote to approve a business combination and (ii) July 27, 2023 if we fail to complete a business combination by such date. As of April 17, 2023, there was a balance of \$1,924,356 under the First Extension Note and a balance of \$565,497 under the Second Extension Note.

The Extension Notes do not bear interest and are repayable in full upon the earlier of (i) the date of the consummation of our initial business combination and (ii) the date of our liquidation. At any time prior to payment in full of the principal balance of the First Extension Note, the holder of the First Extension Note (or a permitted assignee) will have the option, but not the obligation, to convert up to \$1,500,000 of the unpaid principal balance of the First Extension Note into that number of warrants, each whole warrant exercisable for one share of our Class A common stock equal to the principal amount of the First Extension Note so converted divided by \$1.50. At any time prior to payment in full of the principal balance of the Second Extension Note, the holder of the Second Extension Note (or a permitted assignee) will have the option, but not the obligation, to convert up to \$500,000 of the unpaid principal balance of the Second Extension Note into that number of warrants, each whole warrant exercisable for one share of our Class A Common Stock, equal to the principal amount of the Second Extension Note so converted divided by \$1.50. The terms of the warrants resulting from conversion of the Extension Notes will be identical to the terms of the private placement warrants.

Our Sponsor will have the sole discretion whether to continue extending for additional months, and if it determines not to continue extending for additional months, its obligation to make additional Contributions will terminate. If this occurs, we would wind up our affairs and redeem 100% of the outstanding Class A common stock in accordance with the procedures set forth in our charter. The maturity date of the Extension Notes may be accelerated upon the occurrence of an Event of Default (as defined therein). We may prepay any outstanding principal under the Extension Notes at any time, at our election and without penalty, provided, however, our Sponsor shall have a right to first convert such principal balance as described in Section 17 of the Extension Notes upon notice adoption of such prepayment. If a business combination standards is not completed required for non-emerging growth companies.

Item 8. Financial Statements and we liquidate, there will not be sufficient assets to repay the Extension Notes and they will be worthless.

After our initial business combination, directors or members of our management team who remain with us may be paid consulting, management or other fees from the combined company with any and all amounts being fully disclosed to our stockholders, to the extent then known, in the tender offer or proxy solicitation materials, as applicable, furnished to our stockholders. It is unlikely the amount of such compensation will be known at the time of distribution of such tender offer materials or at the time of a stockholder meeting held to consider our initial business combination, as applicable, as it will be up to the directors of the post-combination business to determine executive and director compensation.

Pursuant to a registration rights agreement with our initial stockholders, we may be required to register certain securities for sale under the Securities Act. These holders, and holders of warrants issued upon conversion of working capital loans, if any, are entitled under the registration rights agreement to make up to three demands that we register certain of our securities held by them for sale under the Securities Act and to have the securities covered thereby registered for resale pursuant to Rule 415 under the Securities Act. In addition, these holders have the right to include their securities in other registration statements filed by us. However, the registration rights agreement provides that we will not permit any registration statement filed under the Securities Act to become effective until the securities covered thereby are released from their lock-up restrictions, as described herein. We will bear the costs and expenses of filing any such registration statements.

Related Person Transaction Policy

We have adopted a written policy relating to the approval of related person transactions. A "related person transaction" is a transaction or arrangement or series of transactions or arrangements in which we participate

Supplementary Data

(whether or not we are a party) and a related person has a direct or indirect material interest in such transaction. Our audit committee will review and approve or ratify all relationships and related person transactions between us and (i) our directors, director nominees or executive officers, (ii) any record or beneficial owner of 5% or more of our common stock or (iii) any immediate family member of any person specified in (i) and (ii). The audit committee will review all related person transactions and, where the audit committee determines that such transactions are in our best interests, approve such transactions in advance of such transaction being given effect.

As set forth in the related person transaction policy, in the course of its review and approval or ratification of a related party transaction, the audit committee will, in its judgment, consider in light of the relevant facts and circumstances whether the transaction is, or is not inconsistent with, our best interests, including consideration of various factors enumerated in the policy.

Any member of the audit committee who is a related person with respect to a transaction under review will not be permitted to participate in the discussions or approval or ratification of the transaction. Our policy also includes certain exceptions for transactions that need not be reported and provides the audit committee with the discretion to pre-approve certain transactions.

To further minimize conflicts of interest, we have agreed not to consummate an initial business combination with an entity that is affiliated with any of our Sponsor, officers or directors unless we, or a committee of independent directors, have obtained an opinion from an independent investment banking firm which is a member of FINRA or an independent accounting firm that our initial business combination is fair to our company from a financial point of view. Furthermore, no finder's fees, reimbursements or cash payments will be made to our Sponsor, officers or directors, or our or their affiliates, for services rendered to us prior to or in connection with the completion of our initial business combination. However, the following payments will be made to our Sponsor, officers or directors, or our or their affiliates, none of which will be made from the proceeds of our initial public offering held in the trust account prior to the completion of our initial business combination:

Reimbursement for any out-of-pocket expenses related to our formation and initial public offering and to identifying, investigating and completing an initial business combination; and

Repayment of loans which may be made by our Sponsor or an affiliate of our Sponsor or certain of our officers and directors to finance transaction costs in connection with an intended initial business combination, the terms of which have not been determined nor have any written agreements been executed with respect thereto. Up to \$2,000,000 of such loans may be convertible into warrants, at a price of \$1.50 per warrant at the option of the lender.

Our audit committee will review on a quarterly basis all payments that were made to our Sponsor, officers or directors, or our or their affiliates.

Item

14. Principal

Accountant

Fees and

Services.

The following is a summary of fees paid or to be paid to Marcum LLP, or Marcum, for services rendered.

Audit Fees. Audit fees consist of fees billed for professional services rendered for the audit of our year-end financial statements and services that are normally provided by Marcum in connection with regulatory filings. The aggregate fees billed by Marcum for professional services rendered for the audit of our annual financial statements, review of the financial information included in our Forms 10-Q for the respective periods and other required filings with the SEC for the years ending 2022 and 2021 totaled \$171,866 and \$62,110, respectively.

Audit-Related Fees. Audit-related services consist of fees billed for assurance and related services that are reasonably related to performance of the audit or review of our financial statements and are not reported under "Audit Fees." These services include attest services that are not required by statute or regulation and consultations concerning financial accounting and reporting standards. We did not pay Marcum for consultations concerning financial accounting and reporting standards for the period from May 22, 2020 (inception) through December 31, 2021.

Tax Fees. We did not pay Marcum for tax planning and tax advice for the years ended December 31, 2022 and 2021.

All Other Fees. We did not pay Marcum for other services for the years ended December 31, 2022 and 2021.

Pre-Approval Policy

Our audit committee was formed upon the consummation of our initial public offering. As a result, the audit committee did not pre-approve all of the foregoing services, although any services rendered prior to the formation of our audit committee were approved by our board of directors. Since the formation of our audit committee, and on a going-forward basis, the audit committee has and will pre-approve all auditing services and permitted non-audit services to be performed for us by our auditors, including the fees and terms thereof (subject to the de minimis exceptions for non-audit services described in the Exchange Act which are approved by the audit committee prior to the completion of the audit).

PART IV

Item 15.

Exhibits, Financial Statement Schedules.

(a) Statements The following documents are filed as part of this Form 10-K:

(1) **Financial Statements:**

	<u>Page</u>
Report of Independent Registered Public Accounting Firm (PCAOB ID # 688) #248	F-1
Financial Statements of Abacus Life, Inc.	

<u>Consolidated Balance Sheets</u>	F 2
<u>Consolidated Statements of Operations and Comprehensive Income</u>	F 3
<u>Consolidated Statements of Changes in Stockholders' Deficit/Stockholders' Equity</u>	F 4
<u>Consolidated Statements of Cash Flows</u>	F 5
<u>Notes to Consolidated Financial Statements</u>	F 6

(2) **Financial Statement Schedules:**

None.

(3) **Exhibits**

The exhibits listed in the following index are filed, furnished, or incorporated by reference as part of this Annual Report on Form 10-K.

Item 16. Form 10-K Summary

None.

Exhibit Index

Exhibit Number	Description
1.1	<u>Underwriting Agreement, dated July 23, 2020, between the Company and Wells Fargo Securities, LLC, as representative Financial Statements of the several underwriters (incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on July 27, 2020).</u>

2.1	Agreement and Plan of Merger, dated as of August 30, 2022, by and among East Resources Acquisition Company, LMA Merger Sub, LLC, Abacus Merger Sub, LLC, Longevity Market Assets, LLC and Abacus Settlements LLC (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on August 30, 2022) (as predecessor)	First Amendment to Agreement and Plan of Merger, dated as of October 14, 2022, by and among East Resources Acquisition Company, LMA Merger Sub, LLC, Abacus Merger Sub, LLC, Longevity Market Assets, LLC and Abacus Settlements, LLC (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on October 14, 2022)
2.2		
3.1	Amended and Restated Certificate of Incorporation of East Resources Acquisition Company, dated July 23, 2020 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on July 27, 2020)	
3.2	Amendment to the Amended and Restated Certificate of Incorporation of East Resources Acquisition Company, dated July 25, 2022 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on July 25, 2022)	
3.3	Amendment to the Amended and Restated Certificate of Incorporation of East Resources Acquisition Company, dated January 23, 2023 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on January 23, 2023)	
3.4	Bylaws of East Resources Acquisition Company (incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form S-1 (File No. 333-239677) filed with the SEC on July 2, 2020)	
4.1	Specimen Unit Certificate (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1 (File No. 333-239677) filed with the SEC on July 2, 2020)	
4.2	Specimen Class A Common Stock Certificate (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-1 (File No. 333-239677) filed with the SEC on July 2, 2020)	
4.3	Specimen Warrant Certificate (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-1 (File No. 333-239677) filed with the SEC on July 2, 2020)	
4.4	Warrant Agreement, dated July 23, 2020 between East Resources Acquisition Company and Continental Stock Transfer & Trust Company, as warrant agent (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on July 27, 2020)	
4.5	Description of Securities of East Resources Acquisition Company (incorporated by reference to Exhibit 4.5 to the Company's Annual Report on Form 10-K filed with the SEC on March 26, 2021)	
10.1	Letter Agreement, dated July 23, 2020, among the Company, its officers and directors and the Sponsor (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on July 27, 2020)	

10.2	Investment Management Trust Agreement, dated July 21, 2020, between the Company and Continental Stock Transfer & Trust Company, as trustee (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on July 27, 2020)
10.3	Registration Rights Agreement, dated July 23, 2020, among the Company and certain security holders named therein (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on July 27, 2020)

Exhibit Number	Description
10.4	Indemnity Agreement, dated July 23, 2020, between the Company and Terrence M. Pegula (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on July 27, 2020)
10.5	Indemnity Agreement, dated July 23, 2020, between the Company and Gary L. Hagerman, Jr. (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on July 27, 2020)
10.6	Indemnity Agreement, dated July 23, 2020, between the Company and John P. Sieminski (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on July 27, 2020)
10.7	Indemnity Agreement, dated July 23, 2020, between the Company and Adam Gusky (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on July 27, 2020)
10.8	Indemnity Agreement, dated July 23, 2020, between the Company and Jacob Long (incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on July 27, 2020)
10.9	Indemnity Agreement, dated July 23, 2020, between the Company and James S. Morrow (incorporated by reference to Exhibit 10.10 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on July 27, 2020)
10.10	Indemnity Agreement, dated July 23, 2020, between the Company and William A. Fustos (incorporated by reference to Exhibit 10.12 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on July 27, 2020)
10.11	Indemnity Agreement, dated July 23, 2020, between the Company and Thomas W. Corbett, Jr. (incorporated by reference to Exhibit 10.14 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on July 27, 2020)
10.12	Indemnity Agreement, dated September 16, 2021, between the Company and Thomas A. Lopus (incorporated by reference to Exhibit 10.1 to the Company's quarterly report on Form 10-Q (File No. 001-39403) filed with the SEC on February 28, 2022)
10.13	Business Services Agreement, by and between the Company and JKLM Energy, LLC dated as of November 30, 2020 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on December 1, 2020)
10.14	Business Services Agreement, by and between the Company and East Management Services, LP dated as of November 30, 2020 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on December 1, 2020)
10.15	Promissory Note, dated July 25, 2022, issued to East Sponsor, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on July 25, 2022)
10.16	Promissory Note, dated January 23, 2023, issued to East Sponsor, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on January 23, 2023)
10.17*	Promissory Note, dated November 10, 2022, issued to East Sponsor, LLC
10.18*	Amended and Restated Promissory Note, dated January 31, 2023, issued to East Sponsor, LLC
10.19	Sponsor Support Agreement, dated as of August 30, 2022, by and among East Resources Acquisition Company, Longevity Market Assets, LLC, Abacus Settlements, LLC and East Sponsor, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on August 30, 2022)

Exhibit Number	Description
10.20	Company Support Agreement, dated as of August 30, 2022, by and among East Resources Acquisition Company, Longevity Market Assets, LLC, Abacus Settlements, LLC and the other parties signatory thereto (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on August 30, 2022)
31.1*	Certification of Principal Executive Officer 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

31.2*	Certification of Principal Financial Officer 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.
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page for the Company's Annual Report on Form 10-K for the year ended December 31, 2022, has been formatted in Inline XBRL and contained in Exhibit 101.

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: April 17, 2023	By: <u>Terrence M. Pegula</u>	East Resources Acquisition Company
		Terrence M. Pegula
		Chief Executive Officer and President
Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.		
Name	Title	Date
/s/ Terrence M. Pegula	Chief Executive Officer, President and Chairman (Principal Executive Officer)	April 17, 2023
Terrence M. Pegula		
/s/ Gary L. Hagerman, Jr.	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	April 17, 2023
Gary L. Hagerman, Jr.		
/s/ James S. Morrow	Director	April 17, 2023
James S. Morrow		
/s/ Thomas A. Lopus	Director	April 17, 2023
Thomas A. Lopus		
/s/ William A. Fustos	Director	April 17, 2023
William A. Fustos		
/s/ Thomas W. Corbett, Jr.	Director	April 17, 2023
Thomas W. Corbett, Jr.		

EAST RESOURCES ACQUISITION COMPANY

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm	F-1
Consolidated Balance Sheets as of December 31, 2022 and December 31, 2021	F-2
Condensed Consolidated Statements of Operations for the years ended December 31, 2022 and December 31, 2021 Comprehensive Income	F-3

Condensed
Consolidated
Statements of
Stockholders'
Deficit for the
years ended
December 31,
2022 and
December 31,
2021
Members'
Equity F-
4

Condensed
Consolidated
Statements of
Cash Flows
for the years
ended
December 31,
2022 and
December 31,
2021 F-
5

Notes to
Condensed
Consolidated
Financial
Statements F-
6

ABACUS LIFE, INC.

CONSOLIDATED BALANCE SHEETS AS OF December 31,

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and

Board of Directors of

East Resources Acquisition Company
and Shareholders
Abacus Life, Inc.

Opinion on the Financial Statements

financial statements

We have audited the accompanying consolidated balance sheets of East Resources Acquisition Company (the Abacus Life, Inc. (a Delaware corporation) and subsidiaries (the "Company") as of December 31, December 31, 2023 and 2022, and 2021, the related consolidated statements of operations and comprehensive income, changes in stockholders' deficit equity, and cash flows for each of the two years in the period ended December 31, 2022 December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 December 31, 2023 and 2021, 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2022 December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph – Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 1, the Company has a significant working capital deficiency, has incurred significant losses and needs to raise additional funds to meet its obligations and sustain its operations. Additionally, if the Company is unable to complete a Business Combination by the close of business on July 27, 2023, the Company will cease all operations except for the purpose of liquidating. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB" ("PCAOB")) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ **Marcum LLP**

Marcum LLP

GRANT THORNTON LLP

We have served as the Company's auditor since 2020.

Houston, TX

April 17, 2023

2022.

EAST RESOURCES ACQUISITION COMPANY CONSOLIDATED BALANCE SHEETS

	December 31, 2022	December 31, 2021
ASSETS		
Current assets		
Cash	\$ 86,572	\$ 853,130
Prepaid expenses	64,914	91,625
Total Current Assets	151,486	944,755

Cash and securities held in Trust Account	99,222,704	345,048,888
Total Assets	\$ 99,374,190	\$ 345,993,643
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities – Accrued expenses	\$ 9,227,518	\$ 144,254
Current liabilities - Note payable to related party	4,924,356	1,500,000
Income taxes payable	52,485	
Deferred underwriting fee payable	—	12,075,000
Forward purchase agreement liability	—	1,600,000
Warrant liability	4,576,250	13,911,800
Total Liabilities	\$ 18,780,609	\$ 29,231,054
Commitments		
Class A common stock subject to possible redemption, \$0.0001 par value; 9,718,972 and 34,500,000 shares at \$10.18 and 10.00 per share at December 31, 2022 and December 31, 2021, respectively	98,983,437	345,000,000
Stockholders' Deficit		
Preferred stock, \$0.0001 par value; 1,000,000 shares authorized; none issued and outstanding	—	—
Class A common stock, \$0.0001 par value; 200,000,000 shares authorized; 0 issued and outstanding (excluding 34,500,000 shares subject to possible redemption)	—	—
Class B common stock, \$0.0001 par value; 20,000,000 shares authorized; 8,625,000 shares issued and outstanding	863	863
Additional paid-in capital	24,137	24,137
Accumulated deficit	(18,414,856)	(28,262,411)
Total Stockholders' Deficit	(18,389,856)	(28,237,411)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 99,374,190	\$ 345,993,643

Philadelphia, Pennsylvania

March 21, 2024

ABACUS LIFE, INC.

CONSOLIDATED BALANCE SHEETS

AS OF December 31, (CONT.)

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 25,588,668	\$ 30,052,823
Equity securities, at fair value	2,252,891	—
Accounts receivable	2,149,111	10,448
Accounts receivable, related party	79,509	198,364

Due from affiliates	1,007,528	2,904,646
Prepaid expenses and other current assets	699,127	116,646
Total current assets	31,776,834	33,282,927
Property and equipment, net	400,720	18,617
Intangible assets, net	29,623,130	—
Goodwill	140,287,000	—
Operating right-of-use assets	1,893,659	77,011
Life settlement policies, at cost	1,697,178	8,716,111
Life settlement policies, at fair value	122,296,559	13,809,352
Available-for-sale securities, at fair value	1,105,935	1,000,000
Other investments, at cost	1,650,000	1,300,000
Other assets	998,945	—
Equity securities, at fair value	96,107	890,829
TOTAL ASSETS	\$ 331,826,067	\$ 59,094,847

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Current portion of long-term debt	\$ 13,029,632	\$ —
Accrued expenses	4,354,225	—
Accounts payable	—	40,014
Operating lease liabilities	118,058	48,127
Due to affiliates	5,236	263,785
Due to former members	1,159,712	—
Contract liabilities, deposits on pending settlements	507,000	—
Accrued transaction costs	—	908,256
Other current liabilities	3,400,734	42,227

ABACUS LIFE, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

FOR THE YEARS ENDED December 31,

	2023	2022
Income taxes payable	751,734	—
Total current liabilities	23,326,331	1,302,409
Long-term debt, related party	37,653,869	—
Long-term debt	89,137,013	28,249,653
Operating lease liabilities	1,796,727	29,268
Deferred tax liability	9,199,091	1,363,820
Warrant liability	6,642,960	—
TOTAL LIABILITIES	167,755,991	30,945,150
COMMITMENTS AND CONTINGENCIES (Note 11)		

STOCKHOLDERS' EQUITY

Preferred stock, \$0.0001 par value; 1,000,000 authorized shares authorized; none issued or outstanding	—	—
Class A common stock, \$0.0001 par value; 200,000,000 authorized shares; 63,388,823 and 50,369,350 shares issued, respectively	6,339	5,037
Treasury stock - at cost; 146,650 and — shares, respectively	(1,283,062)	—
Additional paid-in capital	199,826,278	704,963
(Accumulated deficit) retained earnings	(34,726,135)	25,487,323
Accumulated other comprehensive income	108,373	1,052,836
Non-controlling interest	138,283	899,538
Total stockholders' equity	164,070,076	28,149,697
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 331,826,067	\$ 59,094,847

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

EAST RESOURCES ACQUISITION COMPANY CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended December 31,	For the Year Ended December 31,
	2022	2021
Formation and operating costs	\$ 11,722,287	\$ 1,382,681
Loss from operations	(11,722,287)	(1,382,681)
Other income (expense):		
Change in fair value of warrant liability	9,335,550	15,899,200
Change in fair value of forward purchase agreement liability	600,000	1,300,000
Gain on deferred underwriting fees waiver	513,188	—
Interest earned - bank	10,031	62
Interest earned on marketable securities held in Trust Account	672,439	22,784
Other income (expense), net	11,131,208	17,222,046
Income before provision for income taxes	(591,079)	15,839,365
Income tax expense	52,485	—
Net Income (Loss)	\$ (643,564)	\$ 15,839,365
Basic and diluted weighted average shares outstanding, Class A common stock subject to possible redemption	23,637,084	34,500,000
Basic and diluted net loss per share, Class A common stock subject to possible redemption	\$ (0.02)	\$ 0.37
Basic and diluted weighted average shares outstanding, Non-redeemable common stock	8,625,000	8,625,000
Basic and diluted net income per share, Non-redeemable common stock	\$ (0.02)	\$ 0.37

ABACUS LIFE, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME FOR THE YEARS ENDED December 31, (CONT.)

	2023	2022
REVENUES:		
Portfolio servicing revenue:		
Related party servicing revenue	\$ 778,678	\$ 818,300
Portfolio servicing revenue	223,496	652,672
Total portfolio servicing revenue	1,002,174	1,470,972

Active management revenue:			
Investment Income from life insurance policies held using investment method	17,980,987	37,828,829	
Change in fair value of life insurance policies (policies held using fair value method)	43,214,390	5,413,751	
Total active management revenue	61,195,377	43,242,580	
Originations revenue:			
Related party origination revenue	494,972	—	
Origination revenue	3,708,928	—	
Total origination revenue	4,203,900	—	
Total revenues	66,401,451	44,713,552	
COST OF REVENUES (excluding depreciation and amortization stated below):			
Related party cost of revenue	99,456	—	
Cost of revenue (including stock-based compensation)	6,390,921	5,884,669	
Total cost of revenue	6,490,377	5,884,669	
Gross Profit	59,911,074	38,828,883	
OPERATING EXPENSES:			
Sales and marketing	4,905,747	2,596,140	
General and administrative (including stock-based compensation)	26,482,571	1,426,865	
Loss on change in fair value of debt	2,356,058	90,719	
Unrealized loss (gain) on investments	(1,369,112)	1,045,623	
Depreciation and amortization expense	3,409,928	4,282	
Total operating expenses	35,785,192	5,163,629	
Operating Income	\$ 24,125,882	\$ 33,665,254	
OTHER INCOME (EXPENSE):			
Loss on change in fair value of warrant liability	(4,204,360)	—	
Interest (expense)	(9,866,821)	(42,798)	
Interest income	594,764	1,474	
Other income (expense)	(146,443)	(347,013)	
Total other income (expense)	(13,622,860)	(388,337)	
Net income before provision for income taxes	10,503,022	33,276,917	
Income tax expense	1,468,535	889,943	
NET INCOME	9,034,487	32,386,974	
LESS: NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTEREST	(482,139)	704,699	

ABACUS LIFE, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 9,516,626	\$ 31,682,275
EARNINGS PER SHARE:		
Earnings per share—basic	\$ 0.17	\$ 0.63

Earnings per share—diluted	\$	0.16	\$	0.63
Weighted-average stock outstanding—basic ⁽¹⁾		56,951,414		50,369,350
Weighted-average stock outstanding—diluted ⁽¹⁾		57,767,898		50,369,350
NET INCOME		9,034,487		32,386,974
Other comprehensive income, net of tax:				
Change in fair value of debt (risk adjusted)		(1,248,330)		1,395,830
Comprehensive income before non-controlling interests		7,786,157		33,782,804
Net and comprehensive income (loss) attributable to non-controlling interests		(800,311)		1,047,693
COMPREHENSIVE INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$	8,586,468	\$	32,735,111

⁽¹⁾ Both the number of shares outstanding and their par value have been retrospectively recast for all prior periods presented to reflect the par value of the outstanding stock of Abacus Life, Inc. as a result of the Business Combination.

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

EAST RESOURCES ACQUISITION COMPANY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT

	For the year ended December 31, 2022							
	Class A		Class B		Additional		Total	
	Common Stock	Shares	Common Stock	Shares	Paid-in Capital	Accumulated Deficit	Stockholders' Deficit	
Balance — January 1, 2022		—	\$ 8,625,000	\$ 863	\$ 24,137	\$ (28,262,411)	\$ (28,237,411)	
Net income		—	—	—	—	(643,564)	(643,564)	
Deferred underwriting fees waiver		—	—	—	—	11,561,812	11,561,812	
Termination of forward purchase agreement		—	—	—	—	1,000,000	1,000,000	
Remeasurement of Class A common stock to redemption value		—	—	—	—	(2,070,693)	(2,070,693)	
Balance — December 31, 2022		—	\$ 8,625,000	\$ 863	\$ 24,137	\$ (18,414,856)	\$ (18,389,856)	

	For the year ended December 31, 2021							
	Class A		Class B		Additional		Total	
	Common Stock	Shares	Common Stock	Shares	Paid-in Capital	Accumulated Deficit	Stockholders' Equity (Deficit)	
Balance — January 1, 2021		—	\$ 8,625,000	\$ 863	\$ 24,137	\$ (44,101,776)	\$ (44,076,776)	
Net income		—	—	—	—	15,839,365	15,839,365	
Balance — December 31, 2021		—	\$ 8,625,000	\$ 863	\$ 24,137	\$ (28,262,411)	\$ (28,237,411)	

ABACUS LIFE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED December 31,

	Class A Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income		Non-Controlling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount		(Accumulated Deficits)	Income	Non-Controlling Interests		
BALANCE AS OF DECEMBER 31, 2021 ⁽¹⁾	50,369,350	\$ 5,037	—	\$ —	\$ 704,963	\$ 205,048	\$ —	\$ (148,155)	\$ 766,893	
Distributions	—	—	—	—	—	(6,400,000)	—	—	(6,400,000)	
Other comprehensive income	—	—	—	—	—	—	1,052,836	342,994	1,395,830	

Net Income	—	—	—	—	—	31,682,275	—	704,699	32,386,974
BALANCE AS OF DECEMBER 31, 2022⁽¹⁾	50,369,350	\$ 5,037	—	\$ —	\$ 704,963	\$ 25,487,323	\$ 1,052,836	\$ 899,538	28,149,697
Distributions	—	—	—	—	—	(34,451,607)	—	—	(34,451,607)
Deferred transaction costs	—	—	—	—	(555,851)	(10,841,551)	—	—	(11,397,402)
Public warrants	—	—	—	—	4,726,500	(3,765,600)	—	—	960,900
Merger with East Resources Acquisition Company	12,980,473	1,298	—	—	17,849,052	(20,646,575)	—	—	(2,796,225)
Acquisition of Abacus Settlements, LLC	—	—	—	—	165,361,332	—	—	—	165,361,332
Proceeds received from SPAC trust	—	—	—	—	972,262	—	—	—	972,262
Repurchase of common stock	—	(146,650)	(1,283,062)	—	—	—	—	—	(1,283,062)
Stock-based compensation	39,000	4	—	—	10,768,020	—	—	—	10,768,024
Transfer of non-controlling interest	—	—	—	—	—	(24,751)	—	24,751	—
Other Comprehensive Income	—	—	—	—	—	—	(944,463)	(303,867)	(1,248,330)
Net Income	—	—	—	—	—	9,516,626	—	(482,139)	9,034,487
BALANCE AS OF DECEMBER 31, 2023	63,388,823	\$ 6,339	(146,650)	\$ (1,283,062)	\$ 199,826,278	\$ (34,726,135)	\$ 108,373	\$ 138,283	\$ 164,070,076

⁽¹⁾ Both the number of shares outstanding and their par value have been retrospectively recast for all prior periods presented to reflect the par value of the outstanding stock of Abacus Life, Inc. as a result of the successful Business Combination.

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

statements

EAST RESOURCES ACQUISITION COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Cash Flows from Operating Activities:		
Net income (loss)	\$ (643,564)	\$ 15,839,365
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Amortization of prepaid insurance	425,144	236,417
Change in fair value of warrant liability	(9,335,550)	(15,899,200)
Change in fair value of forward purchase agreement liability	(600,000)	(1,300,000)
Gain on deferred underwriting fees waiver	(513,188)	—
Interest earned on marketable securities held in Trust Account	(672,439)	(22,784)
Changes in operating assets and liabilities:		
Prepaid insurance	(398,433)	(93,292)
Income taxes payable	52,485	—
Accrued expenses	9,083,264	2,939
Net cash used in operating activities	(2,602,281)	(1,236,555)
Cash Flows from Investing Activities:		
Trust Account withdrawal for redemption of Class A shares	248,087,256	—
Payment into Trust Account	(1,924,356)	—

Trust Account withdrawal for payment of taxes	335,723	
Net cash provided by investing activities	246,498,623	—
Cash Flows from Financing Activities:		
Redemption of Class A Common Stock	(248,087,256)	—
Proceeds from note payable - Related Party	3,424,356	1,500,000
Net cash provided by (used in) financing activities	(244,662,900)	1,500,000
Net Change in Cash		
Cash — Beginning	853,130	589,685
Cash — Ending	\$ 86,572	\$ 853,130
Non-cash investing and financing activities:		
Remeasurement of Class A common stock subject to possible redemption to redemption value	\$ 2,070,693	\$ —
Termination of forward purchase agreement	\$ 1,000,000	\$ —
Deferred underwriting fee payable	\$ (12,075,000)	\$ —

ABACUS LIFE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED December 31,(CONT')

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 9,034,487	\$ 32,386,974
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,409,928	4,282
Stock-based compensation	10,768,024	—
Amortization of debt issuance costs	43,957	—
Loss on extinguishment of debt	2,086,303	—
Loss on change in fair value of warrant liability	4,204,360	—
Unrealized (gain) loss on investments	(1,369,112)	1,045,623
Unrealized (gain) on policies	(27,889,106)	(5,742,377)
Loss on change in fair value of debt	2,356,058	90,719
Deferred income taxes	466,577	889,943
Non-cash interest expense	2,182,221	—
Non-cash lease expense	17,901	383
Non-cash interest income	(105,935)	—
Changes in operating assets and liabilities:		
Accounts receivable	(2,117,411)	(10,448)
Accounts receivable, related party	124,565	(130,873)
Equity securities, at fair value	(89,057)	—
Prepaid expenses and other current assets	(62,994)	(91,741)
Other assets	(522,326)	(1,936,452)
Accounts payable	(40,014)	40,014
Accrued expenses	3,829,825	—
Accrued transaction costs	(908,256)	908,256

Contract liabilities, deposits on pending settlement	(474,217)	—
Other current liabilities	3,358,507	22,037
Income tax payable	751,734	—
Net change in life settlement policies, at fair value	(80,598,101)	(8,066,975)
Net change in life settlement policies, at cost	7,018,933	(8,716,111)
Net cash (used) provided in operating activities	(64,523,149)	10,693,254

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment	(189,674)	—
------------------------------------	-----------	---

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Purchase of other investments	(350,000)	(50,000)
Purchase of available for sale securities	—	(750,000)
Change in due from affiliates	2,781,176	(2,904,646)
Net cash provided (used) in investing activities	2,241,502	(3,704,646)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in due to former members	442,283	-
Issuance of long term debt	99,201,328	30,028,640
Payment of discounts and financing costs	(5,547,943)	—
Repayment of debt	(26,250,000)	—
Issuance of long term debt, related party	25,471,648	—
Transaction costs	(11,397,402)	—
Capital distribution to former members	(23,533,073)	(6,400,000)
Repurchase of common stock	(1,283,062)	—
Proceeds received from SPAC trust	972,262	—
Due to affiliates	(258,549)	(666,845)
Net cash provided by financing activities	57,817,492	22,961,795
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,464,155)	29,950,403
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	30,052,823	102,420
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$ 25,588,668	\$ 30,052,823
SUPPLEMENTAL DISCLOSURES:		
Life settlement policies receipt in lieu of cash in exchange for the SPV Purchased and Sale Note	\$ 10,191,125	\$ —
Life settlement policies distributed to affiliate	(10,191,125)	—
Distribution payable to former members	(717,429)	—
Interest paid	(4,035,526)	—
Income taxes paid, net of refunds	(150,000)	—

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

ABACUS LIFE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE

1. DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

Organization and Merger

Abacus Life, Inc. (the "Company") was formerly known as East Resources Acquisition Company (the "Company" ("ERES") is, a newly organized blank check company incorporated in Delaware on May 22, 2020 for. Abacus Life, Inc. conducts its business through its wholly-owned, consolidated subsidiaries, primarily Abacus Settlements, LLC ("Abacus Settlements", or "Abacus") and Longevity Market Assets, LLC ("LMA"), which are Delaware limited liability companies (collectively, the purpose of effecting a merger, capital stock exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses "Companies"). On June 30, 2023, (the "Business Combination" "Closing Date"). While, ERES, LMA and Abacus consummated the Company may pursue an acquisition opportunity in any business, industry, sector or geographical location, it intends to focus its search for a target business in the energy industry in North America. The Company is an emerging growth company and, as such, the Company is subject to all combining of the risks associated with emerging growth companies.

As of December 31, 2022, the Company had not commenced any operations. All activity for the year ended December 31, 2022 relates to the Company's formation, its initial public offering ("Initial Public Offering"), which is described below, and, subsequent to the Initial Public Offering, identifying a target company for a Business Combination. The Company will not generate any operating revenues until after the completion of its initial Business Combination, at the earliest. The Company generated non-operating income in the form of interest income from the proceeds derived from the Initial Public Offering until June 2022, when the investments in the trust account (the "Trust Account") holding the proceeds were liquidated to thereafter be held in cash.

The registration statement for the Company's Initial Public Offering was declared effective on July 22, 2020. On July 27, 2020, the Company consummated the Initial Public Offering of 30,000,000 units (the "Units" and, with respect to the shares of Class A common stock included in the Units sold, the "Public Shares"), at \$10.00 per Unit, generating gross proceeds of \$300,000,000, which is described in Note 3.

Simultaneously with the closing of the Initial Public Offering, the Company consummated the sale of 8,000,000 warrants (the "Private Placement Warrants") at a price of \$1.00 per Private Placement Warrant in a private placement to East Sponsor, LLC (the "Sponsor"), generating gross proceeds of \$8,000,000, which is described in Note 4.

On August 25, 2020, the underwriters exercised their over-allotment option in full, resulting in an additional 4,500,000 Units issued for total gross proceeds of \$45,000,000. In connection with the underwriters' exercise of their over-allotment option in full, the Company also consummated the sale of an additional 900,000 Private Placement Warrants at \$1.00 per Private Placement Warrant, generating total proceeds of \$900,000. A total of \$45,000,000 was deposited into the Trust Account, bringing the aggregate proceeds held in the Trust Account to \$345,000,000.

Transaction costs amounted to \$19,840,171, consisting of \$6,900,000 of underwriting fees, \$12,075,000 of deferred underwriting fees and \$865,171 of other offering costs.

Following the closing of the Initial Public Offering on July 27, 2020 and the exercise of the over-allotment option on August 25, 2020, an amount of \$345,000,000 (\$10.00 per Unit) from the net proceeds of the sale of the Units in the Initial Public Offering and the sale of the Private Placement Warrants was placed in a trust account (the "Trust Account") located in the United States and invested only in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act of 1940, Companies as amended (the "Investment Company Act"), with a maturity of 185 days or less or in any open-ended investment company that holds itself out as a money market fund meeting certain conditions of Rule 2a-7 of the Investment Company Act, as determined contemplated by the Company, until the earlier of: (i) the completion of a Business Combination and (ii) the distribution of the funds in the Trust Account to the Company's stockholders, as described below. The investments in the Trust Account were liquidated in June 2022 to thereafter be held in cash.

EAST RESOURCES ACQUISITION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

The Company's management has broad discretion with respect to the specific application of the net proceeds of the Initial Public Offering and the sale of the Private Placement Warrants, although substantially all of the net proceeds are intended to be applied generally toward completing a Business Combination. The Company must complete its initial Business Combination with one or more target businesses that together have a fair market value equal to at least 80% of the net assets held in the Trust Account (excluding the amount of any deferred underwriting commissions held in the Trust Account) at the time of the agreement to enter into a Business Combination. The Company will only complete a Business Combination if the post-Business Combination company owns or acquires 50% or more of the issued and outstanding voting securities of the target or otherwise acquires a controlling interest in the target business sufficient for it not to be required to register as an investment company under the Investment Company. There is no assurance that the Company will be able to successfully effect a Business Combination.

The Company will provide its 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 the Business Combination or (ii) by means of a tender offer. The decision as to whether the Company will seek stockholder approval of a Business Combination or conduct a tender offer will be made by the Company. The stockholders will be entitled to redeem their shares for a pro rata portion of the amount held in the Trust Account (initially \$10.00 per share), calculated **Merger Agreement** dated as of two business days prior to the completion of a Business Combination, including any pro rata interest earned **August 30, 2022** (as amended on the funds held in the Trust Account **October 14, 2022** and not previously released to the Company to pay its tax obligations. There will be no redemption rights upon the completion of a Business Combination **April 20, 2023**) with respect to the Company's warrants.

In such case, the Company will proceed with a Business Combination if the Company has net tangible assets of at least \$5,000,001 upon consummation of such Business Combination and a majority of the shares voted are voted in favor of the Business Combination. If a stockholder vote is not required under applicable law or stock exchange listing requirements and the Company does not decide to hold a stockholder vote for business or other reasons, the Company will, pursuant to its Certificate of Incorporation (the "Certificate of Incorporation"), conduct the redemptions pursuant to the tender offer rules of the Securities and Exchange Commission ("SEC"), and file tender offer documents containing substantially the same information as would be included in a proxy statement with the SEC prior to completing a Business Combination. If the Company seeks stockholder approval in connection with a Business Combination, the holders of the Founder Shares have agreed to vote their Founder Shares (as defined in Note 5) and any Public Shares purchased in or after the Initial Public Offering in favor of approving a Business Combination and to waive their redemption rights with respect to any such shares in connection with a stockholder vote to approve 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. In such case, the Company would not proceed with the redemption of its Public Shares and the related Business Combination, and instead may search for an alternate Business Combination. Additionally, each public stockholder may elect to redeem its Public Shares, without voting, and if they do vote, irrespective of whether they vote for or against a proposed Business Combination.

Notwithstanding the foregoing, if the Company seeks stockholder approval of a Business Combination and it does not conduct redemptions pursuant to the tender offer rules, the Company's Certificate of Incorporation provides that a public stockholder, together with any affiliate of such stockholder or any other person with whom such stockholder is acting in concert or as a "group" (as defined under Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), will be restricted from redeeming its shares with respect to more than an aggregate of 20% of the Public Shares without the Company's prior written consent.

The Sponsor has agreed (a) to waive its redemption rights with respect to any Founder Shares and Public Shares held by it in connection with the completion of a Business Combination and (b) not to propose an amendment to the Certificate of Incorporation (i) to modify the substance or timing of the Company's obligation to redeem 100% of the Public Shares if the Company does not complete a Business Combination within the Combination Period (as defined below) or (ii) with respect to any other provision relating to stockholders' rights or pre-initial Business Combination activity, unless the Company provides the public stockholders with the opportunity to redeem their Public Shares in conjunction with any such amendment and (iii) to waive its rights to liquidating distributions from the Trust Account with respect to the Founder Shares if the Company fails to complete a Business Combination. The Company will have until July 27, 2023 (or such earlier time that the Company elects not to deposit additional funds into the Trust Account, as described below) to complete a Business Combination (the "Combination Period"). If the Company is unable to complete a Business Combination within the Combination Period, the Company will (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but no more than 10 business days thereafter, redeem 100% of the outstanding Public Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest earned (less up to \$100,000 of interest to pay dissolution expenses), divided by the number of then outstanding Public Shares, which redemption will completely extinguish public stockholders' rights as stockholders (including the right to receive further liquidation distributions, if any), and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the remaining stockholders and the Company's board of directors, dissolve and liquidate, subject in each case to its obligations under Delaware law to provide for claims of creditors and the requirements of other applicable law.

EAST RESOURCES ACQUISITION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

The Sponsor has agreed to waive its liquidation rights with respect to the Founder Shares if the Company fails to complete a Business Combination within the Combination Period. However, if the Sponsor acquires Public Shares in or after the Proposed Initial Public Offering, such Public Shares will be entitled to liquidating distributions from the Trust Account if the Company fails to complete a Business Combination within the Combination Period. The underwriters have agreed to waive their rights to their deferred underwriting commission (see Note 5) held in the Trust Account in the event the Company does not complete a Business Combination within the Combination Period and, in such event, such amounts will be included with the funds held in the Trust Account that will be available to fund the redemption of the Public Shares. In the event of such distribution, it is possible that the per share value of the assets remaining available for distribution will be less than the Initial Public Offering price per Unit (\$10.00).

The Sponsor has agreed that it will be liable to the Company, if and to the extent any claims by a third party for services rendered or products sold to the Company, or by 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 the value of trust assets, in each case net of the amount of interest which may be withdrawn to pay taxes. This liability will not apply with respect to any claims by a third party who executed a waiver of any and all rights to seek access to the Trust Account nor will it apply to any claims under the Company's indemnity of the underwriters of the Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"). Moreover, in the event that an executed waiver is deemed to be unenforceable against a third party, the Sponsor will not be responsible to the extent of any liability for such third-party claims. The Company will seek to reduce the possibility that the Sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers (other than the Company's independent public accountants), prospective target businesses or other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

On July 25, 2022, the Company convened a special meeting of stockholders at which a proposal to extend the date by which the Company has to complete a Business Combination from July 27, 2022 to January 27, 2023 (the "First Extension Amendment Proposal") was approved. In connection with the special meeting, the Company provided the stockholders the opportunity to redeem all or a portion of their Class A common stock, and stockholders holding 24,781,028 shares of Class A common stock exercised their right to redeem such shares for a pro rata portion of the funds in the Trust Account. Consequently, approximately \$248,087,256 (approximately \$10.01 per share) was removed from the Trust Account to pay such redeeming holders. Additionally, in connection with the approval of the First Extension Amendment Proposal, the Company issued a promissory note (the "First Extension Note") in the principal amount of up to \$1,924,356 to the Sponsor, pursuant to which the Sponsor agreed to loan the Company up to \$1,924,356. The First Extension Note bears no interest and is repayable in full upon the earlier of (a) the date of consummation of the Company's Business Combination or (b) the date of liquidation of the Company. In order to further extend the period the Company has to complete a Business Combination beyond the 27th of a given month, an additional \$320,726 was to be deposited into the Trust Account commencing on July 27, 2022 and on the 27th of each subsequent month, or portion thereof, for each additional month that the Company requires to complete a Business Combination from July 27, 2022 until January 27, 2023. As of December 31, 2022, \$1,924,356 has been deposited into Trust Account by our Sponsor.

F-8

EAST RESOURCES ACQUISITION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

On August 30, 2022, the Company, LMA Merger Sub, LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company ERES ("LMA Merger Sub"), Abacus Merger Sub, LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company ERES ("Abacus Merger Sub"), Longevity Market Assets, LLC, a Florida limited liability company ("LMA") LMA and Abacus Settlements, LLC, a Florida limited liability company ("Abacus") entered into an Agreement and Plan of Merger, as amended on October 14, 2022 (as it may be further amended, supplemented or otherwise modified from time to time in accordance (together with its terms, LMA, the "Merger Agreement" "Legacy Companies"), pursuant to which, subject. Pursuant to the satisfaction or waiver of certain conditions precedent in the Merger Agreement, on June 30, 2023, (i) LMA Merger Sub will merge merged with and into LMA, with LMA surviving such merger as a direct wholly owned subsidiary of the Company (the "LMA Merger") and (ii) Abacus Merger Sub will merge merged with and into Abacus, with Abacus surviving such merger as a direct wholly owned subsidiary of the Company (the "Abacus Merger" and, together with the LMA Merger, the "Mergers" and, along with the other transactions contemplated by the Merger Agreement, the "Proposed Business" "Business Combination"), and the Legacy Companies became direct wholly owned subsidiaries of the Company. On the Closing Date, ERES changed its name to Abacus Life, Inc.

The Proposed consolidated assets, liabilities and statements of operations and comprehensive income prior to the Business Combination is expected to be consummated in the first half are those of 2023, subject to the fulfillment of certain conditions. Subject to the terms of the Merger Agreement, the

aggregate merger consideration with respect to the holders of issued and outstanding limited liability company interests in LMA and Abacus will consist of approximately \$531.8 million, payable in a number of newly issued legacy LMA. The shares of Class A common stock at a deemed value of \$10.00 per share, with a portion of the aggregate merger consideration payable in cash upon the satisfaction of certain conditions. For additional information regarding the Merger Agreement, see the Company's Current Reports on Form 8-K filed on August 30, 2022 and October 14, 2022, and the Company's preliminary proxy statement (as amended, the "Proxy Statement"), initially filed with the Securities and Exchange Commission (the "SEC") on October 14, 2022.

On January 20, 2023, the Company convened a special meeting of stockholders at which a proposal to extend the date by which the Company has to complete a Business Combination from January 27, 2023 to July 27, 2023 (the "Second Extension Amendment Proposal") was approved. In connection with the special meeting, stockholders were provided an opportunity to redeem all or a portion of their Class A common stock and stockholders holding 6,862,925 corresponding capital amounts and income per share, prior to the Business Combination, have been retroactively restated based on share reflecting the exchange ratio established in the Business Combination.

The equity structure has been recast in all comparative periods up to the Closing Date to reflect the number of shares of Class A the Company's common stock, exercised their right \$0.0001 par value per share, issued to redeem such shares for a pro rata portion of the funds in the Trust Account. Consequently, approximately \$70,070,464 (approximately \$10.21 per share) was removed from the Trust Account to pay such redeeming holders. Additionally, legacy LMA's stockholders in connection with the approval of the Second Extension Amendment Proposal, the Company issued a promissory note (the "Second Extension Note") in the principal amount of up to \$565,497 to the Sponsor, pursuant to which the Sponsor agreed to loan us up to \$565,497. The Second Extension Note bears no interest and is repayable in full upon the earlier of (a) the date of consummation of Company's Business Combination or (b) the date of liquidation of the Company. In order to further extend the period the Company has to complete a Business Combination beyond the 27th of a given month until July 27, 2023, the Sponsor will deposit an additional \$94,250 into the Trust Account commencing on January 27, 2023 and on the 27th of each subsequent month until July 27, 2023. As of April 17, 2023, \$282,750 has been deposited into Trust Account by the Sponsor for the second extension.

Risks and Uncertainties

Management continues to evaluate the impact of the COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company's financial position, results of its operations and/or search for a target company, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Going Concern Considerations

As of December 31, 2022, the Company had \$86,572 in cash and a working capital deficiency of \$14,052,873.

F-9

EAST RESOURCES ACQUISITION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

Until the consummation of a Business Combination, the Company will be using the funds not held in the Trust Account for identifying and evaluating prospective acquisition candidates, performing due diligence on prospective target businesses, paying for travel expenditures, selecting the target business to acquire, and structuring, negotiating and consummating the Business Combination. The Company may need As such, the shares and corresponding capital amounts and income per share related to raise additional capital through loans or additional investments from its Sponsor, stockholders, officers, directors, or third parties. The Company's officers, directors and Sponsor may, but are not obligated legacy LMA common stock prior to loan the Company funds, from time to time or at any time, in whatever amount they deem reasonable in their sole discretion, to meet the Company's working capital needs. Accordingly, the Company may not be able to obtain additional financing. 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 a potential transaction, and reducing overhead expenses. In addition, the Company may have to liquidate if the Business Combination is not completed by July 27, 2023.

have been retroactively recast as shares reflecting the exchange ratio of 0.8 established in the Business Combination.

Business Activity

The Company, cannot provide any assurance that new financing will be available through its LMA subsidiary, is a provider of services pertaining to it on commercially acceptable terms, if at all or that it will complete a Business Combination prior life insurance settlements and offers policy servicing to the expiration owners and purchasers of the Combination Period. life settlement assets, as well as consulting, valuation, and actuarial services. The Company is also engaged in the process buying and selling of preparing life settlement policies in which it uses its own capital, and finalizing the Proxy

Statement purchases life settlement contracts with the SEC intent to either hold to maturity to receive the associated death claim payout or to sell to another purchaser of life settlement contracts for a gain on the purpose sale.

The Company, through its Abacus subsidiary, also is an originator of soliciting stockholder approval outstanding life insurance policies as a licensed life settlement provider on behalf of investors ("Financing Entities"). Abacus locates and screens policies for eligibility as a commercially desirable life settlement, including verifying that the Proposed Business Combination at policy is in force, obtaining consents and disclosures, and submitting cases for life expectancy estimates, also known, collectively, as origination services. When the sale of a special meeting of policy is completed, this is deemed "settled" and the Company's stockholders policy is then referred to as promptly as possible. If either a "life settlement" in which the Proposed Business Combination insured's life expectancy is approved at a special meeting for such purpose, greater than two years or "viatical settlement," in which the insured's life expectancy is less than two years. The Company is not an insurance company, and therefore the Company would consummate the Proposed Business Combination shortly thereafter. These conditions raise substantial doubt about the Company's ability to continue as a going concern through one year from the issuance of these financial statements. 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.

NOTE underwrite insurable risks for its own account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

—In connection with the Business Combination, the Merger is accounted for as a reverse recapitalization with ERES in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). Under U.S. GAAP, ERES has been treated as the "acquired" company for financial reporting purposes. This determination was primarily based on the LMA stockholders having a relative majority of the voting power of the Company, the LMA stockholders having the authority to appoint a majority of directors on the Board of Directors, and senior management of LMA comprising the majority of the senior management of the post-combination Company. LMA was then determined to be the "acquirer" for financial reporting purposes based on the relative size of LMA as compared to Abacus, represented by their revenue, equity, gross profit and net income. Accordingly, for accounting purposes, the financial statements of the combined entity represents a continuation of the financial statements of LMA with the LMA Merger treated as the equivalent of LMA issuing stock for the net assets of ERES, accompanied by a recapitalization. The net assets of ERES are stated at historical cost, with no goodwill or other intangible assets recorded.

The Abacus Merger has been accounted for using the acquisition method of accounting. Under the acquisition method of accounting, the assets and liabilities of Abacus were recorded at the fair value as of the acquisition date. The excess of the purchase price over the estimated fair values of the net assets acquired was recognized as goodwill.

As a result of the Business Combination, the Company evaluated if ERES, Abacus, or LMA is the predecessor for accounting purposes.

In considering the foregoing principles of predecessor determination and in light of the Company's specific facts and circumstances, management determined that LMA and Abacus are dual predecessors for accounting purposes. The financial statement presentation for Abacus Life, Inc. includes the purchase accounting effects of the Abacus Merger as of the Closing Date with the financial statements of LMA as the comparative period. The predecessor financial statements for Abacus are included separately within this report.

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for financial information and in accordance with the instructions to Form 10-K and Article 8 of Regulation S-X promulgated under the Securities Act. Certain information or footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all Securities and Exchange Commission and are prepared in accordance with U.S. GAAP.

Consolidation of Variable Interest Entities—For entities in which the information Company has variable interests, the Company first evaluates whether the entity meets the definition of a variable interest entity ("VIE") or a voting interest entity ("VOE"). If the entity is a VIE, the Company focuses on identifying whether it has the power to direct the activities that most significantly impact the VIE's economic performance and footnotes necessary for whether it has the obligation to absorb losses or the right to receive benefits from the VIE. If the Company is the primary beneficiary of a complete presentation of financial position, VIE, the assets, liabilities, and results of operations or cash flows. In the opinion of management, the accompanying condensed financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the VIE

will be included in the Company's condensed consolidated financial position, operating results and cash flows for statements. The proportionate share not owned by the periods presented.

Emerging Growth Company

The Company is recognized as noncontrolling interest and net income attributable to noncontrolling interest on the condensed consolidated balance sheets and condensed consolidated statements of operations

and comprehensive income, respectively. If the entity is a VOE, the Company evaluates whether it has the power to control the VOE through a majority voting interest or through other arrangements.

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 810, *Consolidations*, ("ASC 810") requires the Company to separately disclose on its consolidated balance sheets the assets of consolidated VIEs and liabilities of consolidated VIEs as to which there is no recourse against the Company. As of December 31, 2023, total assets and liabilities of consolidated VIEs were \$77,132,592 and \$65,031,207, respectively. As of December 31, 2022, total assets and liabilities of consolidated VIEs were \$30,073,972 and \$27,116,762, respectively.

On October 4, 2021, the Company entered into an "emerging growth company," as defined operating agreement with LMX Series, LLC ("LMX") and three other unaffiliated investors to obtain a 70% ownership interest in Section 2(a) LMX, which was newly formed in August 2021. LMX had no operating activity prior to the operating agreement being signed. LMX has a wholly owned subsidiary, LMATT Series 2024, Inc., a Delaware C corporation. While the Company and three other investors each contributed \$100 to LMX, the Company directs the most significant activities by managing the investment offerings, and sponsoring and creating structured investment grade insurance liabilities, and thus was provided a 70% ownership interest. LMX is a VIE and the Company is the primary beneficiary 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 independent registered public accounting firm 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.

F-10

EAST RESOURCES ACQUISITION COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

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. LMX. The Company has elected to irrevocably opt out included the results of such extended transition period, which means that when LMX and its subsidiaries in its consolidated financial statements for the year ended December 31, 2023.

On November 30, 2022, LMA Series, LLC, a standard is issued or revised and it has different application dates for public or private companies, wholly owned subsidiary of the Company, will adopt signed an Operating Agreement to be the new or revised standard at sole member of a newly created general partnership, LMA Income Series, GP, LLC. Subsequent to that, LMA Income Series, GP, LLC formed a limited partnership, LMA Income Series, LP and issued partnership interests to limited partners in a private placement offering. It was determined that LMA Series, LLC is the time public companies adopt primary beneficiary of LMA Income Series, LP and thus has fully consolidated the new or revised standard. This may make comparison limited partnership in its consolidated financial statements for the year ended December 31, 2023.

On January 31, 2023, LMA Series, LLC, a wholly owned subsidiary of the Company's Company, signed an Operating Agreement to be the sole member of a newly created general partnership, LMA Income Series II, GP, LLC. Subsequent to that, LMA Income Series II, GP, LLC formed a limited partnership, LMA Income Series II, LP and issued partnership interests to limited partners in a private placement offering. It was determined that LMA Series, LLC is the primary beneficiary of LMA Income Series II, LP and thus has fully consolidated the limited partnership in its consolidated financial statements for the year ended December 31, 2023.

Non-Consolidation of Variable Interest Entities—On January 1, 2021, the Company entered into an option agreement with another emerging growth company that has not opted out of using two commonly owned full-service origination, servicing, and investment providers (the "Providers"), in which the extended transition period difficult or impossible because Company agreed to fund certain capital needs with an option to purchase the outstanding equity ownership of the potential differences Providers (the "Option Agreement").

The Company accounted for its investment in the call options under the Option Agreement as an equity security, pursuant to ASC 321, *Investments—Equity Securities*. In arriving at this accounting standards used conclusion, the Company first considered whether the call options met the definition of a derivative pursuant to ASC 815.

Derivatives and Hedging, and concluded that the options do not provide for net settlement and accordingly are not a derivative. The Company also concluded that the call options do not provide the Company with a controlling financial interest in the legal entity pursuant to ASC 810. The call options include material contingencies prior to exercisability that the Company does not anticipate will be resolved; additionally, the call options are in a legal entity for which the stock price has no readily determinable fair value. The Company's basis in the call options, pursuant to ASC 321, is zero and accordingly the call options are not reflected in the statement of financial position.

The Company provided \$144,721 of working capital funding for the year ended December 31, 2023 which is included in other (expense) income on the consolidated statements of operations and comprehensive income and \$347,013 of funding for the year ended December 31, 2022. See Note 11, Commitments and Contingencies, for further details.

For the years ended December 31, 2023, and 2022, the Providers were considered to be VIEs, but were not consolidated in the Company's consolidated financial statements due to a lack of the power criterion or the losses/benefits criterion. As of December 31, 2023, the unaudited financial information for the unconsolidated VIEs are as follows: held assets of \$601,762 and liabilities of \$2,900. As of December 31, 2022, the unaudited financial information for the unconsolidated VIEs are as follows: held assets of \$987,964 and liabilities of \$358,586.

Noncontrolling Interest—Noncontrolling interest represents the share of consolidated entities owned by third parties. At the date of formation or upon acquisition, the Company recognizes noncontrolling interest on the consolidated balance sheets at an amount equal to the noncontrolling interest's proportionate share of the relative fair value of any assets and liabilities acquired. Noncontrolling interest is subsequently adjusted for the noncontrolling stockholder's additional contributions, distributions, and the stockholder's share of the net earnings or losses of each respective consolidated entity.

Net income of a consolidated entity is allocated to noncontrolling interests based on the noncontrolling stockholder's ownership interest during the period. The net income or loss that is not attributable to the Company is reflected in net income (loss) attributable to noncontrolling interests in the consolidated statements of operations and comprehensive income.

Use of Estimates

The preparation of U.S. GAAP financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, revenue and expenses during the reporting periods.

Making Company's estimates, requires management to exercise significant judgment. It is at least reasonably possible that the estimate judgments, and assumptions are continually evaluated based on available information and experience. Because of the effect use of a condition, situation or set of circumstances that existed at the date of estimates inherent in the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the reporting process, actual results could differ significantly from those the estimates.

Estimates are used when accounting for purchase price allocation, the selection of useful lives of property and equipment, valuation of other receivables, valuation of life settlement policies, valuation of other investments and available-for-sale securities, valuation of long-term debt, impairment testing, income taxes, and legal reserves.

Life Settlement Policies—The Company accounts for its holdings of life insurance settlement policies in accordance with ASC 325-30, *Investments in Insurance Contracts*. For all policies purchased after June 30, 2023, the Company accounts for these under the fair value method. For policies purchased before June 30, 2023, the Company elected to use either the fair value method or the investment method (cost, plus premiums paid). The valuation method is chosen upon contract acquisition and is irrevocable.

The Company follows ASC 820, *Fair Value Measurements and Disclosures*, in estimating the fair value of its life insurance policies held at fair value. ASC 820 defines fair value as an exit price representing the amount that would be received if an asset were sold or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The Company's valuation of life settlements is considered to be Level 3. The Company's valuation model incorporates significant inputs that are not observable and reflect our assumptions about what factors market participants would use in pricing life settlement policies. We develop our inputs based on the best information available to us,

including our own data. We believe that our model would be reasonably comparable to a model that an independent third-party would use. Refer to Note 12, Fair Value Measurements, for further details. For policies held at fair value, changes in fair value are reflected in the consolidated statement of operations and comprehensive income under active management revenue in the period the change is calculated.

For policies held under the investment method, the Company tests the impairment if we become aware of information indicating that the carrying value plus undiscounted future premiums of a policy may not be recoverable. This information is gathered initially through extensive underwriting procedures at purchase of the settlement contract, as well as through periodic underwriting review that includes medical reports and life expectancy evaluations. The policies held by the Company using the investment method are expected to be owned for a shorter-term, and are actively marketed to potential buyers. The market feedback received through these interactions provides the Company with information related to a potential impairment. If a policy is determined to be impaired, the Company will adjust the carrying value to the fair value determined through the impairment analysis.

The Company accounts for cash proceeds from sale and maturity of life insurance settlement policies, as well as cash outflows for premium payments, as operating activities within the consolidated statements of cash flows.

Going Concern—Management evaluates at each annual and interim period whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued. Management's evaluation is based on relevant conditions and events that are known and reasonably knowable at the date that the consolidated financial statements are issued. Management has concluded that there are no conditions or events, considered in the aggregate, that raise substantial doubt about Company's ability to continue as a going concern within one year after the date these consolidated financial statements were issued.

Cash and Cash Equivalents

The Company considers—Cash and cash equivalents include short-term and all short-term investments highly-liquid debt instruments purchased with an original maturity of three months or less when purchased less.

Fair Value Measurements—The following fair value hierarchy is used in selecting inputs for those assets and liabilities measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Company's assumptions (unobservable inputs). The Company evaluates these inputs and recognizes transfers between levels, if any, at the end of each reporting period. The hierarchy consists of three levels:

Level 1—Valuation based on quoted market prices in active markets for identical assets or liabilities that we have the ability to be cash equivalents. In June 2022, access at the Company liquidated all investments held measurement date.

Level 2—Valuation based on inputs other than Level 1 inputs that are observable for the assets or liabilities either directly or indirectly.

Level 3—Valuation based on inputs that reflect our assumptions about what factors market participants would use in pricing the Trust Account to thereafter be held in asset or liability. The inputs are developed based on the form best available information, including our own data.

The Company's financial instruments consist of cash, cash equivalents, accounts receivables, due to affiliates, equity investments in the Trust Account.

Marketable Securities Held in Trust Account

Prior privately held companies, S&P options, life settlement policies, available for sale securities, market-indexed debt and secured borrowings. Cash, cash equivalents, accounts receivables, and due to affiliates are stated at their carrying value, which approximates fair value due to the liquidation of short time to the expected receipt or payment date.

Equity investments in the Trust Account, the Company's portfolio of investments was 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 privately held companies without 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 values are recognized at fair value. When the Company's value on a nonrecurring basis when observable price changes from orderly transactions for identical or similar 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 become available.

Available-for-sale securities are included in gain 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.

At December 31, 2022, substantially all of the assets held in the Trust Account were held in cash, as further explained in Note 1 above. At December 31, 2021, substantially all of the assets held in the Trust Account were held in money market funds, which primarily invest in U.S. Treasury Bills.

F-11

EAST RESOURCES ACQUISITION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

Class A Common Stock Subject to Possible Redemption

The Company accounts for its shares of Class A common stock subject to possible redemption in accordance with the guidance in Accounting Standards Codification ("ASC") Topic 480 "Distinguishing Liabilities from Equity." Shares of Class A common stock subject to mandatory redemption is classified as a liability instrument and is 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 the Company's control) is classified as temporary equity. At all other times, 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 occurrence of uncertain future events. Accordingly, Class A common stock subject to possible redemption is presented at redemption value as temporary equity, outside of the stockholders' equity section of the Company's balance sheet.

At December 31, 2022 and December 31, 2021, the Class A common stock reflected in the condensed balance sheets is reconciled in the following table:

	\$	345,000,000
Gross Proceeds		
Less:		
Proceeds allocated to Public Warrants		(14,662,500)
Proceeds allocated to FPA liability		(1,000,000)
Class A common stock issuance costs		(18,978,817)
Plus:		
Remeasurement of carrying value to redemption value		34,641,317
Class A common stock subject to possible redemption at December 31, 2021	<hr/> <hr/>	<hr/> <hr/>
Redemption of Class A common stock		(248,087,256)
Remeasurement of carrying value to redemption value		146,337
Contribution to trust account for extension		1,924,356
Class A common stock subject to possible redemption at December 31, 2022	<hr/> <hr/>	<hr/> <hr/>
	<hr/> <hr/>	<hr/> <hr/>
Derivative Financial Instruments		
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". The Company's derivative instruments are recorded at fair value and re-valued at each reporting date, with changes in the fair value reported in the Statement of Operations. Derivative assets and liabilities are classified on the balance sheet 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 has determined the warrants and the forward contract for additional warrants are derivatives. As the financial instruments meet the definition of a derivative the warrants and the forward contract for additional warrants are measured at fair value using inputs that are not readily determinable. Unrealized holding gains and losses are excluded from earnings and reported in other comprehensive income until realized.		
S&P options are recognized at issuance and at each reporting date fair value using quoted market prices in accordance active markets, with ASC 820, Fair Value Measurement, changes in fair value included in net income. Market-indexed debt is measured on a quarterly basis, with qualifying changes in fair value recognized in net income, except for the Statement portion of Operations the total change in the period fair value of change.		

Income Taxes

the liability that results from a change in the instrument-specific credit risk, which is separately included in other comprehensive income in accordance with ASC 825-10-45-5. The measurement approach for life settlement policies is included above within the Life Settlement Policies disclosure.

Accounts Receivable, Related Party—Related party receivable are amounts owed to the Company by related party customers for services delivered. Management regularly reviews customer accounts for collectability and will record an allowance for these accounts when deemed necessary. Management determines the allowance for credit losses based on a review of outstanding receivables, historical collection experience, current economic conditions, and reasonable and supportable forecasts. Related party receivables are charged off against the allowance for credit losses when deemed uncollectible (after all means of collection have been exhausted and the potential for recovery is deemed remote). Recoveries of related party receivables previously written off are recorded when received. Due to the nature of operations, related party receivables are due primarily from parties which the Company serves. As a result, management deems all amounts due to be collectable. If the financial condition of the Company's related party

customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The Company follows did not record material allowance for credit losses as of December 31, 2023 and 2022, respectively.

Other Investments—Equity investments without readily determinable fair values include the Company's investments in privately-held companies in which the Company holds less than a 20% ownership interest

and does not have the ability to exercise significant influence. The Company measures these investments at cost, and these investments are adjusted through net earnings when they are deemed to be impaired or when there is an adjustment from observable price changes (referred to as the "measurement alternative"). These investments are included in other investments on the financial statements, at cost on the consolidated balance sheets. In addition, the Company monitors these investments to determine if impairment charges are required based primarily on the financial condition and near-term prospects of these companies

Available-for-sale Securities, at Fair Value—The Company has investments in securities that are classified as available-for-sale securities, and which are reflected on the consolidated balance sheets at fair value. These securities solely consist of a convertible promissory note in a private company that was entered into at arms-length. The Company determines the fair value using unobservable inputs by considering the initial investment value, next round financing, and the likelihood of conversion or settlement based on the contractual terms in the agreement. If any unrealized gains and losses on these investments are incurred, these would be included as a separate component of accumulated other comprehensive loss, net of tax, on the consolidated balance sheets. The Company classifies its available-for-sale securities as short-term or long-term based on the nature of the investment, its maturity date and its availability for use in current operations. The Company monitors if the fair value of the securities falls below the amortized cost basis. Credit losses identified are reflected in the allowance for credit losses and any credit losses reversed are recognized in earnings. As of December 31, 2023 and 2022, the fair value of the securities were determined to materially approximate amortized cost basis, thus no unrealized gains or losses were recorded. The Company did not record any allowance for credit losses. The Company writes off uncollectible accrued interest receivable balances in a timely manner. The Company recorded \$105,935 and \$— of accrued interest on its available-for-sale securities as of December 31, 2023 and 2022, respectively.

Equity Securities, at Fair Value—The equity securities, at fair value balance consists of S&P 500 put and call options that were purchased through a broker as an economic hedge related to the market-indexed instruments that are included in Long-Term Debt. The Company records these options at fair value and recognizes changes in fair value as part of net income.

Property and Equipment, Net—Property and equipment are stated at cost less accumulated depreciation and are depreciated on a straight-line basis over the following estimated useful lives:

<u>Estimated Useful Life</u>	
Computer equipment	5 years
Furniture and fixtures	5 years
Leasehold improvements	Shorter of remaining lease term or estimated useful life

Costs incurred for maintenance and repairs that do not extend the useful lives of property and equipment are expensed as incurred. Upon retirement or sale of assets, the cost and related accumulated depreciation are written off and any resulting gain or loss is reflected in the accompanying consolidated statements of operations and comprehensive income.

Property and equipment are tested for recoverability whenever events or changes in circumstance indicate that their carrying amounts may not be recoverable. An impairment loss is recognized if the carrying amount of property and equipment is not recoverable and exceeds its fair value. Recoverability is determined based on the undiscounted cash flows expected to result from the use and eventual disposition of the asset or asset group. There were no impairments recognized during the years ended December 31, 2023 and 2022, respectively. Property and equipment to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Goodwill and Intangible Assets, Net—Goodwill and intangible assets are recorded as a result of the Business Combination. Goodwill represents the excess of the purchase price over the fair value of the assets acquired and liabilities assumed. The Company amortizes identifiable intangible assets with a finite

useful life over the period that the intangible asset is expected to contribute directly or indirectly to its future cash flows; however, it does not amortize indefinite lived intangible assets. The Company evaluates goodwill and indefinite intangible assets for recoverability annually in the fourth quarter or on

an interim basis should events or changes in circumstances indicate that a carrying amount may not be recoverable.

To test for impairment, a qualitative assessment is performed to determine if it is more likely-than-not that the fair value of a reporting unit is less than its carrying value, including goodwill. This initial assessment includes, among other factors, consideration of: (i) past, current and projected future earnings and equity; (ii) recent trends and market conditions; and (iii) valuation metrics involving similar companies that are publicly traded and acquisitions of similar companies, if available. If the more likely-than-not threshold is met, a quantitative impairment test is performed by comparing the estimated fair value with the carrying value. If the carrying value of the net assets associated with the reporting unit exceeds the fair value of the reporting unit, goodwill is considered impaired and will be determined as the amount by which the reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill.

The Company's reporting units are at the operating segment level; each operating segment represents a business and discrete financial information is available and reviewed regularly by management. Determining the fair value of its reporting units is subjective in nature and involves the use of significant estimates and assumptions, including projected net cash flows, discount and long-term growth rates.

The Company determines the fair value of its reporting units based on an income approach and market approach, whereby the fair value of the reporting unit is derived from the present value of estimated future cash flows associated with the reporting unit. The assumptions about estimated cash flows include factors such as future premiums, loss and expenses, general and administrative expenses and industry trends. The Company considers historical rates and current market conditions when determining the discount and long-term growth rates to use in its analysis.

The Company considers other valuation methods if the facts and circumstances indicate these methods provide a more representative approximation of fair value. Changes in these estimates based on evolving economic conditions or business strategies could result in material impairment charges in future periods. The Company bases its fair value estimates on assumptions it believes to be reasonable. Actual results may differ from those estimates. As of December 31, 2023, there were no events or changes in circumstances that indicated that a carrying amount of goodwill or intangible asset may not be recoverable.

The company has insignificant internal-use software accounted under ASC 350-40, *Internal-Use Software*. The software is amortized on the straight-line basis over an estimated useful life of 3 years.

Refer Note 6, Goodwill and Other Intangible Assets, for additional information on goodwill and intangible assets.

Revenue Recognition—The Company generally derives its revenue from life settlement servicing and consulting activities (Portfolio Servicing Revenue), life settlement trading activities (Active Management Revenue) and fees, commissions (Origination Services).

Portfolio Servicing Revenue—Portfolio servicing is comprised of servicing activities and consulting activities. The Company enters into service agreements with the owners of life settlement contracts and is responsible for maintaining the policy, manages processing of claims in the event of death of the insured and ensuring timely payment of optimized premiums computed to derive maximum return on maturity of the policy. The company neither assumes the ownership of the contracts nor undertakes the responsibility to make the premium payments, which remains with the owner of the policy. These service

arrangements have contractual terms typically ranging from one-month to ten years and include fixed charges within its contracts as part of the total transaction price which are recognized on gross basis. To the extent that variable consideration is not constrained, the Company includes an estimate of the variable amount, as appropriate, within the total transaction price and updates its assumptions over the duration of the contract. Variable consideration has not been material. The duties performed by the Company under these arrangements are considered as a single performance obligation that is satisfied on a monthly basis as the customer simultaneously receives and consumes the benefit provided by the Company as the Company performs the service. As such, revenue is recognized for services provided for the corresponding month.

Under consulting engagements, the Company provides services typically for the owners of life settlement contracts who are often customers of the servicing business line, or customers of Abacus. These consulting engagements are comprised of valuation, actuarial services, and overall policy assessments related life settlement contracts and are short-term in nature. The performance obligations are typically identified as separate services with a specific deliverable or a group of deliverables to be provided in tandem, as agreed to in the engagement letter or contract. Each service provided under a contract is considered as a performance obligation and revenue is recognized at a point in time when the deliverable or group of deliverables is transferred to the customer.

Active Management Revenue—The Company also engages in buying and selling life settlement policies whereby each potential policy is independently researched to determine if it would be a profitable investment. Some of the policies are purchased with the intent to hold to maturity,

while others are held for trading to be sold for a gain. The Company elects to account for each investment in life settlement contracts using either the investment method or the fair value method. Once the accounting method is elected for each policy, it cannot be changed. Under the investment method, investments in contracts are based on the initial investment at the purchase price plus all initial direct costs. Continuing costs (e.g., policy premiums, statutory interest and direct external costs, if any) to keep the policy in force are capitalized. Under the fair value method, the company will record the initial investment of the transaction price and remeasures the investment at fair value at each subsequent reporting period. Changes in fair value are reported on earnings when they occur. Upon sale of a life settlement contract, the company will record revenue (gain/loss) for the difference between the agreed-upon purchase price with the buyer, and the carrying value of the contract.

Originations Revenue—The Company through its Abacus subsidiary, recognizes revenue from origination activities by acting as a provider of life settlements and viatical settlements representing investors that are interested in purchasing life settlements on the secondary or tertiary market. Revenue from origination services consists of fees negotiated for each purchase and sale of a policy to an investor, which also include any agent and broker commissions received and the reimbursement of transaction costs. See below for revenue disaggregation based upon the source of the policy.

The Company originates life settlements policies with third parties that include settlement brokers, life insurance agents, and direct consumers or policyholders. The Company then provides the administration services needed to initiate the transfer of the life settlement policies to investors in exchange for an origination fee. Such transactions are entirely performed through an escrow agent. In these arrangements, the customer is the investor, and the Company has a single performance obligation to originate a life settlement policy for the investor. The consideration transferred upon each policy is negotiated directly with the investor by the Company and is dependent upon the policy death benefits held by each life settlement policy. The revenue is recognized when the performance obligation under the terms of the contracts with customers are satisfied. The Company recognizes revenue from life settlement transactions when the closing has occurred and any right of rescission under applicable state law has expired (i.e., the customer obtains control over the policy and has the right to use and obtain the benefits from the policy). While rescission periods may vary by state, most states grant the owner the right to rescind the contract before the earlier of 30 calendar days after the execution date of the contract or 15 calendar days after life settlement proceeds have been sent to the owner. Purchase and sale of the policies generally occurs simultaneously, and only the fees received, including any agent and broker commissions and transaction costs reimbursed, are recorded as gross revenue.

For agent and broker commissions received and transaction costs reimbursed, the Company has determined that it is acting as the principal in the relationship as it maintains control of the services being performed as part of performance obligation prior to facilitating the transfer of the life settlement policy to the investor.

While the origination fees are fixed amounts based on the face value of the policy death benefit, there is variable consideration present due to the owners rescission right. When variable consideration is present in a contract, the Company estimates the amount of variable consideration to which it expects to be entitled at contract inception and again at each reporting period until the amount is known. The entity applies the variable consideration constraint so that variable consideration is included in the transaction price only to the extent it is probable that a subsequent change in estimate will not result in a significant revenue reversal. While origination fees are variable due to the rescission periods, given that the rescission periods are relatively short in nature, the Company has concluded that such fees are fully constrained until the rescission period lapses and thus records revenue at a fixed amount based on the face value of the policy death benefit after the rescission period is over.

- **Remaining performance obligation**—The Company is recognizing revenue at a point in time when the closing has occurred and any right of rescission under applicable state law has expired. As of December 31, 2023, and 2022, there are \$507,000 and \$— in revenues allocated to performance obligations to be satisfied, of which all are expected to be recognized as revenue in the following year when the right of rescission has expired.

- **Disaggregated Revenue**—The following table presents a disaggregation of the Company's revenue by major sources as follows:

	Years Ended December 31,	
	2023	2022
Agent	\$ 1,750,911	\$ —
Broker	2,148,141	—
Client direct	304,848	—
Total	\$ 4,203,900	\$ —

- **Contract Balances**—The balances of contract liabilities arising from contracts with customers were as follows:

	December 31, 2023	December 31, 2022
Contract liabilities—beginning of year	\$ —	\$ —
Additions to Contract Liabilities	507,000	—
Recognition of revenue deferred in the prior year	—	—
Contract liabilities—end of year	<u>507,000</u>	<u>—</u>

Other Consideration— Payment terms and conditions vary by contract type, although terms generally require payment within 30 days of the invoice date. In certain arrangements, the Company receives payment from a customer either before or after the performance obligation has been satisfied; however, the Company's contracts do not contain a significant financing component.

Cost to Obtain and Fulfill Contracts— Costs to obtain contracts solely relate to commissions for brokers agents and employees who are directly involved in buying and selling policies as part of the active management revenue stream and include commissions for brokers or agents under specific agreements that would not be incurred without a contract being signed and executed under origination services

revenue stream. The Company has elected to apply the ASC 606, *Revenue from Contracts with Customers*, 'practical expedient' which allows us to expense these costs as incurred if the amortization period related to the resulting asset would be one year or less. The Company has no significant instances of contracts that would be amortized for a period greater than a year, and therefore has no contract costs capitalized for these arrangements. These costs are included in cost of revenue.

Cost of Revenues (excluding Depreciation and Amortization)—Cost of revenue represents the direct costs associated with fulfilling the Company's obligations to its customers, primarily policy servicing fees, commissions expense (refer to cost to obtain and fulfill contracts above), escrow fees, servicing and active management payroll costs, stock-based compensation for active management and servicing employees, life expectancy fees, lead generation expenses, and active management consulting expenses.

Segments— Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the chief operating decision maker ("CODM") in deciding how to allocate resources to an individual segment and in assessing performance. The Company's CODM is the President and Chief Executive Officer ("CEO"). The Company has determined that it operates in three operating segments and three reportable segments, portfolio servicing, active management and originations as the CODM reviews financial information presented for purposes of making operating decisions, allocating resources, and evaluating financial performance.

Income Taxes—The provision for income taxes is determined using the asset and liability **method** approach of accounting for income taxes. Under this approach, the provision for income taxes represents income taxes paid or payable (or received or receivable) for the current year plus the change in deferred taxes during the year. Deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid, and result from differences between the financial and tax bases of the Company's assets and liabilities and are adjusted for changes in tax rates and tax laws when enacted.

Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not (greater than 50%) that a tax benefit will not be realized. In evaluating the need for a valuation allowance, management considers all potential sources of taxable income, including income available in carryback periods, future reversals of taxable temporary differences, projections of taxable income, and income from tax planning strategies, as well as all available positive and negative evidence. Positive evidence includes factors such as a history of profitable operations, projections of future profitability within the carryforward period, including from tax planning strategies, and the Company's experience with similar operations. Existing favorable contracts are additional positive evidence. Negative evidence includes items such as cumulative losses, projections of future losses, or carryforward periods that are not long enough to allow for the utilization of a deferred tax asset based on existing projections of income. Deferred tax assets for which no valuation allowance is recorded may not be realized upon changes in facts and circumstances, resulting in a future charge to establish a valuation allowance. Existing valuation allowances are re-examined under ASC 740, "Income Taxes." the same standards of positive and negative evidence. If it is determined that it is more likely than not that a deferred tax asset will be realized, the appropriate amount of the valuation allowance, if any, is released. Deferred tax assets and liabilities are **recognized** for the estimated future tax consequences **attributable** also remeasured to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted **reflect** changes in underlying tax rates **expected** due to **apply** law changes and the granting and lapse of tax holidays.

Tax benefits related to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

F-12

EAST RESOURCES ACQUISITION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a tax return. For those tax positions taken or expected to be taken in a tax return, tax benefits are recorded when such benefits are recognized, meet a tax position must be more likely than not to be sustained upon examination by taxing authorities. Otherwise, these tax benefits are recorded when a tax position has been effectively settled, which means that the statute of limitations has expired, or the appropriate taxing authority has completed their examination by taxing authorities. The Company recognizes accrued interest even though the statute of limitations remains open. Interest and penalties related to unrecognized uncertain tax benefits positions are recognized as part of the provision for income tax expense. There were no unrecognized tax benefits taxes and no amounts are accrued for beginning in the period that such interest and penalties as of December 31, 2022 and 2021. 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 is subject to income tax examinations by major taxing authorities since inception.

Inflation Reduction Act of 2022

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 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 applicable under relevant tax law until such time that the excise related 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 complete a Business Combination and inhibit the Company's ability to complete a Business Combination.

Net Income (Loss) per Common Share

The Company complies with accounting and disclosure of FASB ASC Topic 260, "Earnings Per Share." Net income per share is computed by dividing net income by the weighted-average number of shares of common stock outstanding during the period, excluding common stock shares subject to forfeiture. The Company has not considered the effect of the warrants sold in the Initial Public Offering and private placement to purchase an aggregate of 26,150,000 shares in the calculation of diluted loss per share, since the inclusion of such warrants would be anti-dilutive.

The Company's statements of operations include a presentation of income per share for common shares subject to possible redemption in a manner similar to the two-class method of income per share. Net income per common share, basic and diluted, for Common stock subject to possible redemption is calculated by dividing the proportionate share of income on earnings, net of applicable franchise and income taxes, by the weighted average number of Common stock subject to possible redemption outstanding over the period. Net loss is allocated evenly on a pro rata basis between Class A and Class B based on weighted average number of shares of common stock outstanding over the period.

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 per common share does not consider the effect of the warrants issued since the exercise of the warrants benefits are contingent upon the occurrence of future events. However, the diluted earnings per share are recognized.

Concentrations

F-13

EAST RESOURCES ACQUISITION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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.

The following table reflects the calculation of basic and diluted net income (loss) per common share (in dollars, except per share amounts):

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Net earnings (loss)	\$ (643,564)	\$ 15,839,365
Net earnings attributable to shareholders	\$ (643,564)	\$ 1,956,991
Redeemable Class A Common Stock		
Numerator: Earnings (loss) allocable to Redeemable Class A Common Stock	\$ (471,513)	\$ 12,671,492
Denominator: Weighted Average Share Outstanding, Redeemable Class A Common Stock	23,637,084	34,500,000
Basic and diluted net earnings per share, Redeemable Class A	<u>\$ (0.02)</u>	<u>\$ 0.37</u>
Non-Redeemable Class A and Class B Common Stock		
Numerator: Earnings (loss) allocable to Non-Redeemable Class A and Class B Common Stock	\$ (172,051)	\$ 3,167,873
Denominator: Weighted Average Non-Redeemable Class A and Class B Common Stock	8,625,000	8,625,000
Basic and diluted net loss per share, Non-Redeemable Class A and Class B	<u>\$ (0.02)</u>	<u>\$ 0.37</u>

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of a cash account and cash equivalents, accounts receivable, and available-for-sale securities. The Company maintains its cash in bank deposit accounts with high-quality financial institution, institutions, which, at times, may exceed the Federal Deposit Insurance Coverage of \$250,000, federally insured limits. The Company has not experienced any losses on this account and management in such accounts. The Company believes the Company is not exposed to any significant risks credit risk on its cash and cash equivalents. For accounts receivable, the Company is exposed to credit risk in the event of nonpayment by customers to the extent of the amounts recorded on the accompanying condensed consolidated balance sheets. The Company extends different levels of credit to its customers and maintains allowance for doubtful accounts based upon the expected collectability of accounts receivable. The Company's procedures for determining this allowance includes evaluating individual customer receivables, considering a customer's financial condition, monitoring credit history and current economic conditions, using historical experience applied to an aging of accounts, as well as management's expectations of conditions in the future, as applicable.

Two related party customer accounted for 59% and 33% of the total balance of related party receivables as of December 31, 2023, respectively, and two related party customers accounted for 75% and 16% of the total accounts receivable and related party receivables as of December 31, 2022, respectively. The largest receivables balances are from related parties where the exposed credit risk is estimated to be low. As such, account.

Fair Value there is no allowance for doubtful accounts as of Financial Instruments

December 31, 2023, and 2022.

Three customers accounted for 49%, 14%, and 12%, of active management revenue for the year ended December 31, 2023, respectively. One related party customer accounted for 78% of the portfolio servicing revenue for the year ended December 31, 2023.

One customer accounted for 51% of active management revenue, while 22% of revenue related to two policies that matured that were accounted for under the investment method for the year ended December 31, 2022. Two related party customers each accounted for 28% of the portfolio servicing revenue for the year ended December 31, 2022.

Warrants—The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in ASC 480, *Distinguishing Liabilities from Equity*, and ASC 815. The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, whether they meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own common stock and whether the warrant holders could potentially require "net cash settlement" in a circumstance outside of the

Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of equity at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded as liabilities at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on the consolidated statements of operations and comprehensive income.

Stock-Based Compensation—The Company account for stock-based compensation in accordance with ASC 718, *Compensation - Stock Compensation*, which requires that we measure the expense of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. Generally, stock-based awards granted to our employees vest ratably over a three-year period. For stock-based awards with service only vesting conditions, the Company records compensation expense on a straight-line basis over the requisite service period. The Company accounts for forfeitures when they occur. The fair value of stock-based awards, granted or modified, is determined on the Company's assets and liabilities, which qualify as financial instruments under ASC Topic 820, "Fair Value Measurement," approximates the carrying amounts represented in the accompanying balance sheet, primarily due to their short-term nature.

Fair Value Measurements

The Company follows the guidance in ASC 820 for its financial assets and liabilities that are re-measured and reported grant date (or modification dates, if applicable) at fair value, at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually.

F-14

EAST RESOURCES ACQUISITION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

The using appropriate valuation techniques. For stock-based awards granted to non-employee directors, the Company recognizes compensation expense on the grant date based on the fair value of the Company's financial assets awards as of that date.

Leases— The Company accounts for its leases in accordance with ASC 842, *Leases*. A contract is or contains a lease if there is identified property, plant and liabilities reflects management's estimate of amounts equipment that is either explicitly or implicitly specified in the Company would have received in connection with contract and the sale of lessee has the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks right to maximize control the use of observable inputs (market data obtained from independent sources) the property, plant and equipment throughout the contract term, which is based on an evaluation of whether the lessee has the right to minimize direct the use of unobservable inputs (internal assumptions about how the property, plant and equipment).

The Company has one lease for office space in Orlando, Florida that is accounted for as an operating lease. The Company is responsible for utilities, maintenance, taxes and insurance, which are variable payments based on a reimbursement to the lessor of the lessor's costs incurred. The Company excludes variable lease payments from the measurement of lease liabilities and right-of-use ("ROU") assets recognized on the Company's consolidated balance sheets. Variable lease payments are recognized as a lease expense on the Company's consolidated statements of operations and comprehensive income in the period incurred. The Company has elected the practical expedient to account for lease components and non-lease components together as a single lease component for its real estate lease noted above.

The Company has elected the short-term lease exemption, which permits the Company to not recognize a lease liability and ROU asset for leases with an original term of one year or less. Currently the Company does not have any short-term leases. The Company's current lease includes a renewal option. The Company has determined that the renewal option is not reasonably certain of exercise based on an evaluation of contract, market participants would price assets and liabilities), asset-based factors, and therefore does not include periods covered by renewal options in its lease term. The following fair Company's leases generally do not include purchase options, residual value hierarchy guarantees, or material restrictive covenants.

The Company determines its lease liability and ROU by calculating the present value of future lease payments. The present value of future lease payments is used discounted using the Company's incremental borrowing rate. As the Company's leases generally do not have a readily determinable implicit rate, the Company uses its incremental borrowing rate based on market yields and comparable credit ratings, adjusted for lease term, to classify assets determine the present value of fixed lease payments based on information available at the lease commencement date.

The Company does not have any finance leases, nor is the Company a lessor (or sub-lessor).

See Note 19, Leases, for additional disclosures related to leases.

Earnings Per Share—The Company has only one class of common stock. Basic net income per share is calculated by dividing net income by the weighted average number of shares outstanding during the applicable period. If the number of shares outstanding increases as a result of a stock dividend or stock split or decreases as a result of a reverse stock split, the computations of basic net income per share are adjusted retroactively for all periods presented to reflect that change in capital structure. If such changes occur after the close of the reporting period but before issuance of the financial statements, the per-share computations for that period and **liabilities** any prior-period financial statements presented are based on the **observable inputs and unobservable inputs used** new number of shares. Diluted earnings per share is computed in **order** the same manner as basic earnings per share, except that the number of shares is increased to **value** assume the **assets and liabilities**:

- Level 1:** Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2:** Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.
- Level 3:** Unobservable inputs based on our assessment of the assumptions that market participants would use in pricing the asset or liability.

In some circumstances, issuance of potentially dilutive shares using the **inputs used** treasury stock method, unless the effect of such increase would be anti-dilutive. Diluted earnings or loss per share attributable to **measure** fair value might be categorized within different levels common stockholders is calculated to give effect to all potentially dilutive common shares that were outstanding during the reporting period. The dilutive effect of outstanding stock-based compensation awards is reflected in diluted earnings per share attributable to common stockholders by application of the **fair value hierarchy**. In those instances, treasury stock method. Any potentially dilutive shares are excluded from the **fair value measurement** calculation for periods when there is **categorized** in its entirety in the **fair value hierarchy** based on the lowest level input that is **significant** a net loss attributable to the **fair value measurement**.

Reclassification

Certain prior period amounts have been reclassified **common stockholders** to conform to current presentation.

Recent avoid anti-dilutive effects.

Recently Adopted Accounting Standards

In August 2020, November 2023, the Financial Accounting Standards Board ("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)** No. 2023-07, "Segment Reporting (ASC 280): Improvements to Reportable Segment Disclosures" ("ASU 2020-06" 2023-07"), which is intended to simplify accounting for certain financial instruments. ASU 2020-06 eliminates the current models that require separation of beneficial conversion and cash conversion features from convertible instruments and simplifies the derivative scope exception **improve** reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The guidance **pertaining** to equity classification of contracts in an entity's own equity. The new standard also introduces additional disclosures for convertible debt and freestanding instruments that are indexed to and settled in an entity's own equity. ASU 2020-06 amends the **diluted** earnings per share guidance, including the requirement to use the if-converted method for all convertible instruments. ASU 2020-06 is effective **January 1, 2022** for public business entities that meet the definition of a Securities SEC filer, excluding entities eligible **fiscal** years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The guidance is to be **smaller** reporting companies as **defined** applied retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. We are currently evaluating the potential impact of adopting this new guidance on our consolidated financial statements and related disclosures.

In December 2023, the FASB issued Accounting Standards Update No. 2023-09, "Income Taxes (ASC 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"), which modifies the rules on income tax disclosures to require entities to disclose (1) specific categories in the rate reconciliation, (2) the income or loss from continuing operations before income tax expense or benefit (separated between domestic and foreign) and (3) income tax expense or benefit from continuing operations (separated by the **SEC** federal, state and foreign). ASU 2023-09 also requires entities to disclose their income tax payments to international, federal, state and local jurisdictions, among other changes. The guidance is effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. ASU 2023-09 should be applied on a **full** prospective basis, but retrospective application is permitted. We are currently evaluating the potential impact of adopting this new guidance on our consolidated financial statements and related disclosures.

There have been no other recent accounting pronouncements, changes in accounting pronouncements or **modified** retrospective recently adopted accounting guidance during fiscal 2023 that are of significance or potential significance to us.

Reclassifications—Certain prior period amounts have been reclassified to conform to current presentation.

3. BUSINESS COMBINATION

Merger consideration conveyed of \$531.8 million was allocated between the Companies based on relative values derived through both the discounted cash flow method within the income approach and the guideline public company method within the market approach. Within the discounted cash flow method, the present values of cash flows reasonably expected to be produced by the Companies from their operations were summed to produce an estimate of the Companies' business enterprise values on a controlling, marketable basis. The cash flows used in the discounted cash flow analysis were discounted at the weighted average cost of capital of 14.5% for LMA and 16.5% for Abacus. The discounted cash flow method resulted in a business enterprise value range of \$380.0 million to \$460.0 million for LMA and \$180.0 million to \$195.0 million for Abacus. Within the market approach, Company applied the guideline public company method, which employs market multiples derived from market prices of stocks of Companies that are engaged in the same or similar lines of business as the Companies and that are actively traded on a free and open market. The guideline public company method resulted in a business enterprise value range of \$400.0 million to \$440.0 million for LMA and \$180.0 million to \$190.0 million for Abacus. Management concluded on a business enterprise value of \$165.4 million for Abacus and \$366.4 million for LMA based upon the relative fair value of the Companies allocated to the consideration transferred.

The preliminary purchase price was allocated among the identified assets to be acquired. The primary area of the acquisition accounting that is not yet finalized is our estimate of the impact of acquisition accounting on deferred income taxes. An estimate of deferred income taxes has been recorded in the Company's books based on information available as of December 31, 2023. As the initial acquisition accounting is based on our preliminary assessments, actual values may differ when final information becomes available. Company believes that the information gathered to date provides a reasonable basis for estimating the preliminary values of deferred taxes recorded. The Company will continue to evaluate this item until it is satisfactorily resolved and adjust our acquisition accounting accordingly, within the allowable measurement period, as defined by ASC 805, *Business Combinations*, ("ASC 805"). Transaction costs incurred as a result of the Business Combination were recognized within retained earnings / (accumulated deficit) on the consolidated balance sheet as of December 31, 2023.

All valuation procedures related to existing assets as no new assets were identified as a result of procedures performed. Goodwill was recognized as a result of the acquisition, which represents the excess fair value of consideration over the fair value of the underlying net assets, largely arising from the extensive industry expertise that has been established by Abacus. This was considered appropriate based on the determination that the Abacus Merger would be accounted for as a business acquisition under ASC 805.

Net Assets Identified	Fair Value
Intangibles	\$ 32,900,000
Goodwill	140,287,000
Current Assets	1,280,100
Non-Current Assets	901,337
Deferred Tax Liabilities	(8,310,966)
Accrued Expenses	(524,400)
Other Liabilities	(1,171,739)
Total Fair Value	\$ 165,361,332

Value Conveyed	Amount
Abacus Purchase Consideration	\$ 165,361,332
LMA Business Enterprise Value	\$ 366,388,668
Total Consideration	\$ 531,750,000

Intangible assets were comprised of the following:

Asset Type	Fair Value	Useful Life	Valuation Methodology
Customer Relationships-Agents	\$ 12,600,000	5 years	Multi-period excess earnings method
Customer Relationships-Financing Entities	11,000,000	8 years	Multi-period excess earnings method
Internally Developed and Used Technology-APA	1,600,000	2 years	Relief from royalty method
Internally Developed and Used Technology-Marketplace	100,000	3 years	Replacement cost method
Trade Name	900,000	Indefinite	Relief from royalty method
Non-Compete Agreements	4,000,000	2 years	With and without method
State Insurance Licenses	2,700,000	Indefinite	Replacement cost method
Total Fair Value	\$ 32,900,000		

Useful lives for customer relationships were developed using attrition data for agents and financing entities which resulted in a useful life of 5 years and 8 years, respectively. Estimates over the useful lives of internally developed and used technology contemplates the period in which the Company expects to utilize the technology and the length of time the technology is expected to maintain recognition and value in the market without significant investment. Non-compete agreements have a useful life commensurate with early adoption permitted beginning the executed non-compete agreements in place as a result of the Business Combination.

The supplemental pro forma financial information in the table below summarizes the combined results of operations for the Business Combination as if the Companies were combined for both reporting periods. The unaudited supplemental pro forma financial information as presented below is for illustrative purposes and does not purport to represent what the results of operations would actually have been if the business combinations occurred as of the date indicated or what the results would be for any future periods.

	Unaudited Year Ended December 31,	
	2023	2022
Proforma revenue	\$ 79,588,733	\$ 69,917,015
Proforma net income	8,541,727	31,629,781

4. LIFE SETTLEMENT POLICIES

As of December 31, 2023, the Company holds 296 life settlement policies, of which 287 are accounted for under the fair value method and 9 are accounted for using the investment method (cost, plus premiums paid). Aggregate face value of policies held at fair value is \$520,503,710 as of December 31, 2023, with a corresponding fair value of \$122,296,559. The aggregate face value of policies accounted for using the investment method is \$33,900,000 as of December 31, 2023, with a corresponding carrying value of \$1,697,178.

As of December 31, 2022, the Company held 53 life settlement policies, of which 35 were accounted for under the fair value method and 18 were accounted for using the investment method (cost, plus premiums paid). Aggregate face value of policies held at fair value was \$40,092,154 as of December 31, 2022, with a corresponding fair value of \$13,809,352. The aggregate face value of policies accounted for using the investment method was \$42,330,000 as of December 31, 2022, with a corresponding carrying value of \$8,716,111.

At December 31, 2023, the Company did not have any contractual restrictions on January 1, 2021 its ability to sell policies, including those held as collateral for the issuance of long-term debt. Refer to Note 13, Long-Term Debt, for further details.

Life expectancy reflects the probable number of years remaining in the life of a class of persons determined statistically, affected by such factors as heredity, physical condition, nutrition, and occupation. It is not an estimate or an indication of the actual expected maturity date or indication of the timing of expected cash flows from death benefits. The following tables summarize the Company's life insurance policies grouped by remaining life expectancy as of December 31, 2023:

Policies Carried at Fair Value—

Remaining Life Expectancy (Years)	Policies	Face Value	Fair Value
0-1	2	\$ 383,461	\$ 315,248

1-2	6	4,391,193	1,590,513
2-3	13	20,692,550	10,850,243
3-4	41	66,017,222	22,744,161
4-5	29	57,814,969	19,326,245
Thereafter	196	371,204,315	67,470,149
	287	\$ 520,503,710	\$ 122,296,559

Policies accounted for using the investment method—

Remaining Life Expectancy (Years)	Number of Life Insurance Policies	Face Value	Carrying Value
0-1	0	\$ —	\$ —
1-2	1	500,000	329,714
2-3	2	1,500,000	443,544
3-4	1	8,000,000	84,199
4-5	2	500,000	320,110
Thereafter	3	23,400,000	519,611
	9	\$ 33,900,000	\$ 1,697,178

Estimated premiums to be paid by the Company for its portfolio accounted for using the investment method during each of the five succeeding calendar years and thereafter as of December 31, 2023, are as follows:

2024	\$ 88,039
2025	100,785
2026	78,850
2027	50,388
2028	32,736
Thereafter	366,103
Total	\$ 716,901

The Company is required to pay premiums to keep its portion of life insurance policies in force. The estimated total future premium payments could increase or decrease significantly to the extent that actual mortalities of insureds differ from the estimated life expectancies.

For policies accounted for under the investment method, the Company has not been made aware of information causing a material change to assumptions relating to the timing of realization of life insurance settlement proceeds. The Company have also not been made aware of information indicating impairment to the carrying value of policies.

5. PROPERTY AND EQUIPMENT—NET

Property and equipment—net composed of the following:

	December 31, 2023	December 31, 2022
Computer equipment	\$ 356,939	\$ —
Furniture and fixtures	91,125	19,444
Leasehold improvements	22,418	5,902
Property and equipment—gross	470,482	25,346
Less: accumulated depreciation	(69,762)	(6,729)
Property and equipment—net	\$ 400,720	\$ 18,617

Depreciation expense for the years ended December 31, 2023, and 2022, was \$63,033 and \$4,282, respectively.

6. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill of \$140,287,000 was recognized as a result of the Business Combination, which represents the excess fair value of consideration over the fair value of the underlying net assets, largely arising from the extensive industry expertise that has been established by Abacus. This was considered appropriate based on the determination that the Abacus Merger would be accounted for as a business acquisition under ASC 805. The estimates of fair value are based upon preliminary valuation assumptions believed to be reasonable, but which are inherently uncertain and unpredictable. Refer to Note 3, Business Combination, for further details.

The changes in the carrying amount of goodwill by reportable segments were as follows:

	Portfolio Servicing	Active Management	Originations
Goodwill at January 1, 2023	\$ —	\$ —	\$ —
Additions	—	—	140,287,000
Goodwill at December 31, 2023	\$ —	\$ —	\$ 140,287,000

Intangible Assets Acquired comprised of the following:

Asset Type	Fair Value	Useful Life	Valuation Methodology
Customer Relationships - Agents	\$ 12,600,000	5 years	Multi-period excess-earnings method
Customer Relationships - Financial Relationships	11,000,000	8 years	Multi-period excess-earnings method
Internally Developed and Used Technology—APA	1,600,000	2 years	Relief from Royalty Method
Internally Developed and Used Technology—			
Market Place	100,000	3 years	Replacement Cost Method
Trade Name	900,000	Indefinite	Relief from Royalty Method
Non-Compete Agreements	4,000,000	2 years	With or Without Method
State Insurance Licenses	2,700,000	Indefinite	Replacement Cost Method
	<u>\$ 32,900,000</u>		

Intangible assets and related accumulated amortization as of December 31, 2023 and 2022 are as follows:

Definite Lived Intangible Assets:	December 31, 2023		
	Accumulated Amortization		Net Book Value
	Gross Value		
Customer Relationships - Agents	\$ 12,600,000	\$ 1,260,000	\$ 11,340,000
Customer Relationships - Financial Relationships	11,000,000	687,500	10,312,500
Internally Developed and Used Technology—APA	1,600,000	400,000	1,200,000
Internally Developed and Used Technology—Market Place	100,000	16,667	83,333
Non-Compete Agreements	4,000,000	1,000,000	3,000,000
Balance at December 31, 2023	\$ 29,300,000	\$ 3,364,167	\$ 25,935,833
Indefinite Lived Intangible Assets:			
Trade Name	900,000	—	900,000
State Insurance Licenses	2,700,000	—	2,700,000
Total Intangible Asset Balance at December 31, 2023	\$ 32,900,000	\$ 3,364,167	\$ 29,535,833

Substantially all intangible assets with finite useful lives are subject to amortization when they are available for their intended use. Amortization expense for definite lived intangible assets was \$3,364,167 and \$— for the years ended December 31, 2023 and 2022, respectively.

Estimated annual amortization of intangible assets for the next five years ending December 31 and thereafter is as follows:

2024	\$	6,728,333
2025		5,328,333
2026		3,911,667
2027		3,895,000
2028		2,635,000
Thereafter		3,437,500
Total	\$	25,935,833

The Company also has other insignificant intangible assets of \$87,297 as of December 31, 2023.

The Company performed the annual goodwill impairment test as of October 1, 2023, which was a qualitative evaluation, and no impairment charges were recorded. The estimated fair value of the Originations reporting unit exceeded its carrying value at the date of its most recent fair value estimate.

7. AVAILABLE-FOR-SELL SECURITIES, AT FAIR VALUE

Convertible Promissory Note—The Company holds a convertible promissory note in a separate unrelated insurance technology company. This unrelated insurance technology company is a producer of life expectancy reports. The Company purchases life expectancy reports and uses them as an input into the valuation methodology for policies held at fair value. In November 2021, the Company purchased a \$250,000 note and then purchased an additional note in January 2022 for \$250,000 as part of the Tranche 5 offering ("Tranche 5 Promissory Note"). The Company has adopted the standard Tranche 5 Promissory Note pays 6% interest per annum. The Tranche 5 Promissory Note matures on January 1, 2022 September 30, 2025 ("Maturity Date") and has assessed that it had no impact will be paid in full as to outstanding principal and accrued interest on the Maturity Date unless the Tranche 5 Promissory Note converts prior to the 2025 Maturity Date. Conversion into preferred stock occurs if the technology company engages in an additional equity financing event that yields gross cash proceeds in excess of \$1,000,000 ("Next Equity Financing").

In October 2022, the Company purchased an additional convertible promissory note in the same unrelated insurance technology company for \$500,000 as part of the Tranche 6 offering ("Tranche 6 Promissory Note" and collectively, the "Convertible Promissory Notes"). The Tranche 6 Promissory Note pays eight percent (8)% interest per annum and matures September 30, 2024 ("2024 Maturity Date") and will be paid in full as to outstanding principal and accrued interest on the 2024 Maturity Date unless the Tranche 6 Promissory Note converts prior to the 2024 Maturity Date. Conversion into preferred stock occurs if the technology company engages in an additional equity financing event that yields gross cash proceeds in excess of \$5,000,000 ("Next Round Securities"). We evaluated our relationship with the unrelated insurance technology company, including our CEO membership in the unrelated insurance technology company's board of directors, and determined that the Company does not have control over the unrelated insurance technology company's decision making process.

The Company applies the available-for-sale method of accounting for its investment in the Convertible Promissory Note, which is a debt investment. The Convertible Promissory Note does not qualify for either the held-to-maturity method due to the Convertible Promissory Note's conversion rights or the trading securities method because the Company holds the Convertible Promissory Note as a long-term investment. The Convertible Promissory Notes are measured at fair value at each reporting period-end. Unrealized gains and losses are reported in other comprehensive income until realized. As of December 31, 2023 and 2022, the Company evaluated the fair value of its investment and determined that the fair value approximates the carrying value of \$1,105,935, which included \$105,935 non-cash interest income and there was no unrealized gain or loss recorded.

8. OTHER INVESTMENTS AND OTHER NONCURRENT ASSETS

Other Investments:

Convertible Preferred Stock Ownership—The Company owns convertible preferred stock in two entities, further described below.

On July 22, 2020, the Company purchased 224,551 units of an unrelated insurance technology company's Series Seed Preferred units for \$750,000 ("Seed Units"). During December 2022, the Company agreed to purchase 119,760 Series Seed Preferred Units for \$400,000 in cash consideration by way of eight monthly payments of \$50,000 starting December 15, 2022, resulting in a total of \$950,000 investment as of March 31, 2023, \$1,100,000

investment as of June 30, 2023 and \$1,150,000 investment at September 30, 2023. Upon conversion, the Seed Units held by the Company would represent an 8.6% ownership interest in the technology company.

On December 21, 2020, the Company purchased 207,476 shares of a separate unrelated insurance technology company's Series B-1 preferred stock for \$500,000 ("Preferred Stock"). The Preferred Stock is convertible into voting common stock at the option of the Company.

Management Upon conversion, the Preferred Stock would represent less than a 1% ownership interest in the technology company.

The Company applies the measurement alternative for its investments in the Seed Units and Preferred Stock because these investments are of an equity nature, and the Company does not **believe** have the ability to exercise significant influence over operating and financial policies of entities even in the event of conversion of the Seed Units or Preferred Stock. Under the measurement alternative, the Company records the investment based on original cost, less impairments, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the investee. The Company's share of income or loss of such companies is not included in the Company's consolidated statements of operations and comprehensive income. The Company tests its investments for impairment whenever circumstances indicate that the carrying value of the investment may not be recoverable. No impairment of investments occurred for the years ended December 31, 2023 and 2022.

Other Noncurrent Assets- at fair value:

S&P Options—The Company is long S&P 500 call options and short S&P 500 put options which were purchased and sold through a broker as an economic hedge related to the market-indexed debt instruments included in the long-term debt note. The value is based on stock owned and quoted market prices in active markets. Changes in fair value are recorded in the Unrealized Loss on Investments line item on the consolidated statements of operations and comprehensive income.

9. CONSOLIDATION OF VARIABLE INTEREST ENTITIES

The Company consolidates VIEs for which it is the primary beneficiary or VOEs for which it controls through a majority voting interest or other arrangement. See Note 2, Summary of Significant Accounting Policies, for more information on how the Company evaluates an entity for consolidation.

The Company evaluated any **other recently issued, but entity** in which it had a variable interest upon formation to determine whether the entity should be consolidated. The Company also evaluated the consolidation conclusion during each reconsideration event, such as changes in the governing documents or additional equity contributions to the entity. During the year ended December 31, 2023, the Company's consolidated VIEs, LMA Income Series II LP, LMX Series LLC (LMATT Series 2024, Inc.), and LMA Income Series, LP, had total assets of \$77,132,592 and liabilities of \$65,031,207. For the year ended December 31, 2022, the Company's consolidated VIEs, LMATT Series 2024, Inc., Longevity Market Advisors, Regional Investment Services and LMA Income Series, LP, had total assets and liabilities of \$30,073,972 and \$27,116,762, respectively. The Company did not deconsolidate any entities during the years ended December 31, 2023, or 2022.

As of December 31, 2023, the Company held total assets of \$601,762 and liabilities of \$2,900 in unconsolidated VIEs. As of December 31, 2022, the Company held total assets of \$987,964 and liabilities of \$358,586 in unconsolidated VIEs.

10. SEGMENT REPORTING

Segment Information—The Business Combination that took place on June 30, 2023, where ERES, LMA and Abacus Settlements consummated the combining of the Companies, triggered a re-organization of Abacus Life Inc., where the legacy Abacus Settlements business and legacy LMA business would both operate under Abacus Life, Inc. subsequent to the Business Combination date. Abacus Settlements historically had one operating segment one reportable segment, Originations. LMA historically had two operating segments, (1) Portfolio Servicing and (2) Active Management. As the Business Combination did not occur until the last day of the second quarter, income activity related to Abacus Settlements had not yet **effective, accounting standards**, been reported by Abacus Life, Inc. as the businesses did not begin operating as a combined Company until July 1, 2023. As such, beginning in the third quarter, the Company now organizes its business into three reportable segments (1) Portfolio Servicing, (2) Active Management and (3) Originations, which all generate revenue and incur expenses in different manners.

This segment structure reflects the financial information and reports used by the Company's management, specifically its chief operating decision maker (CODM), to make decisions regarding the Company's business, including resource allocations and performance assessments, as well as the current operating focus in compliance with ASC 280, *Segment Reporting*. The Company's CODM is the President and Chief Executive Officer. The Company's reportable segments are not aggregated.

The Portfolio Servicing segment generates revenues by providing policy services to customers on a contract basis.

The Active Management segment generates revenues by buying, selling, and trading policies and maintaining policies until receipt of death benefits.

The Originations segment generates revenue by originating life insurance policy settlements between investors or buyers, and the sellers, who is often the original policy owner. The policies are purchased from owners or other providers through advisors, brokers or directly through the owner.

The Company's method for measuring profitability on a reportable segment basis is gross profit. The CODM does not review disaggregated assets by segment.

Revenue related to the Company's reporting segments is as follows:

	Years Ended December 31,	
	2023	2022
Portfolio servicing	\$ 1,002,174	\$ 1,470,972
Active management	61,195,377	43,242,580
Originations	19,247,972	—
Segment revenue (including inter-segment)	81,445,523	44,713,552
Intersegment elimination	(15,044,072)	—
Total revenue	\$ 66,401,451	\$ 44,713,552

Information related to the Company's reporting segments for the years ended December 31, 2023 and 2022 is as follows:

	Years Ended December 31,	
	2023	2022
Portfolio servicing	\$ 278,115	\$ 300,235
Active management	59,020,991	38,528,648
Originations	<u>611,968</u>	—
Total gross profit	59,911,074	38,828,883
Sales and marketing	(4,905,747)	(2,596,140)
General, administrative and other (including stock-based compensation)	(26,482,571)	(1,426,865)
Depreciation and amortization expense	(3,409,928)	(4,282)
Other (expense) income	(146,443)	(347,013)
Loss on change in fair value of warrant liability	(4,204,360)	—
Interest expense	(9,866,821)	(42,798)
Interest income	594,764	1,474
Gain (Loss) on change in fair value of debt	(2,356,058)	(90,719)
Unrealized (loss) gain on investments	1,369,112	(1,045,623)
Provision for income taxes	(1,468,535)	(889,943)
Less: Net gain (loss) attributable to non-controlling interests	482,139	(704,699)
Net income attributable to Abacus Life, Inc.	\$ 9,516,626	\$ 31,682,275

Segment gross profit is defined as revenues less cost of revenue, excluding depreciation and amortization. Expenses below the gross profit line are not allocated across operating segments, as they relate primarily to the overall management of the consolidated entity.

As of December 31, 2023 and 2022, our operations are confined to the United States.

11. COMMITMENTS AND CONTINGENCIES

Legal Proceedings—Occasionally, the Company may be subject to various proceedings such as lawsuits, disputes, or claims. The Company assesses these proceedings as they arise and accrues a liability when losses are probable and reasonably estimable. Although legal proceedings are inherently

unpredictable, the Company is currently not aware of any matters that, if currently adopted, determined adversely to the Company, would individually, or taken together, have a material adverse effect on the Company's business, financial statements.

NOTE 3. PUBLIC OFFERING

position, results of operations, or cash flows.

Commitment—The Company has entered into a Strategic Services and Expenses Support Agreement ("SSES" or "Expense Support Agreement") with the Providers in exchange for an option to purchase the outstanding equity ownership of the Providers. Pursuant to the Expense Support Agreement, Abacus Life, Inc. provides financial support and advice for the expenses of the Providers incurred in connection with their life settlement transactions businesses and the Providers are required to hire a life settlement transactions operations employee of an affiliate of Abacus Life, Inc. No later than December 1 of each calendar year, Abacus Life, Inc. provides a budget for the Providers, in which Abacus Life, Inc. commits to extend financial support for all operating expenses up to the budgeted amount. "Operating Expenses" for purposes of the Expense Support Agreement means all annual operating expenses of the Providers incurred in the ordinary course of business, excluding the premiums paid for the Providers insurance

coverages that are allocable to the insurance coverage provided to Institutional Life Holdings, LLC ("ILS"), which owns all the outstanding membership interests of the Providers if unrelated to the Providers settlement business.

For the years ended December 31, 2023, and 2022, Abacus Life, Inc. incurred \$144,721, and \$347,013 of expenses, related to the Expense Support Agreement respectively, which is included in the Other (expense) line of the consolidated statements of operations and comprehensive income and have not been reimbursed by the Providers.

12. FAIR VALUE MEASUREMENTS

The Company determines fair value based on assumptions that market participants would use in pricing an asset or a liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the fair value hierarchy as mentioned in Note 2, Summary of Significant Accounting Policies, distinguishes between observable and unobservable inputs.

Recurring Fair Value Measurements—The assets and liabilities measured at estimated fair value on a recurring basis and their corresponding placement in the fair value hierarchy are presented in the tables below.

As of December 31, 2023	Fair Value Hierarchy				Total
	Level 1	Level 2	Level 3		
Assets:					
Life settlement policies	\$ —	\$ —	\$ 122,296,559	\$ 122,296,559	
Available-for-sale securities, at fair value	—	—	1,105,935	1,105,935	
Other investments	—	—	1,650,000	1,650,000	
S&P 500 options	2,348,998	—	—	2,348,998	
Other assets	998,945	—	—	998,945	
Total assets held at fair value	\$ 3,347,943	\$ —	\$ 125,052,494	\$ 128,400,437	
Liabilities:					
Debt maturing within one year	\$ —	\$ —	\$ 13,029,632	\$ 13,029,632	
Long-term debt	—	—	55,318,924	55,318,924	
Private placement warrants	—	—	6,642,960	6,642,960	
Total liabilities held at fair value:	\$ —	\$ —	\$ 74,991,516	\$ 74,991,516	

As of December 31, 2022	Fair Value Hierarchy				Total
	Level 1	Level 2	Level 3		
Assets:					
Life settlement policies	\$ —	\$ —	\$ 13,809,352	\$ 13,809,352	
Available-for-sale securities, at fair value	—	—	1,000,000	1,000,000	
Other investments	—	—	1,300,000	1,300,000	

S&P 500 options	890,829	—	—	—	890,829
Total assets held at fair value	\$ 890,829	\$ —	\$ 16,109,352	\$ 17,000,181	
Liabilities:					
Long-term debt	\$ —	\$ —	\$ 28,249,653	\$ 28,249,653	
Total liabilities held at fair value:	\$ —	\$ —	\$ 28,249,653	\$ 28,249,653	

Life Settlement Policies—For all policies purchased after June 30, 2023, the Company accounts for owned life settlement policy using the fair value method. Prior to June 30, 2023, the Company elected to use either the fair value method or the investment method (cost, plus premiums paid). The valuation method is chosen upon contract acquisition and is irrevocable.

For policies carried at fair value, the valuation based on Level 3 inputs that reflect our assumptions about what factors market participants would use in pricing the asset or liability, such as life expectancies and cash flow discount rates. The inputs are developed based on the best available information, including our own data. The valuation model is based on a discounted cash flow analysis and is sensitive to changes in the discount rate used. The Company utilized a blended average discount rate of 21% for policy valuations at December 31, 2023 and 12% for all policies at December 31, 2022, respectively, for policy valuation, which is based on economic and company-specific factors. The Company re-evaluates its discount rates at the end of every reporting period in order to reflect the estimated discount rates that could reasonably be used in a market transaction involving the Company's portfolio of life settlements.

For life settlement policies carried using the investment method, the Company measures these at the cost of the policy plus premiums paid. The policies accounted for using the investment method totaled \$1,697,178 at December 31, 2023 and \$8,716,111 at December 31, 2022.

Discount Rate Sensitivity—21% was determined to be the weighted average discount rate used to estimate the fair value of policies held by LMA and its investment funds. If the discount rate increased or decreased by 2 percentage points and the other assumptions used to estimate fair value remained the same, the change in estimated fair value as of December 31, 2023, would be as follows:

As of December 31, 2023		Change in Fair Value	
Rate Adjustment	Fair Value		Fair Value
+2%	\$ 111,206,993	\$	(11,089,566)
No change	122,296,559		
-2%	130,749,053		8,452,494

Credit Exposure to Insurance Companies—The following table provides information about the life insurance issuer concentrations that exceed 10% of total face value or 10% of total fair value of the Company's life insurance policies as of December 31, 2023:

Carrier	Percentage of Face Value	Percentage of Fair Value	Carrier Rating
John Hancock Life Insurance Company (U.S.A.)	28.0 %	20.0 %	A+

The following table provides a roll forward of the fair value of life insurance policies for the year ended December 31, 2023:

Fair value at December 31, 2022	\$ 13,809,352
Policies purchased	186,124,688
Realized gain (loss) on matured/sold policies	19,606,894
Premiums paid	(4,281,610)
Unrealized gain(loss) on held policies	27,889,106
Change in estimated fair value	43,214,390
Matured/sold policies	(125,133,481)
Premiums paid	4,281,610
Fair value at December 31, 2023	\$ 122,296,559

Long-Term Debt—See Note 13, Long-Term Debt, for background information on the market-indexed debt. The Company has elected the fair value option in accounting for the instruments. Fair value is determined using Level 3 inputs. The valuation methodology is based on the Black-Scholes-Merton option-pricing formula and a discounted cash flow analysis. Inputs to the Black-Scholes-Merton model

include (i) the S&P 500 Index price, (ii) S&P 500 Index volatility, (iii) a risk-free rate based on data published by the US Treasury, and (iv) a term assumption based on the contractual term of the LMATT Notes. The discounted cash flow analysis includes a discount rate that is based on the implied discount rate developed by calibrating a valuation model to the purchase price on the initial investment date. The implied discount rate is evaluated for reasonableness by benchmarking it to yields on actively traded comparable securities.

The total change in fair value of the debt resulted in a gain of \$4,028,189. This gain is comprised of \$944,463, net of tax, which is included within accumulated other comprehensive income and \$303,867 net of tax, which is included in equity of noncontrolling interests resulting from risk-adjusted valuation scenarios. The Company recognized a loss of \$2,356,058 on the change in fair value of the debt resulting from risk-free valuation scenarios, which is included within (Gain) loss on change in fair value of debt within the consolidated statement of operations and comprehensive income for the year ended December 31, 2023.

The following table provides a roll forward of the fair value of the issued notes for the year ended December 31, 2023:

Fair value at December 31, 2022	\$ 28,249,653
Debt issued to third parties	71,720,713
Debt issued to related parties	35,471,648
Unrealized loss on change in fair value (risk-free)	2,356,058
Unrealized loss on change in fair value (credit-adjusted) included in OCI	1,265,103
Unrealized gain on change in fair value (credit-adjusted) included in equity of NCI	407,028
Change in estimated fair value of debt	4,028,189
Accrued non-cash interest on related party debt	2,182,221
Deferred issuance costs and discounts	(1,831,910)
Fair value at December 31, 2023	\$ 139,820,514

Private Placement Warrants—Simultaneously with the closing of the Initial Public Offering, ERES consummated the Company sold 34,500,000 Units, sale of 8,900,000 warrants (the “Private Placement Warrants”) to East Sponsor, LLC (the “Sponsor”), which includes included the sale of an additional 900,000 Private Placement Warrants in connection with the full exercise by the underwriters of their over-allotment option on August 25, 2020, in the amount of 4,500,000 Units, at a purchase price of \$10.00 per Unit. Each Unit consists of one share of Class A common stock and one-half of one redeemable warrant (“Public Warrant”). Each whole Public Warrant entitles the holder to purchase one share of Class A common stock at a price of \$11.50 per share, subject to adjustment (see Note 8).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 4. PRIVATE PLACEMENT

Simultaneously with the closing of the Initial Public Offering, the Sponsor purchased an aggregate of 8,900,000 Private Placement Warrants at a price of \$1.00 per Private Placement Warrant, for an aggregate purchase price of \$8,900,000. Each Private Placement Warrant is exercisable for one share of Class A common stock at a price of \$11.50 per share, subject to adjustment (see Note 8). The proceeds from adjustment.

Private Placement Warrants are identical to the sale of Public Warrants underlying the Units sold in the Initial Public Offering, except that (x) the Private Placement Warrants were added to the net proceeds from the Initial Public Offering held in the Trust Account. If the Company does not complete a Business Combination within the Combination 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.

NOTE 5. RELATED PARTY TRANSACTIONS

Founder Shares

On June 1, 2020, the Sponsor purchased 8,625,000 shares (the "Founder Shares") of the Company's Class B common stock, par value \$0.0001 per share (the "Class B common stock"), for an aggregate price of \$25,000. The Founder Shares will automatically convert into Class A common stock on a one-for-one basis at the time of the Company's initial Business Combination and are subject to certain transfer restrictions. The Founder Shares included up to an aggregate of 1,125,000 shares subject to forfeiture to the extent that the over-allotment option was not exercised in full or in part by the underwriters so that the Founder Shares would represent 20% of the Company's issued and outstanding shares after the Initial Public Offering. In July 2020, Sponsor transferred 10,000 founder shares to Thomas W. Corbett, Jr., one of our independent director nominees. As a result of the underwriters' election to fully exercise their over-allotment option on August 25, 2020, 1,125,000 Founder Shares are no longer subject to forfeiture.

The Company's Founder Shares are subject to transfer restrictions pursuant to lock-up provisions in a letter agreement with the Company entered into by the initial stockholders, and officers and directors. Those lock-up provisions provide that such securities are not transferable or salable until the earlier to occur of: (1) one year after the completion of the initial Business Combination, or (2) subsequent to the initial Business Combination if the Company completes a liquidation, merger, stock exchange or other similar transaction that results in all of the public stockholders having the right to exchange their Public Shares for cash, securities or other property. Notwithstanding the foregoing, the Sponsor has the right to transfer its ownership in the Founder Shares at any time, and to any transferee, to the extent that the Sponsor determines, in good faith, that such transfer is necessary to ensure that it and/or any of its parents, subsidiaries or affiliates are in compliance with the Investment Company Act of 1940. Further, and notwithstanding the foregoing, if subsequent to the initial Business Combination the reported last sale price of the common stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after our initial Business Combination, all of the Founder Shares will be released from the lock-up. Any permitted transferees will be subject to the same restrictions and other agreements of the initial stockholders with respect to any Founder Shares.

As noted above, prior to the closing of the IPO, our Sponsor transferred 10,000 Founder Shares to our independent directors in recognition of and as compensation for their future services to the Company. The transfer of Founder Shares to these directors is within the scope of FASB ASC Topic 718, "Compensation-Stock Compensation" ("ASC 718"). Under ASC 718, stock-based compensation associated with equity-classified awards is measured at fair value upon the grant date. The fair value of the 10,000 shares granted to our independent directors was \$61,173 or \$6.12 per share. Compensation expense related to the Founder Shares is recognized only when the performance condition (i.e. the remediation of the lock-up provision) is probable of achievement under the applicable accounting literature. Stock-based compensation would be recognized at the date the lock-up provisions have been remediated, or are probable to be remediated, in an amount equal to the number of Founder Shares times the grant date fair value per share (unless subsequently modified) less the amount initially received for the transfer of the Founder Shares. As of December 31, 2021, the Company has not yet entered into any definitive agreements in connection with any Business Combination and as such, the lock-up provisions have not been remediated and are not probable to be remediated. Any such agreements may be subject to certain conditions to closing, such as, for example, approval by the Company's shareholders. As a result, the Company determined that, taking into account

F-16

EAST RESOURCES ACQUISITION COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

that there is a possibility that a Business Combination might not happen, no stock-based compensation expense should be recognized until the Business Combination occurs.

Administrative Support Agreement

The Company entered into an agreement, commencing on July 24, 2020 through the earlier of the Company's consummation of a Business Combination and its liquidation, to pay two affiliates of the Sponsor \$10,000 each, per month, for office space and administrative support services. For the years ended December 31, 2022 and 2021, the Company incurred and paid \$240,000.

Related Party Loans

In order to finance transaction costs in connection with a Business Combination, the Sponsor, members of the Company's founding team or any of their affiliates may, but are not obligated to, loan the Company funds as may be required ("Working Capital Loans" or "Note"). In August 2021, the Sponsor committed to provide the Company up to an aggregate of \$1,500,000 in loans for working capital purposes. The Note does not bear interest and is repayable in full upon consummation of a Business Combination. If the Company does not complete a Business Combination, the Note shall not be repaid and all amounts owed under it will be forgiven. As of December 31, 2022 and December 31, 2021, there was a balance of \$1,500,000 under this loan. Subsequent to the reporting period, on January 31, 2023, the Sponsor agreed to loan us up to an additional \$1,500,000 under this loan. Upon the consummation of a Business Combination, the holder of the Note (or a permitted assignee) shall have the option, but not the obligation, to convert all or a portion of the unpaid principal balance of the Note into that number of Working Capital Warrants equal to the principal amount of the Note so converted divided by \$1.50. The conversion option should be bifurcated and accounted for as a derivative in accordance with ASC 815. However, the exercise price of the underlying warrants was greater than the warrant fair value as of December 31, 2022, and when the Note was drawn on. The Company believes that the likelihood of the Sponsor's exercise of the option to convert the Note to warrants is de minimis. As a result, the Company recorded zero liability related to the conversion option.

The terms of the Working Capital Warrants will be identical to the terms of the warrants issued by the Company to the Sponsor in a private placement that took place simultaneously with the Company's Initial Public Offering. The Note is subject to customary events of default, the occurrence of which automatically trigger the unpaid principal balance of the Note and all other sums payable with regard to the Note becoming immediately due and payable. As of December 31, 2022 and 2021, there was a balance of \$1,500,000 under this loan.

Sponsor Loans

On February 15, 2021, the Sponsor committed to provide the Company up to an aggregate of \$500,000 in loans for working capital purposes. These loans will be non-interest bearing, unsecured and will be repaid upon the consummation of a Business Combination. If the Company does not consummate a Business Combination, all amounts loaned to the Company in connection with these loans will be forgiven except to the extent that the Company has funds available to it outside of its Trust Account. As of December 31, 2022 and 2021, the outstanding balance of the loan is \$0. On June 24, 2020, the Sponsor agreed to loan the Company an aggregate of up to \$300,000 to cover expenses related to the Initial Public Offering pursuant to a promissory note (the "Note"). The Note was non-interest bearing and payable on the earlier of August 31, 2020 or the completion of the Initial Public Offering. The outstanding balance under the Note of \$97,126 was repaid at the closing of the Initial Public Offering on July 27, 2020. Affiliates of the Company and of the Sponsor advanced the Company an aggregate of \$265,763 to cover expenses related to the Initial Public Offering. The advances were non-interest bearing and due on demand. The outstanding advances of \$265,763 were repaid at the closing of the Initial Public Offering on July 27, 2020.

On July 25, 2022, in connection with the approval of the First Extension Amendment Proposal, the Company issued the Extension Note in the principal amount of up to \$1,924,356 to the Sponsor, pursuant to which the Sponsor agreed to loan the Company up to \$1,924,356. The First Extension Note bears no interest and is repayable in full upon the earlier of (a) the date of the consummation of the Company's Business Combination, or (b) the date of the liquidation of the Company. The maturity date of the First Extension Note may be accelerated upon the occurrence of an Event of Default (as defined therein). Any outstanding principal under the First Extension Note may be prepaid at any time by the Company, at its election and without penalty, provided, however, that the Sponsor shall

F-17

EAST RESOURCES ACQUISITION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

have a right to first convert such principal balance as described in Section 17 of the First Extension Note upon notice of such prepayment. If a Business Combination is not completed and the Company winds up, there will not be sufficient assets to repay the First Extension Note and it will be worthless. As of December 31, 2022, \$1,924,356 had been deposited into Trust Account by the Sponsor to extend the period the Company has to complete a Business Combination from July 27, 2022 to January 27, 2023.

Upon the consummation of a Business Combination, the holder of the Note (or a permitted assignee) shall have the option, but not the obligation, to convert up to \$1,500,000 or a portion of the unpaid principal balance of the Note into that number of Working Capital Warrants equal to the principal amount of the Note so converted divided by \$1.50. The conversion option should be bifurcated and accounted for as a derivative in accordance with ASC 815. However, the exercise

price of the underlying warrants was greater than the warrant fair value as of December 31, 2022, and when the Note was drawn on. The Company believes that the likelihood of the Sponsor's exercise of the option to convert the Note to warrants is de minimis. As a result, the Company recorded zero liability related to the conversion option.

On September 29, 2022, the Sponsor agreed to loan the Company an aggregate of \$1,500,000 to cover expenses related to the Business Combination and other operating activities until the consummation of the initial business combination, this is a separate \$1,500,000 than the convertible note discussed above. This note bears no interest and is repayable in full upon the earlier of (a) the date of the consummation of the Company's initial business combination, or (b) if the initial business combination does not occur this note will not be repaid. As of December 31, 2022 \$1,500,000 was outstanding on this loan.

NOTE 6. COMMITMENTS

Registration Rights

Pursuant to a registration rights agreement entered into on July 23, 2020, the holders of the Founder Shares, Private Placement Warrants and warrants that may be issued upon conversion of the Working Capital Loans (and any shares of Class A common stock issuable upon the exercise of the Private Placement Warrants and warrants that may will not be issued upon conversion of Working Capital Loans and upon conversion of the Founder Shares) are entitled to registration rights. The holders of these securities will be entitled to make up to three demands, excluding short form demands, that the Company register such securities. In addition, the holders have certain "piggy-back" registration rights with respect to registration statements filed subsequent to transferable, assignable or salable until 30 days after the completion of a Business Combination. However, Combination, subject to certain limited exceptions, (y) the Private Placement Warrants will be exercisable on a cashless basis and be non-redeemable so long as they are held by the initial purchasers or their permitted transferees and (z) the Private Placement Warrants and the shares of Class A common stock issuable upon exercise of the Private Placement Warrants will be entitled to registration rights agreement provides rights. 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.

Private Placement Warrants were accounted for as liabilities in accordance with ASC 815-40. The warrant liabilities are measured at fair value at inception and on a recurring basis, with changes in fair value presented separately in the condensed consolidated statements of operations and comprehensive income.

The Private Placement Warrants were considered a Level 3 fair value measurement using a binomial lattice model in a risk-neutral framework. The binomial lattice model's primary unobservable input utilized in determining the fair value of the Private Placement Warrants is the expected volatility of the common stock. The implied volatility as of the reporting date was derived from observable public warrant traded price provided by Bloomberg LP.

The following table presents the key assumptions in the analysis:

Private Placement Warrants	
Expected implied volatility	de minimis
Risk-free interest rate	4.09%
Term to expiration	5.0 years
Exercise price	\$11.50
Common Stock Price	\$10.03
Dividend Yield	—%

Equity Securities, at Fair Value: S&P 500 Options—In February 2022, LMATT Series 2024, Inc., which the Company consolidates for financial reporting, purchased and sold S&P 500 call and put options through a broker. The Company purchased and sold additional S&P 500 call options through a broker in June 2022 through their 100% owned and fully consolidated subsidiaries LMATT Growth Series 2.2024, Inc. and LMATT Growth and Income Series 1.2026, Inc. The options are exchange traded, and fair value is determined using Level 1 inputs of quoted market prices as of the consolidated balance sheets dates. Changes in fair value are classified as unrealized (gain)/loss on investments within the consolidated statements of operations and comprehensive income.

Financial Instruments Measured at Fair Value on a Nonrecurring Basis—The following financial assets, composed of equity securities without readily determinable fair values, are adjusted to fair value when observable price changes are identified, or an impairment charge is recognized. Such fair value measurements are based predominantly on Level 3 inputs other than financial instruments where the carrying value approximates fair value.

Available-for-Sale Investment—The Convertible Promissory Note is classified as an available-for-sale security. Available-for-sale investments are subsequently measured at fair value. Unrealized holding gains and losses are excluded from earnings and reported in other comprehensive income until realized. The Company determines fair value of its available-for-sale investments using unobservable inputs by considering the initial investment value, next round financing, and the likelihood of conversion or settlement based on the contractual terms in the agreement. The Company initially purchased a \$250,000 convertible promissory note from the issuer in 2021 and then on January 7, 2022, the Company purchased an additional \$250,000 convertible promissory note from the same issuer and then an additional \$500,000 in October 2022. As of December 31, 2023 and 2022, the Company evaluated the fair value of its Promissory Note and determined that the fair value approximates the carrying value of \$1,105,935 and \$1,000,000, which included \$105,935 and \$— of accrued interest, respectively.

Other Investments—The Company will not permit any registration statement filed determines fair value using Level 3 inputs under the Securities Act to become effective until termination measurement alternative. These investments are recorded at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the applicable lockup period. same issuer. Impairment is assessed qualitatively. As of December 31, 2023, and 2022, the Company did not identify any impairment indicators and determined that the carrying value of \$1,650,000 and \$1,300,000, respectively is the fair value for these equity investments in privately held companies, given that there have been no observable price changes.

Financial Instruments Where Carrying Value Approximates Fair Value—The carrying value of cash, cash equivalents, accounts receivables, and due to affiliates approximates fair value due to the short-term nature of their maturities.

13. LONG-TERM DEBT

Outstanding principal balances of Long-term debt comprises of the following:

	December 31, 2023		December 31, 2022	
	Cost	Fair value	Cost	Fair value
Market-indexed notes:				
LMATT Series 2024, Inc.	\$ 9,124,944	\$ 9,477,780	\$ 9,866,900	\$ 8,067,291
LMATT Series 2.2024, Inc.	2,981,480	3,551,852	2,333,391	2,354,013
LMATT Growth & Income Series 1.2026, Inc	492,582	569,862	400,000	400,000
Secured borrowing:				
LMA Income Series, LP	21,889,444	22,368,209	17,428,349	17,428,349
LMA Income Series II, LP	32,380,852	32,380,852	—	—
Unsecured borrowing:				
Fixed Rate Senior Unsecured Notes	35,650,000	35,650,000	—	—
SPV Purchase and Sale Note	26,538,004	26,538,004	—	—
Sponsor PIK Note	11,115,865	11,115,865	—	—
Deferred issuance costs and discounts	(1,831,910)	(1,831,910)	—	—
Total debt	\$ 138,341,261	\$ 139,820,514	\$ 30,028,640	\$ 28,249,653
Less current portion of long-term debt	\$ (11,440,236)	\$ (13,029,632)	—	—
Total long-term debt	\$ 126,901,025	\$ 126,790,882	\$ 30,028,640	\$ 28,249,653

Fixed Rate Senior Unsecured Notes

On November 10, 2023, the Company issued \$35,650,000 in fixed rate senior unsecured notes ("Fixed Unsecured Notes"). The net proceeds after related debt issue costs, were used by the Company to repay the Owl Rock Credit Facility, with the remaining to be used for general corporate purposes. The Fixed Unsecured Notes are based on a fixed interest rate of 9.875% to be paid in quarterly interest payments beginning on February 15, 2024 and mature on November 15, 2028. The Company has the option to redeem the Fixed Unsecured Notes in whole or in part at a price of 100% of the outstanding principal balance on or after November 15, 2027. The notes will bear be senior unsecured obligations of the expenses Company and will rank equal in right of payment to all of the Company's other senior unsecured indebtedness from time to time outstanding.

Owl Rock Credit Facility

On July 5, 2023 (the "Owl Rock Closing Date"), the Company entered into that certain Credit Agreement (the "Owl Rock Credit Facility"), among the Company, as borrower, the several banks and other persons from time to time party thereto (the "Owl Rock Lenders"), and Owl Rock Capital Corporation, as administrative and collateral agent for the Owl Rock Lenders thereunder. The Owl Rock Credit Facility provided credit extensions for (i) an initial term loan in an aggregate principal amount of \$25,000,000 upon the closing of the Owl Rock Credit Facility and (ii) optional delayed draw term loans in an aggregate principal amount of up to \$25,000,000 that was available for 180 days after the Owl Rock Closing Date, subject to the requirement that on each delayed draw date, the proceeds may have been used for working capital and the business requirements of the enterprise, and to fund acquisitions, investments and other transactions permitted by the loan documentation. The interest rate was based an adjusted term Secured Overnight Financing Rate ("SOFR"), which was calculated as term SOFR plus a 0.10% adjustment for a one-month interest period, a 0.15% adjustment for a three-month interest period, or a 0.25% adjustment for a six-month interest period. It provided a delayed draw commitment fee rate of 0.50% per annum applicable to undrawn commitments during the Delayed Draw Term Loan Availability Period and matured on July 5, 2028.

On November 10, 2023, the Company repaid the Owl Rock Credit Facility from the Fixed Unsecured Notes net proceeds after related debt issue costs. In connection with the repayment of the outstanding principal, the Company paid a 4% repayment penalty of \$1,000,000 and legal fees of \$73,339. The Company also incurred a loss on extinguishment of \$2,086,303. The combined total of \$3,159,641 is included in interest expense on the consolidated statements of operations and comprehensive income.

Sponsor PIK Note

On June 30, 2023, in connection with the filing of any such registration statements.

Underwriting Agreement

The underwriters were paid a cash underwriting discount of \$6,900,000 in the aggregate. In addition, the underwriters were entitled to a deferred fee of \$0.35 per Unit, or \$12,075,000. The deferred fee was to 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.

On November 25, 2022, the Company received a letter providing notice from Wells Fargo Securities, LLC. ("Wells Fargo"), waiving any entitlement to their portion of the \$12,075,000 deferred underwriting fee that accrued from Wells Fargo's participation as the underwriters of the Initial Public Offering and their right of first refusal to act as co-placementagents in connection with any equity or debt financing transaction (including any investment banking and financial advisory services) related to the Business Combination. Such waiver reduces the estimated expenses consummation of the Business Combination and as contemplated by \$12,075,000. A portion of deferred underwriting discount previously recorded the Merger Agreement, East Sponsor, LLC, a Delaware limited liability company ("Sponsor"), made an unsecured loan to the Company in the aggregate amount of \$10,471,648 (the "Sponsor PIK Note") with an interest rate of 12% per annum compounding semi-annually. Accrued interest is payable in arrears quarterly starting on September 30, 2023 by adding it to the outstanding principal balance. As of December 31, 2023 and 2022, \$644,217 and \$— in non-cash interest expense was added to the outstanding principal balance, respectively. The Sponsor PIK Note matures on June 30, 2028 and may be prepaid at any time in accordance with its terms without any premium or penalty.

LMATT Series 2024, Inc. Market-Indexed Notes:

On March 31, 2022, LMATT Series 2024, Inc., which the Company consolidates for financial reporting, issued \$10,166,900 in market-indexed private placement notes. The note, titled the Longevity Market Assets Target-Term Series (LMATTS) 2024, is a market-indexed instrument designed to provide upside performance exposure of the S&P 500 Index, while limiting downward exposure. Upon maturity of the note in 2024, the principal, plus the return based upon the S&P 500 Index must be paid. The note has a feature to protect debt holders from market downturns, up to 40%. Any subsequent losses below the 40% threshold will reduce the note on a one-to-one basis. As of December 31, 2023, \$9,124,944 of the principal amount remained outstanding.

The notes are held at fair value, which represents the exit price, or anticipated price to transfer the liability to a third party. As of December 31, 2023, the fair value of the LMATT Series 2024, Inc. notes was \$9,477,780.

The notes are secured by the assets of the issuing entities, which includes cash, S&P 500 options, and life settlement policies totaling \$9,883,554 as of December 31, 2023. The notes' agreements do not restrict the trading of life settlement contracts prior to maturity of the note, as total assets of the issuing companies are considered as collateral. There are also no restrictive covenants associated with the notes with which the entities must comply.

LMATT Series 2.2024, Inc. Market-Indexed Notes:

On September 16, 2022, LMATTS Series 2.2024, Inc., a 100% owned subsidiary, which the Company consolidates for financial reporting, issued \$2,333,391 in market-indexed private placement notes. The note, titled the Longevity Market Assets Target-Term Growth Series 2.2024, Inc. ("LMATTS™ Series 2.2024, Inc.") is a market-indexed instrument designed to provide upside performance exposure of the S&P 500 Index, while limiting downward exposure. Upon maturity of the note in 2024, the principal, plus the return based upon the S&P 500 Index must be paid. The note has a feature to provide upside performance participation that is capped at 120% of the performance of the S&P 500. A separate layer of the note has a feature to protect debt holders from market downturns by up to 20% if the index price experiences a loss during the investment period. After the underlying index has decreased in value by more than 20%, the investment will experience all subsequent losses on a one-to-one basis. As of December 31, 2023, the entire principal amount remained outstanding.

The notes are held at fair value, which represents the exit price, or anticipated price to transfer the liability to a third party. As of December 31, 2023, the fair value of the LMATT Series 2.2024, Inc. notes were \$3,551,852.

The notes are secured by the assets of the issuing entity, LMATT Series 2.2024, Inc., which includes cash, S&P 500 options, and life settlement policies totaling \$3,389,167 as of December 31, 2023. The note agreements do not restrict the trading of life settlement contracts prior to maturity of the note, as total assets of the issuing company are considered as collateral. There are also no restrictive covenants associated with the note with which the entity must comply.

LMATT Growth and Income Series 1.2026, Inc. Market-Indexed Notes:

On September 16, 2022, LMATTS Growth and Income Series 1.2026, Inc., a 100% owned subsidiary, which the Company consolidates for financial reporting, issued \$400,000 in market-indexed private placement notes. The note, titled the Longevity Market Assets Target-Term Growth and Income Series 1.2026, Inc. ("LMATTS™ Growth and Income Series 1.2026, Inc.") is a market-indexed instrument designed to provide upside performance exposure of the S&P 500 Index, while limiting downward exposure. Upon maturity of the note in 2026, the principal, plus the return based upon the S&P 500 Index must be paid. The note has a feature to provide upside performance participation that is capped at 140% of the performance of the S&P 500. A separate layer of the note has a feature to protect debt holders from market downturns by up to 10% if the index price experiences a loss during the investment period. After the underlying index has decreased in value by more than 10%, the investment will experience all subsequent losses on a one-to-one basis. This note also includes 4% dividend feature that will be paid annually. As of December 31, 2023, the entire principal amount remained outstanding.

The notes are held at fair value, which represents the exit price, or anticipated price to transfer the liability to a third party. As of December 31, 2023, the fair value of the LMATT Growth and Income Series 1.2026, Inc., notes were \$569,862.

The notes are secured by the assets of the issuing entity, LMATTS Growth and Income Series 1.2026, Inc., which includes cash, S&P 500 options, and life settlement policies totaling \$374,458 as of December 31, 2023. The note agreements do not restrict the trading of life settlement contracts prior to maturity of the note, as total assets of the issuing company are considered as collateral. There are also no restrictive covenants associated with the note with which the entity must comply.

See additional paid-in capital fair value considerations within Note 12.

LMA Income Series, LP and LMA Income Series, GP LLC Secured Borrowing

On September 2, 2022, LMA Income Series, GP, LLC, wholly owned and controlled by that LMA Series, LLC, formed a limited partnership, LMA Income Series, LP and subsequently issued partnership interests to limited partners in a private placement offering. The initial term of the offering is recorded three years maturing on December 31, 2025 with the ability to extend for two additional one-year periods at the discretion of the general partner, LMA Income Series, GP, LLC. The limited partners will receive an annual dividend of 6.5% paid quarterly and 25% of returns in excess of a 6.5% internal rate of return capped at 9% which would require a 15% net internal rate of return. The General Partner will receive 75% of returns in excess of a 6.5% internal rate of return to limited partners then 100% in excess of a 15% net internal rate of return.

It was determined that LMA Series, LLC is the primary beneficiary of LMA Income Series, LP and thus has fully consolidated the limited partnership in its consolidated financial statements for the year ended December 31, 2023.

The private placement offerings proceeds will be used to acquire an actively manage a large and diversified portfolio of financial assets. LMA, through its consolidated subsidiaries, serves as the portfolio manager for the financial asset portfolio, which includes investment sourcing and monitoring. In this role, LMA has the unilateral ability to acquire and dispose of any of the above investments. As the partnership does not represent a business in accordance with ASC 810 and is a consolidated subsidiary that only holds financial assets, this represents a transfer subject to ASC 860-10. As the financial assets are not transferred outside the consolidated group, the proceeds from the offering shall be classified as a recovery liability unless it meets the definition of a participating interest and the derecognition criteria in ASC 860 are met. The

transferred interest did not meet the additional paid-in capital and definition of a portion previously expensed is recorded participating interest as LMA possesses the unilateral ability to direct the sale of the financial assets (ASC 860-10-50-6A(d)). In accordance with ASC 860-30-25-2, as the transfer of the financial assets did not meet the definition of a participating interest, LMA shall recognize the proceeds received from the offering as a **recovery secured borrowing**.

LMA elected to account for the secured borrowing at fair value under the collateralized financing entity guidance within ASC 810-10-30. As of December 31, 2023, the fair value of the secured borrowing was \$22,368,209.

LMA Income Series II, LP and LMA Income Series II, GP LLC Secured Borrowing

On January 31, 2023, LMA Income Series II, GP, LLC, wholly owned and controlled by that LMA Series, LLC, formed a limited partnership, LMA Income Series II, LP and subsequently issued partnership interests to limited partners in a private placement offering. The initial term of the **Statement** offering is three years maturing on March 31, 2026 with the ability to extend for two additional one-year periods at the discretion of **operations** the general partner, LMA Income Series II, GP, LLC. The limited partners will receive annual dividends equal to the Preferred Return Amounts as follows: Capital commitment less than \$500,000, 7.5%; between \$500,000 and \$1,000,000, 7.75%; over \$1,000,000, 8%. Thereafter, 100% of the excess to be paid to the General Partner.

It was determined that LMA Series, LLC is the primary beneficiary of LMA Income Series, LP and thus has fully consolidated the limited partnership in its consolidated financial statements for the year ended **December 31, 2022** December 31, 2023.

F-18

EAST RESOURCES ACQUISITION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

Forward

The private placement offerings proceeds will be used to acquire an actively manage a large and diversified portfolio of financial assets. LMA, through its consolidated subsidiaries, serves as the portfolio manager for the financial asset portfolio, which includes investment sourcing and monitoring. In this role, LMA has the unilateral ability to acquire and dispose of any of the above investments. As the partnership does not represent a business in accordance with ASC 810 and is a consolidated subsidiary that only holds financial assets, this represents a transfer subject to ASC 860-10. As the financial assets are not transferred outside the consolidated group, the proceeds from the offering shall be classified as a liability unless it meets the definition of a participating interest and the derecognition criteria in ASC 860 are met. The transferred interest did not meet the definition of a participating interest as LMA possesses the unilateral ability to direct the sale of the financial assets (ASC 860-10-50-6A(d)). In accordance with ASC 860-30-25-2, as the transfer of the financial assets did not meet the definition of a participating interest, LMA shall recognize the proceeds received from the offering as a secured borrowing.

LMA elected to account for the secured borrowing at fair value under the collateralized financing entity guidance within ASC 810-10-30. As of December 31, 2023, the fair value of the secured borrowing was \$32,380,852.

SPV Purchase Agreement

and Sale Note

On **July 2, 2020** July 5, 2023, the Company entered into an Asset Purchase Agreement (the "Policy APA") to acquire certain insurance policies with an aggregate fair market value of \$10.0 million from Abacus Investment SPV, LLC, a Delaware limited liability company ("SPV"), in exchange for a payable obligation owed by the Company to SPV (such acquisition transaction under the Policy APA, the "SPV Purchase and Sale"). SPV is jointly owned between the Sponsor and former members of LMA and Abacus.

The payable obligation owed by the Company to SPV in connection with the SPV Purchase and Sale is evidenced by a note issued by the Company to SPV in connection with the SPV Investment Facility, as defined below, (the "SPV Purchase and Sale Note") in an original principal amount equal to the aggregate fair market value of the acquired insurance policies. The SPV Purchase and Sale Note has the same material terms and conditions as the other credit extensions under the SPV Investment Facility.

SPV Investment Facility

On July 5, 2023, the Company entered into a forward purchase credit agreement between the Company, as borrower, and the SPV, as lender (the "SPV Investment Facility") whereby the Company is able to borrow additional funds from SPV.

The SPV Investment Facility provides, among other things, for the following:

- Requires that certain subsidiaries of the Company guarantee the credit extensions provided under the SPV Investment Facility pursuant to which East Asset Management, LLC ("East Asset Management"), an affiliate separate documentation;
- is unsecured without collateral security provided in favor of SPV and subordinated in right of payment to the Sponsor, agreed Company's obligations under the Owl Rock Credit Facility, subject to purchase limited specified exceptions and circumstances for permitting early payment;
- provides for certain credit extensions in an aggregate of up to 5,000,000 units (the "forward purchase units"), consisting of one share of Class A common stock (the "forward purchase shares") and one-half of one warrant to purchase one share of Class A common stock (the "forward purchase warrants"), for \$10.00 per unit, or an aggregate maximum principal amount of \$50,000,000, \$25,000,000 included in a private placement the Long-term debt, related party line item on the consolidated balance sheets, which includes: (i) an initial credit extension in an original principal amount of \$15,000,000 that will close simultaneously with was funded upon the closing of a Business Combination. East Asset Management was too the SPV Investment Facility, and (ii) the SPV Purchase and Sale Note for the original principal amount of \$10,000,000 to finance the purchase a number of forward purchase units that would result in gross the insurance policies under the Policy APA;
- provides for proceeds to the Company necessary to enable the Company to consummate a Business Combination and pay related fees and be used for payment of certain transaction expenses, after first applying amounts available to the Company from the Trust Account (after paying the deferred underwriting discount and giving effect to any redemptions of Public Shares) general corporate purposes and any other financing source obtained purposes not prohibited by the agreement or applicable law;

- matures on July 5, 2026, three years after the closing of the SPV Investment Facility, subject to two automatic extensions of one year each without any amendment of the relevant documentation;
- provides for interest to accrue on the SPV Investment Facility at a rate of 12% per annum, payable quarterly, all of which is to be paid in-kind by the Company for such purpose at or prior to the consummation of a Business Combination, plus any additional amounts mutually agreed by the Company and East Asset Management to be retained by the post-business combination company for working capital or other purposes. East Asset Management's obligation to purchase forward purchase units was, among other things, be conditioned on the Business Combination (including the target assets or business, and the terms of the Business Combination) being reasonably acceptable to East Asset Management and on a requirement that such initial Business Combination is approved by a unanimous vote of the Company's board of directors. In determining whether a target is reasonably acceptable to East Asset Management, the Company expected that East Asset Management would consider many of the same criteria as the Company will consider but would also consider whether the investment is an appropriate investment for East Asset Management. The Forward Purchase Agreement is treated as a level 3 financial instrument under ASC 820. **This agreement was terminated on December 2, 2022. Please refer to Note 10 for additional information.**

Trust Extension

On July 25, 2022, the Company convened a special meeting of stockholders at which the First Extension Amendment Proposal was approved, extending the date by which the Company has to complete a Business Combination from July 27, 2022 to January 27, 2023. In connection with the special meeting, the Company provided the stockholders the opportunity to redeem all or a portion of their Class A common stock, and stockholders holding 24,781,028 shares of Class A common stock exercised their right to redeem such shares for a pro rata portion of the funds in the Trust Account. Consequently, approximately \$248,087,256 (approximately \$10.01 per share) was removed from the Trust Account to pay such redeeming holders. Additionally, in connection with the approval of the First Extension Amendment Proposal, the Company issued the First Extension Note increasing the principal amount of up to \$1,924,356 the SPV Investment Facility owing to the Sponsor, pursuant SPV on each interest payment date. As of September 30, 2023, \$750,000 in non-cash interest expense was added to which the Sponsor agreed outstanding principal balance;

- provides a default rate that will accrue at 2.00% per annum (subject to loan applicable subordination restrictions) over the Company up rate otherwise applicable. If cash payment is not permitted due to \$1,924,356. The First Extension Note bears applicable subordination restrictions or otherwise, such default interest shall be paid in-kind;
- provides that no interest principal payments shall be required prior to maturity;

- contains financial and is repayable other covenants substantially similar and not materially worse than those contained in full upon the earlier of (a) Owl Rock Credit Facility from the date perspective of the consummation Company; and
- provides for certain specified events of the Company's Business Combination or (b) the date default (including certain events of the liquidation of the Company. In order to further extend the period the Company has to complete a Business Combination beyond July 27, 2022, an additional \$320,726 was deposited into the Trust Account commencing on July 27, 2022 and on the 27th of each subsequent month, or portion thereof, for each additional month that the Company requires to complete a Business Combination from July 27, 2022 until January 27, 2023.

Business Combination

On August 30, 2022, the Company, LMA Merger Sub, Abacus Merger Sub, LMA and Abacus, entered into (the Merger Agreement), pursuant to which, default subject to grace or cure periods), with the satisfaction occurrence and during the continuance of such events of default enabling the lender under the SPV Investment Facility to accelerate the obligations under the SPV Investment Facility, among other rights or waiver of certain conditions precedent in the Merger Agreement, (i) LMA Merger Sub will merge with and into LMA, with LMA surviving such merger as a direct wholly owned subsidiary of the Company and (ii) Abacus Merger Sub will merge with and into Abacus, with Abacus surviving such merger as a direct wholly owned subsidiary of the Company. The Proposed Business Combination is expected to be consummated in the first half of 2023, remedies, subject to the fulfillment applicable subordination restrictions.

As of certain conditions. Subject December 31, 2023 and 2022, \$1,538,004 and \$— in non-cash interest expense was added to the terms of the Merger Agreement, the aggregate merger consideration with respect to the holders of issued and outstanding limited liability company interests in LMA and Abacus will consist of approximately \$531.8 million, payable in a number of newly issued Company Class A common stock at a deemed value of \$10.00 per share, with a portion of the aggregate merger consideration payable in cash upon the satisfaction of certain conditions.

F-19

EAST RESOURCES ACQUISITION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

In conjunction with the Business Combination certain legal and advisory fees have been incurred and will become due at closing of the Business Combination. principal balance, respectively.

The Company has accrued approximately \$3.1 million in such legal fees and \$4.8 million in advisory fees, these amounts are reflected in the consolidated financial statements following table shows scheduled principal payments by year for our long-term debt as of December 31, 2022. December 31, 2023:

	Payments Year						
	2024	2025	2026	2027	2028	Thereafter	Total
Market-indexed notes:							
LMATT Series 2024, Inc.	\$ 9,477,780	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 9,477,780
LMATT Series 2.2024, Inc.	3,551,852	—	—	—	—	—	3,551,852
LMATT Growth & Income Series 1.2026, Inc.	—	—	569,862	—	—	—	569,862
Secured borrowing:							
LMA Income Series, LP	—	22,368,209	—	—	—	—	22,368,209
LMA Income Series II, LP	—	—	32,380,852	—	—	—	32,380,852
Unsecured borrowing:							
Fixed Rate Senior Unsecured Notes	—	—	—	—	35,650,000	—	35,650,000
SPV Purchase and Sale Note	—	—	26,538,004	—	—	—	26,538,004
Sponsor PIK Note	—	—	—	—	11,115,865	—	11,115,865
	\$ 13,029,632	\$ 22,368,209	\$ 59,488,718	\$ —	\$ 46,765,865	\$ —	\$ 141,652,424

NOTE 7. STOCKHOLDERS' SHAREHOLDERS' EQUITY**Preferred Stock—**

The Company is authorized to issue up to 200,000,000 shares of common stock, par value \$0.0001 per share, and 1,000,000 shares of preferred stock, with a par value of \$0.0001 per share with such designations, voting and other rights and preferences as may be determined from time to time by the Company's board of directors. As of December 31, 2022 and December 31, 2021, there were no share. No shares of preferred stock are issued or outstanding.

Class A Common Stock—The Company is authorized to issue 200,000,000 shares of Class A common stock with a par value of \$0.0001 per share. At December 31, 2022 and December 31, 2021, there was 0 shares of Class A common stock issued and outstanding, excluding the 9,718,972 and 34,500,000 shares of Class A common stock subject to possible redemption at December 31, 2022 and December 31, 2021, respectively. In connection with the special meeting convened on July 25, 2022 related to the First Extension Amendment Proposal, stockholders totaling 24,781,028 shares of Class A common stock exercised their right to redeem such shares for a pro rata portion Holders of the funds held in the Trust Account.

Class B Common Stock—The Company is authorized to issue 20,000,000 shares of Class B Company's common stock with a par value of \$0.0001 per share. As of December 31, 2022 and December 31, 2021, there was 8,625,000 shares of Class B common stock issued and outstanding.

Common stockholders of record are entitled to one vote for each share. As of December 31, 2023, there were 63,388,823 shares of common stock issued, of which 63,242,173 are outstanding and 146,650 shares were held on all matters to be voted on by stockholders as treasury stock. Holders of shares were entitled to receive, in the Class A common stock and holders event of a liquidation, dissolution or winding up, ratably the Class B common stock will vote together as a single class on assets available for distribution to the stockholders after payment of all matters submitted liabilities.

The equity structure has been recast in all comparative periods up to a vote the Closing Date to reflect the number of shares of the Company's stockholders, except as required by law.

The Class B common stock, are identical 0.0001 par value per share, issued to the shares of Class A common stock included in the Units sold in the Initial Public Offering, and holders of Class B common stock have the same stockholder rights as public legacy LMA's stockholders except that (i) the Class B common stock are subject to certain transfer restrictions, as described in more detail below, (ii) the Sponsor, officers and directors have entered into a letter agreement with the Company, pursuant to which they have agreed (A) to waive their redemption rights with respect to any Class B common stock and any Public Shares held by them in connection with the completion of a Business Combination. As such, the shares and corresponding capital amounts and earnings per share related to legacy LMA common stock prior to the Business Combination and (B) to waive their rights to liquidating distributions from have been retroactively recast as shares reflecting the Trust Account with respect to any Class B common stock held by them if exchange ratio of 0.8 established in the Company fails to complete a Business Combination within the Combination Period, although they will be entitled to liquidating distributions from the Trust Account with respect to any Public Shares they hold if the Company fails to complete a Business Combination within the Combination Period, (iii) the Class B common stock will automatically convert into shares of Class A common stock at the time of a Business Combination, on a one-for-one basis, subject to adjustment pursuant to certain anti-dilution rights and (iv) are subject to registration rights. If the Company submits a Business Combination to the public stockholders for a vote, the Sponsor has agreed to vote any Class B common stock held by it and any Public Shares purchased during or after the Initial Public Offering in favor of a Business Combination.

With certain limited exceptions, the shares As of Class B common stock are not transferable, assignable or salable (except to the Company's officers and directors and other persons or entities affiliated with the Sponsor, each of whom will be subject to the same transfer restrictions) until the earlier of (A) one year after the completion of a Business Combination or (B) subsequent to a Business Combination, (x) if the last sale price of the Class A common stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) 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, capital stock exchange, reorganization or other similar transaction that results December 31, 2022, this resulted in all of the stockholders having the right to exchange their 50,369,350 shares of common stock for cash, securities or other property.

issued and outstanding.

Public Warrants

As of December 31, 2023, the Company has 17,249,984 Public Warrants outstanding. Each redeemable whole Public Warrant entitles the holder thereof to purchase one share of common stock at a price of \$11.50 per full share, subject to adjustment as described. The Public Warrants represent a freestanding financial instrument as it is traded on the Nasdaq under the symbol "ABLLW" and legally detachable and separately exercisable from the related underlying shares of the Company's common stock. 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 Proposed Offering. The Public Warrants will expire five years from the completion of a Business Combination, at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

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 with respect to the shares of Class A common stock underlying the 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 warrant will be exercisable and the Company will not be obligated to issue a share of Class A common stock upon exercise of a warrant unless the share of Class A common stock issuable upon such warrant exercise has been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants.

The Company has agreed that as soon as practicable, but in no event later than 20 business days after the closing of a Business Combination, it will use its commercially reasonable efforts to file with the SEC a registration statement for the registration, under the Securities Act, of the shares of Class A common stock issuable upon exercise of the warrants. The Company will use its commercially reasonable efforts to cause the same to become effective and to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration or redemption of the warrants in accordance with the provisions of the warrant agreement. If a registration statement covering the issuance of the shares of Class A common stock issuable upon exercise of the warrants is not effective by the 60th business day after the closing of a Business Combination, warrant holders may, until such time as there is an effective registration statement and during any period when the Company will have failed to maintain an effective registration statement, exercise warrants on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act or another exemption. In addition, if the shares of Class A common stock are at the time of any exercise of a warrant not listed on a national securities exchange such that they 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 the Public Warrants who exercise their 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 elects to do so, the Company will not be required to file or maintain in effect a registration statement, but it will use its best efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available.

Redemption of Warrants for Cash - Once the warrants become exercisable, the Company may redeem the outstanding Public Warrants for cash:

- in whole and not in part;
 - in whole and not in part; at a price of \$0.01 per warrant;
 - 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
 - upon not less than 30 days' prior written notice of redemption to each warrant holder; and if, and only if, the last sale price of the Class A common stock equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) 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.
- if, and only if, the last sale price of the Class A common stock equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) 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.

EAST RESOURCES ACQUISITION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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. However, the Company will not redeem the warrants unless an effective registration statement under the Securities Act covering the shares of Class A common stock issuable upon exercise of the warrants is effective and a current prospectus relating to those shares of Class A common stock is available throughout the 30-day redemption period, except if the warrants may be exercised on a cashless basis and such cashless exercise is exempt from registration under the Securities Act.

Redemption of Warrants for Shares of Class A Common Stock— Once the **Public** warrants become exercisable, the Company may redeem the outstanding warrants for shares of Class A common stock:

- in whole and not in part;
- in whole and not in part;
- at a price equal to a number of shares of Class A common stock to be determined by reference to the agreed table set forth in the warrant agreement based on the redemption date and the "fair market value" of the Class A common stock;
 - upon not less than 30 days' prior written notice of redemption to each warrant holder; and
 - if, and only if, the last sale price of the Class A common stock equals or exceeds \$10.00 per share (as adjusted per stock splits, stock dividends, reorganizations, recapitalizations and the like) on the trading day prior to the date on which the Company sends the notice of redemption to the warrant holders.

In addition, if (x) the Company issues additional shares of 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 (with such issue price or effective issue price to be determined in good faith by our board of directors), (y) the volume weighted average trading price of the Company's common stock during the 20 trading day period starting on the trading day prior to the day on which the Company consummates its initial Business Combination (such price, the "Market Price") 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 Market Price and the newly issued price. Further, the \$10.00 and \$18.00 per share redemption trigger prices will be adjusted to be equal to 100% and 180%, respectively, of the higher of the market value and the newly issued price.

If the Company elects to redeem all of the Public Warrants or the common stock is at the time of any exercise of a Public Warrant not listed on a national securities exchange, management has 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. In such event, each holder would pay the exercise price by surrendering the whole warrants for that number of shares of common stock equal to the quotient obtained by dividing (x) the product of the number of shares of common stock underlying the warrants, multiplied by the difference between the exercise price of the warrants and the "fair market value" (defined below) by (y) the fair market value. The "fair market value" shall mean the average reported last sale price of the common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants. However, in no instance can the warrant holder unilaterally decide to exercise its Public Warrant on a cashless basis.

Upon the Business Combination, the Company accounted for the Public Warrants issued with the IPO as equity instruments. The Company accounted for the warrant as an expense of the IPO resulting in a charge directly to stockholders' equity. The Company estimates that the fair value of the warrants upon the Business Combination is approximately \$4.73 million, or \$0.274 per Public Warrant, using the binomial lattice model. The fair value of the warrants is estimated as of the date of grant using the following

assumptions: (1) risk-free interest rate of 4.09%, (2) term to expiration of 5.00 years, (3) exercise price of \$11.50 and (4) stock price of \$10.03.

Stock Repurchase Program

On December 11, 2023, our Board of Directors authorized a stock repurchase program under which the Company may purchase shares of our common stock for an aggregate purchase price not to exceed \$15 million over a period of up to 18 months. Stock repurchases may be made through open market transactions, block trades, accelerated stock repurchases, privately negotiated transactions, derivative transactions or otherwise, certain of which may be made pursuant to a trading plan meeting the requirements of Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, in compliance with applicable state and federal securities laws. The timing, as well as the number and value of stock repurchased under the program, will be determined by the Company at its discretion and will depend on a variety of factors, including our assessment of the intrinsic value of the Company's common stock, the market price of the Company's common stock, general market and economic conditions, available liquidity, compliance with the Company's debt and other agreements, applicable legal requirements, the nature of other investment opportunities available to the Company, and other considerations. The Company is not obligated to purchase any stock under the repurchase program, and the program may be suspended, modified, or discontinued at any time without prior notice. The Company expects to fund the repurchases by using cash on hand and expected free cash flow to be generated in the future. Acquired shares of our common stock are held as treasury stock carried at cost in our consolidated financial statements. In connection with the repurchase program, the Company is authorized to adopt one of more plans pursuant to the provisions of Rule 10b5-1 under the Securities Exchange Act of 1934, as amended.

As of December 31, 2023, \$13.7 million remained available for repurchase under the authorization approved by the Board of Directors. The authorization for the stock repurchase program may be suspended, terminated, increased or decreased by our Board of Directors at any time without prior notice.

The following table summarizes stock repurchase activity under our share repurchase program:

	Total Number of Shares Purchased	Cost of Shares Repurchased	Average Price Paid per Share
As of December 31, 2022	—	\$ —	\$ —
December 1, 2023 - December 31, 2023	146,650	1,283,062	8.82
As of December 31, 2023	146,650	\$ 1,283,062	\$ 8.82

15. STOCK- BASED COMPENSATION

Long-term Incentive Plan:

In October of 2023, the Compensation Committee approved the issuance of 2,468,500 restricted stock units ("RSU's") to executives, employees and directors as part of the Company's 2023 Long-Term Equity Compensation Incentive Plan ("Long-term Incentive Plan"). This plan provides for equity-based awards, including restricted stock units, performance stock units ("PSU"), stock options and unrestricted shares of common stock, may be granted to officers, key employees and directors of the Company. The Company has granted RSUs that provide the right to receive, subject to service based vesting conditions, shares of common stock pursuant to the Equity Plan. After the issuance, 621,500 shares of common stock remained available for issuance of the 3,090,000 shares that are authorized for issuance under the Long-term Incentive Plan. The expense associated with the awards will be based on the fair value of the stock as of the grant date, where the Company will elect to straight line recognition over the vesting period, which is three years.

Each RSU entitles the unit holder to one share of common stock when the restriction expires. RSUs have service conditions associated with them that range from one to three years. In our plan, subject to continuous employment, 10% of the Initial Annual Award will vest at 9 months following the date of grant and 90% of the Initial Annual Award will vest at 33 months following the date of the grant. For certain employees, a minimum of 10% of the Initial Annual Award will vest if termination by the Employer without cause or by the executive for good reason occurs within the first 9 months of the grant. After satisfying the above vesting conditions, the participants will be fully entitled to their shares of Class A

common stock. Shares that are issued upon vesting are newly issued shares from the Long-term Incentive Plan and are not issued from treasury stock. Forfeitures are recorded as they occur.

The following table shows a summary of the unvested restricted stock under the 2023 Long-Term Equity Compensation Incentive Plan as of December 31, 2023 as well as activity during the year:

	Weighted Average	
	Number of shares	Grant Date Fair Value
Restricted stock units, unvested, December 31, 2022	—	\$ —
Granted	2,468,500	6.16
Vested	(39,000)	6.16
Forfeited	—	—
Restricted stock units, unvested, December 31, 2023	<u>2,429,500</u>	<u>6.16</u>

Compensation costs recognized for these restricted stock units were \$1,600,760 and \$— for the years ended December 31, 2023 and 2022, respectively. \$1,278,153 and \$322,607 of the 2023 compensation costs is recorded in cost of revenue (including stock-based compensation) and in general and administrative expense (including stock-based compensation) in the consolidated statements of operations and comprehensive income, respectively. As of December 31, 2023, there was approximately \$13,605,200 of unrecognized compensation costs related to these restricted stock units which the Company expects to recognize over the next 2.5 years.

CEO Restriction Agreement:

Effective upon Business Combination close, the Chief Executive Officer ("CEO") entered into a Restriction Agreement with Abacus Life, Inc. that provides terms for the CEO's ownership interest grant that were assigned to him from the three original founders of Abacus Settlements. As of the Closing Date as provided in the Merger Agreement amended on April 21, 2023, the CEO received 4,569,922 shares of Restricted Stock.

Vesting Conditions. The Company shall issue the shares of Restricted Stock either (a) in certificate form or (b) in book entry form, registered in the CEO's name, referring to the terms, conditions and restrictions applicable to the shares as outlined below. The CEO's Ownership Interest Grant ("Restricted Stock") shall vest as follows:

- i. 50% of the shares on the 25th month following the Effective Date,
- ii. 50% of the shares on the 30th month following the Effective Date,
- iii. Additionally, the Restricted Stock will become fully vested upon the first to occur of one of the following events: (i) separation from service due to disability, (ii) death, (iii) separation from service without cause; or (iv) separation from service for good reason.

CEO Stock-based compensation expense is recorded in general and administrative expense (including stock-based compensation) summarized as follows:

	Years Ended December 31,	
	2023	2022
Stock-based compensation expense	\$ 9,167,264	\$ —

Restricted Stock activity relative to the CEO for the year ended December 31, 2023 is summarized as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2022	—	\$ —
Granted	4,569,922	10.03

Forfeited	—	—
Settled	—	—
Outstanding at December 31, 2023	<u>4,569,922</u>	\$ 10.03

As of December 31, 2023, unamortized stock-based compensation expense for unvested Restricted Stock relative to the CEO was \$36,669,054 with a remaining contractual life of 2.0 years.

16. EMPLOYEE BENEFIT PLAN

The Company has a defined contribution plan in the U.S. intended to qualify under Section 401(k) of the Internal Revenue Code (the "401(k) Plan"). The 401(k) Plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer up to 100% of their annual compensation on a pretax basis. The Company matches up to a maximum of 4% of eligible employee contributions and may chose to make additional discretionary contributions to the 401(k) Plan. For the years ended December 31, 2023 and 2022, the Company recognized expenses related to the 401(k) Plan amounting to \$183,439 and \$22,559, respectively. For the years ended December 31, 2023 and 2022, the Company did not make discretionary contributions.

17. INCOME TAXES

Before June 30, 2023, the Company elected to file as an S corporation for Federal and state income tax purposes, as such, the Company incurred no Federal or state income taxes, except for income taxes related to their consolidated VIEs and subsidiaries which are taxable C corporations. These VIEs and subsidiaries include LMATT Series 2024, Inc., the wholly owned subsidiary of LMX, which is consolidated into LMA as a VIE, as well as LMATT Growth Series 2.2024, Inc., a wholly owned subsidiary of LMATT Growth Series, Inc., and LMATTS Growth and Income Series 1.2026, Inc., a wholly owned subsidiary of LMATT Growth and Income Series, Inc., all of which are 100% owned subsidiaries and fully consolidated. Accordingly, the provision for income taxes was attributable to amounts for LMATT Series 2024, Inc., LMATT Growth Series, Inc., and LMATT Growth and Income Series, Inc.

For the years ended December 31, 2023 and 2022, the Company recorded provision for income taxes of \$1,468,535 and \$889,943, respectively. The effective tax rate is 14.0% for the year ended December 31, 2023. The existence of non-taxable flow-through entities within the Company as well as a change in tax status of certain entities upon the Business Combination caused the effective tax rate to vary from the statutory rate. The effective rate for the year ended December 31, 2022 was 2.7% due to the impact of state income taxes and the release of the Company's valuation allowance, as there was sufficient evidence of the Company's ability to generate future taxable income at December 31, 2022.

The components of the provision for income taxes are as follows:

	For the Years Ended December 31,	
	2023	2022
Current provision:		
Federal	\$ 706,686	\$ —
State	195,679	—
Foreign	—	—
Total current tax	902,365	—
Deferred provision:		
Federal	469,109	737,376
State	97,061	152,567
Foreign	—	—
Total deferred tax	566,170	889,943
Provision for income taxes	\$ 1,468,535	\$ 889,943

The Company did not have any unrecognized tax benefits relating to uncertain tax positions as of December 31, 2023, and 2022, and did not recognize any interest or penalties related to uncertain tax positions as of December 31, 2023, and 2022.

The effective income tax rate differs from the federal statutory income tax rate applied to the profit loss before provision for income taxes due to the following:

	For the Years Ended December 31,	
	2023	2022
Income tax benefit computed at federal statutory rate	\$ 2,205,635	\$ 6,988,538
Restricted stock award deductions limited by IRC 162(m)	2,069,993	—
Change in tax status	1,414,469	—
Effect of pass through entities and noncontrolling interests	(3,812,977)	(6,147,453)
State income taxes, net of federal tax benefit	(332,567)	174,024
Other	(76,018)	—
Valuation allowance	—	(125,166)
Income tax at effective rate	\$ 1,468,535	\$ 889,943

The effects of temporary differences that give rise to significant components of deferred tax assets and liabilities at December 31, are as follows:

	2023	2022
Deferred tax assets:		
Basis difference related to life insurance policy sales	\$ 1,798,639	\$ 109,902
Warrant liability	1,683,658	—
Interest expense carryforward	740,657	—
Stock-based compensation	598,274	—
Right of use liability	455,380	—
Change in fair value of debt	405,804	—
Change in fair value of investments	—	264,196
Net operating loss carryforwards	21,470	167,554
	<u>5,703,882</u>	<u>541,652</u>
Less: valuation allowance	—	—
Deferred tax assets	5,703,882	541,652
Deferred tax liabilities:		
Basis difference in intangible assets	(7,480,659)	—
Change in fair value of life insurance policies (policies held at fair value method)	(4,318,194)	(1,454,588)
Basis difference in investments	(2,398,987)	—
Change in fair value of debt	—	(450,884)
Other	(705,133)	—
Deferred tax liabilities	(14,902,973)	(1,905,472)
Net deferred tax liability	\$ (9,199,091)	\$ (1,363,820)

The components of the Company's net deferred tax assets are subject to realizability analysis in accordance with ASC 740, *Income Taxes*. Based on this analysis, the Company determined that sufficient positive evidence existed at December 31, 2023 and 2022 to support not recording a valuation allowance recorded against net operating loss tax attributes.

The Company has \$84,709 of Federal Net Operating Losses and \$84,709 State Net Operating Losses that can be carried forward indefinitely. The Federal Net Operating Losses may be used to offset 80% of taxable income in a given year.

The Company did not have any unrecognized tax benefits relating to uncertain tax positions at December 31, 2023 and 2022 and did not recognize any interest or penalties related to uncertain tax position at December 31, 2023 and 2022. The Company does

not anticipate that changes in its unrecognized tax benefits will have a material impact on the consolidated statements of operations and comprehensive income during 2024.

The Company's tax returns are subject to examination by relevant taxing authorities. None of the Company's tax returns are under audit. As of December 31, 2023, tax years for 2020, 2021, and 2022 are subject to examination by the relevant tax authorities.

18. RELATED-PARTY TRANSACTIONS

As of December 31, 2023 and 2022, \$5,236 and \$263,785, respectively, were due to former members and affiliates primarily for reimbursable transaction costs as well as distributions to former members of \$1,159,712 as a part of the Business Combination as of December 31, 2023. As of December 31, 2023 and 2022, \$1,007,528 and \$2,904,646, respectively, was due from affiliates, respectively. The majority of the due from affiliate amount as of December 31, 2022 represents transaction costs incurred by the Company related to the planned business combination in which ERES had committed to reimburse the Company upon the consummation of the merger.

The SPV Purchase and Sale Note of \$25,000,000 was recorded as a related party transaction due to transfers of cash and policies between the Company and the SPV, which is jointly owned by the Sponsor and former members of LMA and Abacus. Also, the Sponsor PIK Note for \$10,471,648 is also recorded as a related party transaction due to the relationship between the Sponsor and the Company. Refer to Note 13, Long-Term Debt, for more information.

The Company has a related-party relationship with Nova Trading (US), LLC ("Nova Trading"), a Delaware limited liability company and Nova Holding (US) LP, a Delaware limited partnership ("Nova Holding" and collectively with Nova Trading, the "Nova Funds"). The Company also earns service revenue related to policy and administrative services on behalf of Nova Funds. The servicing fee is equal to 50 basis points (0.50%) times the monthly invested amount in policies held by Nova Funds divided by 12. The Company earned \$778,678 and \$818,300 in service revenue related to Nova Funds for the years ended December 31, 2023 and 2022, respectively.

As of December 31, 2023, and 2022, there were \$79,509 and \$196,289, respectively owed from the Nova Funds, which are included as related-party receivables in the accompanying consolidated balance sheets.

The Company also originates policies for the Nova Funds. For its origination services to the Nova Funds, the Company earns origination fees equal to the lesser of (i) 2% of the net death benefit for the policy or (ii) \$20,000. In addition to the Nova Funds, the Company also has other affiliated investors that provide origination services. For the year ended December 31, 2022, the Company did not earn any related party origination revenue for the Nova Funds. For the year ended December 31, 2023, revenue earned, and contracts originated are below.

	Year Ended December 31, 2023
Origination fee revenue	\$ 259,517
Transaction reimbursement revenue	235,455
Total	\$ 494,972
Cost	\$ 99,456
Face value	\$ 46,650,000
Total policies	7
Average Age	70

19. LEASES

During 2023, the Company amended the lease with the lessor to swap office spaces, increase square footage, and extend the lease term from July 31, 2023 to December 31, 2029. The Company applied the lease modification guidance to account for the amendment to the lease. The commencement date for the amended lease was December 8, 2023, the date the lessor allowed the Company to take possession of the space. The amended lease provided for a leasehold improvement allowance, a monthly

lease abatement from August to December 2024, and an option terminate. The Company remeasured the ROU assets and the lease liabilities as of the commencement date.

The Company determined that the termination option is not reasonably certain of exercise based on an evaluation of the contract, the termination fee, market and asset-based factors, and therefore does not exclude periods covered by the termination option.

The Company's right-of-use assets and lease liabilities for its operating lease consisted of the following amounts as of December 31, 2023 and 2022:

	As of December 31,	
	2023	2022
Assets:		
Operating lease right-of-use assets	\$ 1,893,659	\$ 77,011
Liabilities:		
Operating lease liability, current	118,058	48,127
Operating lease liability, non-current	1,796,727	29,268
Total lease liability	\$ 1,914,785	\$ 77,395

The Company recognizes lease expense for its operating leases within general, administrative, and other expenses on the Company's consolidated statements of operations and comprehensive income. The Company's lease expense for the periods presented consisted of the following:

	Years Ended December 31,	
	2023	2022
Operating lease cost	\$ 207,508	\$ 48,784
Variable lease cost	16,103	3,664
Total lease cost	\$ 223,611	\$ 52,448

The following table shows supplemental cash flow information related to lease activities for the periods presented:

	Years Ended December 31,	
	2023	2022
Cash paid for amounts included in the measurement of the lease liability		
Operating cash outflows for operating leases	\$ 201,200	\$ 48,399
ROU assets obtained in exchange for new lease liabilities	1,782,726	—

The table below shows a weighted-average analysis for lease terms and discount rates for all operating leases for the periods presented:

	Years Ended December 31,	
	2023	2022
Weighted-average remaining lease term (in years)	6.01	1.58
Weighted-average discount rate	9.67 %	3.36 %

Future minimum noncancelable lease payments under the Company's operating leases on an undiscounted basis reconciled to the respective lease liability at December 31, 2023 are as follows:

	Operating leases
2024	\$ 118,058

2025	471,239
2026	485,402
2027	499,980
2028	514,946
Thereafter	530,391
Total operating lease payments (undiscounted)	2,620,016
Less: Imputed interest	(705,231)
Lease liability as of December 31, 2023	\$ 1,914,785

20. EARNINGS PER SHARE

Basic earnings per share represents income available to ordinary stockholders divided by the weighted average number of common stock outstanding during the reported period. Treasury stock is excluded from the weighted average number of shares of common stock outstanding. During 2023, we repurchased 146,650 shares of our common stock. Net income per ordinary share is computed by dividing net income by the weighted-average number of ordinary shares outstanding during the period. The Company has not considered the effect of the Public and Private Placement Warrants to purchase an aggregate of 26,150,000 shares in the calculation of diluted income per ordinary share, since the average market price of the Company's Class A common stock for the year ended December 31, 2023 was below the warrants' \$11.50 exercise price. We compute diluted earnings per share using the weighted average number of common shares outstanding plus the dilutive effect of outstanding RSUs computed using the treasury stock method.

Basic and diluted weighted average shares outstanding and earnings per share were as follows:

	For Years Ended December 31,	
	2023	2022
Net income attributable to common stockholders (same for diluted earnings per share)	\$ 9,516,626	\$ 31,682,275
Weighted-average common shares outstanding for basic earnings per share	56,951,414	50,369,350
Restricted stock units	816,484	—
Shares used for diluted earnings per share	57,767,898	50,369,350
Earnings per share:		
Basic earnings per share	\$ 0.17	\$ 0.63
Diluted earnings per share	\$ 0.16	\$ 0.63

21. SUBSEQUENT EVENTS

The Company evaluated subsequent events and transactions from the consolidated balance sheet date through the date at which the consolidated financial statements were issued.

Fixed Rate Senior Unsecured Notes

On February 15, 2024, the Company issued an additional \$25,000,000 as part of the previously issued Fixed Unsecured Notes. The net proceeds, after related debt issue costs, were used by the Company for general corporate purposes. The Fixed Rate Senior Unsecured Notes are based on a fixed interest rate of 9.875% to be paid in quarterly interest payments beginning on May 15, 2024 and mature on November 15, 2028.

Conversion of Public Warrants—On January 18, 2024, the Company's share price reached the warrant exercise price of \$11.50. Certain public warrant holders redeemed their warrants for the Company's common stock. As of March 15, 2024, the Company received \$3,506,753 from 304,935 exercised public warrants.

LMA Income Series II, LP and LMA Income Series II, GP LLC Secured Borrowing—Subsequent to year end, LMA Income Series II, GP, LLC through the LMA Income Series II, LP admitted additional limited partners into the fund. The additional limited partnership interests amounted to \$18,042,641 as of March 20, 2024. LMA Income Series II, GP plans to continue admitting new limited partners throughout 2024 and beyond. In addition to new partnership interests, an amendment to the limited partnership

was signed to add redemption opportunities for limited partners and extend the maturity date of the fund. The first redemption date changed to March 31, 2026, but limited partners can elect to stay in the fund at the same terms prior to the amendment. If a limited partners elect to stay invested, the next redemption date would be June 30, 2027 with a final maturity date of December 31, 2028.

ABACUS SETTLEMENTS, LLC

CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND THE YEAR ENDED DECEMBER 31, 2022

Table

of

Contents

ABACUS SETTLEMENTS, LLC

CONDENSED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

FOR SIX MONTHS ENDED JUNE 30, 2023 AND YEAR ENDED DECEMBER 31, 2022

	Six Months Ended		Year Ended
	June 30 (Unaudited)		December 31
	2023	2022	
Origination revenue	\$ 3,252,738	\$ 7,050,007	
Related party revenue	9,931,938	18,153,456	
Total revenue	13,184,676	25,203,463	
Cost of revenue	2,734,949	5,538,470	
Related party cost of revenue	6,558,354	11,022,535	
Total cost of revenue	9,293,303	16,561,005	
Gross Profit	3,891,373	8,642,458	
OPERATING EXPENSES:			
General and administrative expenses	4,848,580	8,674,425	
Depreciation	5,597	12,165	
Total operating expenses	4,854,177	8,686,590	
Income (Loss) from operations	(962,804)	(44,132)	
OTHER INCOME (EXPENSE)			
Interest income	1,917	2,199	
Interest (expense)	(11,725)	(8,817)	
Other income	-	273	
Total other income (expense)	(9,808)	(6,345)	
Income (Loss) before provision for income taxes	(972,612)	(50,477)	
Provision for income taxes	2,289	2,018	
NET INCOME (LOSS) AND COMPREHENSIVE	\$ (974,901)	(52,495)	

WEIGHTED-AVERAGE UNITS USED IN COMPUTING NET INCOME (LOSS) PER UNIT:				
Basic			400	400
Diluted			400	400
NET INCOME/(LOSS) PER UNIT:				
Basic earnings per unit	\$	(2,437.25)	\$	(131.24)
Diluted earnings per unit	\$	(2,437.25)	\$	(131.24)

See accompanying notes to condensed consolidated financial statements.

ABACUS SETTLEMENTS, LLC

CONDENSED STATEMENTS OF CASH FLOWS

FOR SIX MONTHS ENDED JUNE 30, 2023 AND YEAR ENDED DECEMBER 31, 2022

	Common Units		Additional		Retained Earnings	Total
	Units	Amount	Paid-In Capital			
BALANCE—December 31, 2021	400	\$ 4,000	\$ 80,000	\$ 2,638,995		2,722,995
Net income	0	\$ —	\$ —	\$ (52,495)		(52,495)
Distributions	0	\$ —	\$ —	\$ (659,363)		(659,363)
BALANCE—December 31, 2022	400	\$ 4,000	\$ 80,000	\$ 1,927,137		2,011,137
Net loss	-	-	-	(974,901)		(974,901)
Distributions to former members	-	-	-	(442,283)		(442,283)
BALANCE—June 30, 2023	400	\$ 4,000	\$ 80,000	\$ 509,953		\$ 593,953

See accompanying notes to condensed financial statements.

	Six Months Ended June 30 (Unaudited)		Year Ended December 31	
	2023	2022	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	\$ (974,901)	\$ (52,495)		
Adjustments to reconcile net income to net cash used in operating activities:				
Depreciation expense	19,157	25,184		
Amortization expense	40,278	80,138		
Amortization of deferred financing fees	11,725	7,817		
Non-cash lease expense	1,210	1,631		
Changes in operating assets and liabilities:				

Related party receivables	397,039	187,622
Other receivables	101,203	(82,455)
Prepaid expenses	(198,643)	89,366
Other current assets	(26,211)	—
Other non-current assets		(7,246)
Certificate of deposit	—	656,250
State security deposit		(233)
Accrued payroll and other expenses	(17,466)	31,020
Contract liability—deposits on pending settlements	659,067	(1,356,641)
Accounts payable	(36,750)	36,750
Net cash used in operating activities	(24,292)	(383,292)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(108,394)	(64,099)
Purchase of intangible asset	—	(15,000)
Due from members and affiliates	(74,134)	15,088
Net cash used in investing activities	(182,528)	(64,011)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Due to members	(1,411)	(10,446)
Financing fees		(23,450)
Distributions to members	(442,283)	(659,363)
Net cash used in financing activities	(443,694)	(693,259)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(650,514)	(1,140,562)
CASH AND CASH EQUIVALENTS:		
Beginning of period	1,458,740	2,599,302
End of period	\$ 808,226	\$ 1,458,740

See accompanying notes to condensed financial statements.

ABACUS SETTLEMENTS, LLC

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. DESCRIPTION OF THE BUSINESS

Abacus Settlements, LLC d/b/a Abacus Life ("Abacus") was formed in 2004 in the state of New York. In 2016, the Company obtained its licensure in Florida and re-domesticated to that state. On June 13, 2023, the Company re-domesticated to Delaware.

Abacus acts as a purchaser of outstanding life insurance policies ("Provider") on behalf of investors ("Financing Entities") by locating policies and screening them for eligibility for a life settlement, including verifying that the policy is in force, obtaining consents and disclosures, and submitting cases for life expectancy estimates, also known as origination services. When the sale of a policy is completed, this is deemed "settled" and the policy is then referred to as either a "life settlement" in which the insured's life expectancy is greater than two years or "vital settlement," in which the insured's life expectancy is less than two years.

Abacus is not an insurance company, and therefore Abacus does not underwrite insurable risks for its own account. On August 30, 2022, Abacus entered into an Agreement and Plan of Merger (the "Merger Agreement") with East Resources Acquisition Company ("ERES"), which was subsequently amended on October 14, 2022. As part of the Merger Agreement, the holders of Abacus' common units together with the holders of Longevity Markets Assets, LLC ("LMA"), a commonly owned affiliate, will receive aggregate consideration of \$531,750,000, payable in a number of newly issued shares of ERES Class A common stock,

par value \$0.0001 per share ("ERES Class A common stock"), with a value ascribed to each share of ERES Class A common stock of \$10.00 and, to the extent the aggregate transaction proceeds exceed \$200.0 million, at the election of Abacus' and LMA's members, up to \$20.0 million of the aggregate consideration will be payable in cash to the Abacus' and LMA's members. The transaction closed on June 30, 2023 upon stockholder approval and customary closing conditions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying condensed financial statements are presented in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") and are prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP").

Use of Estimates—The preparation of US GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of financial statements and the reports amounts of revenue and expenses during the reporting periods. Abacus' estimates, judgments, and assumptions are continually evaluated based on available information and experience. Because of the use of estimates inherent in the financial reporting process, actual results could differ from the estimates. Estimates are used when accounting for revenue recognition and related costs, the selection of useful lives of property and equipment, impairment testing, valuation of other receivables from clients, income taxes, and legal reserves.

Going Concern—Management evaluates at each annual and interim period whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued. Management's evaluation is based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. Management has concluded that there are no conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date these financial statements were issued.

Other receivables—Other receivables include origination fees for policies in which the rescission period has ended, but the funds have not been received yet from financing entities. These fees were collected in the subsequent month.

Abacus provides an allowance for credit losses equal to the estimated collection losses that will be incurred in collection of all receivables. Management determines the allowance for credit losses based on a review of outstanding receivables, historical collection experience, current economic conditions, and reasonable and supportable forecasts. Account balances are charged off against the allowance for credit losses after all means of collection have been exhausted and the potential for recovery is deemed remote. Abacus does not have any material allowance for credit losses as of June 30, 2023 or December 31, 2022.

If the financial condition of Abacus' customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Abacus did not record material allowance for credit losses as of June 30, 2023, and December 31, 2022, respectively.

Concentrations—All of Abacus' revenues are derived from life settlement transactions in which Abacus represents Financing Entities that purchased existing life insurance policies. One financing entity, a company in which the Abacus' members own interests, represented 23% and 60% of Abacus' revenues in six months ended June 30, 2023 and year ended December 31, 2022, respectively. Abacus originates policies through three different channels: Direct to Consumer, Agent, and Broker. Two brokers represented the sellers for over 10% of Abacus' life settlement commission expense during the period six months ended June 30, 2023. No single broker represented the sellers for over 10% of Abacus' life settlement commission expense during the year ended December 31, 2022. Abacus maintains cash deposits with a major financial institution, which from time to time may exceed federally insured limits. Abacus periodically assesses the financial condition of the institution and believes that the risk of loss is minimal.

Advertising—All advertising expenditures incurred by Abacus are charged to expense in the period to which they relate and are included in general and administrative expenses on the accompanying condensed statements of operations and comprehensive income/(loss). Advertising expense totaled \$741,789 and \$1,414,828 for six months ended June 30, 2023 and year ended December 31, 2022, respectively.

3. SEGMENT REPORTING

Operating as a centrally led life insurance policy intermediary, Abacus' president and chief executive officer is the chief operating decision maker who allocates resources and assesses financial performance based on financial information presented for

Abacus as a whole. As a result of this management approach, Abacus is organized as a single operating segment.

4. REVENUE

Disaggregated Revenue—The following table presents a disaggregation of Abacus' revenue by major sources:

	Six Months Ended June 30, 2023	Year Ended December 31, 2022
Agent	\$ 7,143,016	\$ 12,156,552
Broker	4,675,973	9,938,808
Client direct	1,365,687	3,108,103
Total	\$ 13,184,676	\$ 25,203,463

5. INCOME TAXES

Since Abacus elected to file as an S corporation for federal and State income tax purposes, Abacus incurred no federal or state income taxes. Accordingly, provision for income taxes is attributable to minimum state tax payments that are due regardless of their S corporation status and income position.

For the three months ended June 30, 2023, Abacus did not record provision for income taxes. For the six months ended June 30, 2023 and year ended December 31, 2022, Abacus recorded provision for income taxes of \$2,289 and \$2,018, respectively, which consist of state minimum taxes for state taxes that have been paid and settled during the period. The effective tax rate was approximately (0.24%) for the six months ended June 30, 2023, compared to (4.00)% for the year ended December 31, 2022.

Given Abacus' S Corporation status, temporary book and tax differences do not create a deferred tax asset or liability on the balance sheets. Accordingly, an assessment of realizability of any deferred tax asset balances is not relevant.

6. RETIREMENT PLAN

Abacus provides a defined contribution plan to its employees, Abacus Settlements LLC 401(k) Profit Sharing Plan & Trust (the "Plan"). All eligible employees are able to participate in voluntary salary reduction contributions to the Profit-Sharing Plan. All employees who have completed one year of service with Abacus are eligible to receive employer-matching contributions. Abacus may match contributions to the Plan, up to 4% of compensation. For six months ended June 30, 2023 and year ended December 31, 2022, Abacus made no discretionary contribution to the Plan.

7. RELATED-PARTY TRANSACTIONS

Abacus has a related-party relationship with Nova Trading (US), LLC ("Nova Trading"), a Delaware limited liability company and Nova Holding (US) LP, a Delaware limited partnership ("Nova Holding" and collectively with Nova Trading, the "Nova Funds") as the owners of Abacus jointly own 11% of the Nova Funds. For the six months ended June 30, 2023 and year ended December 31, 2022, Abacus originated 72 and 333 policies, respectively, for the Nova Funds with a total value of \$96,674,080 and \$481,648,010, respectively. For its origination services to the Nova Funds, Abacus earns origination fees equal to the lesser of (i) 2% of the net death benefit for the policy or (ii) \$20,000. For three months ended June 30, 2023 and 2022, and for the six months ended June 30, 2023 and nine months ended September 30, 2022, revenue earned, and contracts originated are as follows:

	Six Months Ended June 30, 2023	Year Ended December 31, 2022

Origination fee revenue	\$ 2,952,837	\$ 6,586,922
Commissions and transaction reimbursement revenue	140,960	8,656,885
Total	\$ 3,093,797	\$ 15,243,806
Cost	\$ 11,656,637	\$ 87,143,005
Face value	96,674,080	481,648,010
Total policies	72	333
Average Age	75	75

In addition to the Nova Funds, Abacus also has another affiliated investor that they provide origination services for. Total revenue earned related to the other affiliated investor was \$6,838,141 and \$2,909,650, of which \$6,794,641 and \$2,268,150 related to LMA, for the six months ended June 30, 2023 and year ended December 31, 2022, respectively. Total cost of revenue related to the other affiliated investor was \$5,020,603 and \$2,365,650, of which \$5,012,103 and \$1,899,150 related to LMA for the six months ended June 30, 2023 and the year ended December 31, 2022, respectively. In addition, there is a related party receivable due from LMA related to transaction expenses of \$19,246 and \$227,555 as of June 30, 2023 and December 31, 2022, respectively, which is included as due from members and affiliates in the accompanying balance sheets.

8. SUBSEQUENT EVENT

On June 30, 2023, Abacus consummated the merger with LMA. Abacus has evaluated its subsequent events through August 14, 2023, the date that the financial statements were issued and determined that there were no events that occurred that required disclosure.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this Form 10-K. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of such date, our disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting

Our Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under their 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.

As discussed elsewhere in this Form 10-K, we completed the Business Combination on June 30, 2023. Prior to the Business Combination, we were a special purpose acquisition company formed for the purpose of effecting a merger, amalgamation, share

exchange, asset acquisition, share purchase, reorganization or other similar business combination with one or more businesses. As a result, previously existing internal controls are no longer applicable or comprehensive enough as of the assessment date as our operations prior to the Business Combination were insignificant compared to those of the consolidated entity post-Business Combination. Management was unable, without incurring unreasonable effort or expense to conduct an assessment of our internal control over financial reporting as of December 31, 2023. Accordingly, we are excluding management's report on internal control over financial reporting pursuant to Section 215.02 of the SEC Division of Corporation Finance's Regulation S-K Compliance and Disclosure Interpretations.

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm due to our status as an emerging growth company under the JOBS Act.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Remediation of Previously Disclosed Material Weaknesses

We previously identified and disclosed in our Form S-1 filed July 25, 2023, material weaknesses related to certain information technology general controls. More specifically, the material weaknesses related to: members of executive management having access to post to the general ledger; members of finance having inappropriate information technology access to the general ledger; and journal entry users having the ability to post to the general ledger without formal review or approval. The material weaknesses did not result in a misstatement to our financial statements.

A material weakness is a deficiency, or a 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.

Management executed a remediation plan under the oversight of the audit committee related to the material weaknesses, including:

- Implemented a new accounting system in 2023 which limits user access and requires approval of journal entries before posting in our accounting system;
- Performed access privilege review for all system users and critical transactions based on responsibilities considering segregation of duties;
- Limited excess rights and access for all system users; and,
- Engaged new qualified accounting resources and enhanced our accounting, business operations and information technology policies, procedures.

Management completed testing the operating effectiveness of internal controls impacted by our remediation efforts. As a result of the measures described above, the material weaknesses have been remediated as of December 31, 2023.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item will be included in the Proxy Statement under the captions *Information Regarding the Board of Directors and Corporate Governance* and is incorporated by reference herein.

Item 11. Executive Compensation

The information required by this Item will be included in the Proxy Statement under the captions *Executive Compensation* and is incorporated by reference herein.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item will be included in the Proxy Statement under the caption *Security Ownership of Certain Beneficial Owners and Management* and is incorporated by reference herein.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item will be included in the Company's Proxy Statement under the caption *Certain Relationships and Related Party Transactions* and are incorporated by reference herein.

Item 14. Principal Accountant Fees and Services

The information required by this Item will be included in the Company's Proxy Statement under the caption *Ratification of the Selection of Independent Registered Public Accounting Firm* and is incorporated by reference herein.

Part IV**Item 15. Exhibit and Financial Statement Schedules**

The following exhibits are filed as part of, or incorporated by reference into, this Annual Report on Form 10-K.

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of August 30, 2022, by and among East Resources Acquisition Company, LMA Merger Sub, LLC, Abacus Merger Sub, LLC, Longevity Market Assets, LLC and Abacus Settlements, LLC, incorporated by reference from the Company's Form 8-K filed August 30, 2022.
2.2	First Amendment to Agreement and Plan of Merger, dated as of October 14, 2022, by and among East Resources Acquisition Company, LMA Merger Sub, LLC, Abacus Merger Sub, LLC, Longevity Market Assets, LLC and Abacus Settlements, LLC, incorporated by reference from the Company's Form 8-K filed October 14, 2022.
2.3	Second Amendment to Agreement and Plan of Merger, dated as of April 20, 2023, by and among East Resources Acquisition Company, LMA Merger Sub, LLC, Abacus Merger Sub, LLC, Longevity Market Assets, LLC and Abacus Settlements, LLC (incorporated by reference to Exhibit 2.1 to the agreed table set forth Company's Current Report on Form 8-K (File No. 001-39403) filed with the SEC on April 20, 2023), incorporated by reference from the Company's Form 8-K filed April 20, 2023.
3.1	Second Amended and Restated Certificate of Incorporation of Abacus Life, Inc., incorporated by reference from the Company's 8-K filed July 6, 2023.
3.2	Amended and Restated Bylaws of Abacus Life, Inc., incorporated by reference from the Company's Form 8-K filed July 6, 2023.

- 4.1 Specimen Common Stock Certificate, incorporated by reference from the Company's Form S-1 filed July 2, 2020.
- 4.2 Specimen Warrant Certificate, incorporated by reference from the Company's Form S-1 filed July 2, 2020.
- 4.3 Warrant Agreement, dated July 23, 2020 between East Resources Acquisition Company and Continental Stock Transfer & Trust Company, as warrant agent, incorporated by reference from the Company's Form 8-K filed July 27, 2020.
- 4.4 Unsecured Promissory Note, dated as of June 30, 2023, issued to Sponsor, incorporated by reference from the Company's Form 8-K filed July 6, 2023.
- 4.5 Amended and Restated Unsecured Promissory Note, dated as of July 5, 2023, issued to East Asset Management, LLC, incorporated by reference from the Company's Form 8-K filed July 6, 2023.
- 4.6 Credit Agreement, dated as of July 5, 2023, among Abacus Life, Inc., as borrower, the several lenders from time to time party thereto, Owl Rock Capital Corporation, as administrative agent and collateral agent, incorporated by reference from the Company's Form 8-K filed July 6, 2023.
- 4.7 Asset Purchase Agreement, dated as of July 5, 2023, between Abacus Investment SPV, LLC, as seller, and Abacus Life, Inc., as purchaser, incorporated by reference from the Company's Form 8-K filed July 6, 2023.
- 4.8 SPV Investment Facility, dated July 5, 2023, between Abacus Life, Inc., as borrower, and Abacus Investment SPV, LLC, as lender, incorporated by reference from the Company's Form 8-K filed July 6, 2023.
- 4.9 Unsecured Promissory Note for funds drawn under the SPV Investment Facility, dated as of July 5, 2023, issued to Abacus Investment SPV, LLC, incorporated by reference from the Company's Form 8-K filed July 6, 2023.
- 4.10 Unsecured Promissory Note for value of policies received under the SPV Investment Facility, dated as of July 5, 2023, issued to Abacus Investment SPV, LLC, incorporated by reference from the Company's Form 8-K filed July 6, 2023.
- 4.11 Base Indenture, incorporated by reference from the Company's Form 8-K filed November 13, 2023.
- 4.12 Supplemental Indenture, incorporated by reference from the Company's Form 8-K filed November 13, 2023.
- 4.13 Form of 9.875% Fixed Rate Senior Notes due 2028 (included in Exhibit 4.12).
- 4.14 Description of registrant's securities 2023.
- 10.1 Warrant Forfeiture Agreement, dated as of June 30, 2023, by and among East Resources Acquisition Company and Sponsor incorporated by reference from the warrant agreement based Company's Form 8-K filed July 6, 2023.
- 10.2 Amended and Restated Registration Rights Agreement, dated as of June 30, 2023, by and among the Company, Sponsor, certain equityholders of East Resources Acquisition Company named therein and certain equityholders of the LMA and Legacy Abacus named therein, incorporated by reference from the Company's Form 8-K filed July 6, 2023.
- 10.3 Letter Agreement, dated as of July 23, 2020, among the Company, its officers and directors and the Sponsor, incorporated by reference from the Company's Form 8-K filed July 27, 2020.
- 10.4 Form of Indemnification Agreement, incorporated by reference from the Company's Form 8-K filed July 6, 2023.
- 10.5 Abacus Life, Inc. 2023 Long-Term Equity Incentive Plan, incorporated by reference from the Company's Form 8-K filed July 6, 2023.
- 10.6 Form of Restricted Stock Unit Award granted under the Abacus Life, Inc. 2023 Long-Term Equity Incentive Plan, incorporated by reference from the Company's Form 8-K filed July 6, 2023.
- 10.7 Form of Option Award granted under the Abacus Life, Inc. 2023 Long-Term Equity Incentive Plan, incorporated by reference from the Company's Form 8-K filed July 6, 2023.
- 10.8 Form of Employment Agreement, incorporated by reference from the Company's Form S-1 filed July 25, 2023.
- 10.9.1 Sponsor Support Agreement, dated as of August 30, 2022, by and among the East Resources Acquisition Company, Sponsor, LMA and Legacy Abacus, incorporated by reference from the Company's Form 8-K filed August 30, 2022.

10.9.2	Amendment No. 1 to the Sponsor Support Agreement, dated as of December 20, 2023, by and among Abacus Life, Inc., Longevity Market Assets, LLC, Abacus Settlements, LLC and East Sponsor, LLC, incorporated by reference from the Company's 8-K filed December 29, 2023.
10.10.1	Company Support Agreement, dated as of August 30, 2022, by and among East Resources Acquisition Company, LMA, Legacy Abacus and the other parties signatory thereto, incorporated by reference from the Company's Form 8-K filed August 30, 2022.
10.10.2	Amendment No. 1 to the Company Support Agreement, dated as of December 20, 2023, by and among Abacus Life, Inc., Longevity Market Assets, LLC, Abacus Settlements, LLC, T. Sean McNealy, K. Scott Kirby, Matthew A, incorporated by reference from the Company's 8-K filed December 29, 2023.
14.1	Code of Business Conduct and Ethics of Abacus Life, Inc., incorporated by reference from the Company's Form 8-K filed July 6, 2023.
21.1	Subsidiaries of the Company, incorporated by reference from the Company's Form 8-K filed July 6, 2023.
23.1	Consent of Grant Thornton LLP
24.1	Power of Attorney (included on the redemption date signature page)*
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the "fair market value" Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Class A common stock; Sarbanes-Oxley Act of 2002. *
31.2	Certification of Principal Financial Officer 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.*
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
97.1	Clawback policy.
101	The following financial information from the Company's Annual Report on Form 10-K for the year ended December 31, 2023, formatted in Inline Extensible Business Reporting Language (iXBRL) includes: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations and Comprehensive Income, (iii) the Consolidated Statements of Stockholders' Equity, (iv) the Consolidated Statements of Cash Flows, (v) and (vi) the Notes to Consolidated Financial Statements.
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

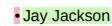
Item 16. Form 10-K Summary

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Orlando, State of Florida, on March 21, 2024.

ABACUS LIFE, INC.

By: /s/ Jay Jackson

 Jay Jackson

upon not less than 30 days' prior written notice Chairman of **redemption to each warrant holder;** the Board,
President and Chief Executive Officer

Date: March 21, 2024

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Jay J. Jackson and William H. McCauley, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her in any and all capacities, to sign any and all amendments to this Annual Report and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed by the following persons on our behalf in the capacities and on the date indicated above.

Signature	Title
<i>/s/ Jay Jackson</i>	if, President and only if, the last sale price of the Class A common stock equals or exceeds \$10.00 per share (as adjusted per share splits, share dividends, reorganizations, recapitalizations Chief Executive Officer (Principal Executive Officer)
<i>/s/ William McCauley</i>	Chief Financial Officer (Principal Accounting and the like) on the trading day prior to the date on which the Company sends the notice of redemption to the warrant holders. Financial Officer)
<i>/s/ Todd Sean McNealy</i>	Director
Todd Sean McNealy	
<i>/s/ Adam Gusky</i>	Director
Adam Gusky	
<i>/s/ Karla Radka</i>	Director
Karla Radka	
<i>/s/ Cornelis Michiel van Katwijk</i>	Director
Cornelis Michiel van Katwijk	
<i>/s/ Thomas W. Corbett, Jr.</i>	Director
Thomas W. Corbett, Jr.	
<i>/s/ Mary Beth Schulte</i>	Director
Mary Beth Schulte	

ABACUS LIFE, INC.
DESCRIPTION OF SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF
THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

The following is a description of the common stock of Abacus Life, Inc. (the "Company," "we," "our," or "us"), which is the only security of the Company registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The following summary description is based on the provisions of our certificate of incorporation, our bylaws and the applicable provisions of the Delaware General Corporation Law. This summary does not purport to be complete and is subject to, and is qualified in its entirety by express reference to, the applicable provisions of our certificate of incorporation and our bylaws, which are filed as exhibits to this Annual Report on Form 10-K, of which this Exhibit is a part, and are incorporated by reference herein. We encourage you to read our certificate of incorporation, our bylaws and the applicable provisions of the Delaware General Corporation Law for more information.

General

The following description is a summary, does not purport to be complete and is qualified in its entirety by reference to our certificate of incorporation, as amended, and our bylaws, which are filed as exhibits to the registration statement of which this prospectus is a part and are incorporated by reference into this prospectus.

DESCRIPTION OF COMMON STOCK ("ABL")

We are authorized to issue up to 201,000,000 shares of capital stock, of which 200,000,000 are shares of Common Stock, par value \$0.0001 per share, and 1,000,000 shares of preferred stock, \$0.0001 par value (the "Common Stock"). As of March 20, 2024, there were 63,694,758 shares of our Common Stock outstanding.

Common Stock

The holders of our Common Stock are entitled to the following rights:

Voting Rights. Our Common Stock is entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders, including the election of directors, and does not have cumulative voting rights. Accordingly, all elections shall be determined by a plurality of the votes cast, and except as otherwise required by law, all other matters shall be determined by a majority of the votes cast affirmatively or negatively.

Dividends. The holders of our Common Stock are entitled to receive dividends if any, as may be declared from time to time by our board of directors out of legally available funds.

Liquidation. In the event of our liquidation, dissolution, or winding up, holders of our Common Stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities, subject to the satisfaction of any liquidation preference granted to the holders of any outstanding shares of our preferred stock, if any.

Rights and Preferences. Holders of our Common Stock have no pre-emptive, conversion, or subscription rights, and there are no redemption or sinking fund provisions applicable to our Common Stock.

Fully Paid and Nonassessable. All of our outstanding shares of our Common Stock are, and the shares of our Common Stock to be issued in this offering will be, fully paid and nonassessable.

Exclusive Forum

Our Certificate of Incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (the "Court of Chancery") shall be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Company, (b) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee or agent of the Company to the Company or the Company's stockholders, (c) any action asserting a claim against the Corporation, its directors, officers or employees arising pursuant to any provision of the Delaware General Corporation Law, our Certificate of Incorporation or Bylaws, or (d) any action asserting a claim asserting a claim against the Corporation, its directors, officers or employees governed by the internal affairs doctrine, except for, as to each of (a) through (d) above, any claim as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery, or for which the Court of Chancery does not have subject matter jurisdiction; and subject to the preceding provisions of this Section 12.1, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended (the "Securities Act").

Section 203 of the Delaware General Corporation Law

We are subject to the provisions of Section 203 of the DGCL regulating corporate takeovers. This statute prevents certain Delaware corporations, under certain circumstances, from engaging in a "business combination" with:

- a stockholder who owns 15% or more of our outstanding voting stock (otherwise known as an "interested stockholder");
- an affiliate of an interested stockholder; or
- an associate of an interested stockholder, for three years following the date that the stockholder became an interested stockholder.

A "business combination" includes a merger or sale of more than 10% of our assets. However, the above provisions of Section 203 do not apply if:

- our board of directors approves the transaction that made the stockholder an "interested stockholder," prior to the date of the transaction; or

- after the completion of the transaction that resulted in the stockholder becoming an interested stockholder, that stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, other than statutorily excluded shares of Common Stock.

DESCRIPTION OF THE PUBLIC WARRANTS ("ABLLW"):

Each warrant will entitle the registered holder to purchase one share of Common Stock at a price of \$11.50 per share, subject to adjustment as discussed below, at any time commencing 30 days after the Closing. However, no warrants will be exercisable for cash unless the Company has an effective and current registration statement covering the shares of Common Stock issuable upon exercise of the warrants and a current prospectus relating to such shares of Common Stock. Notwithstanding the foregoing, if the Common Stock is not listed on a national security exchange at the time of any exercise of a warrant such Common Stock satisfies the definition of "covered security," under Section 18(b)(1) of the Securities Act, the Company may, at its option, require holders of the public warrants who exercise their warrants to do so on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act, and, in such case, the Company will not be required to file or maintain in effect a registration statement, but will be required to use its best efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available. If that exemption or another exemption is not available, holders will not be able to exercise their warrants on a cashless basis. In the event of such cashless exercise, each holder would pay the exercise price by surrendering the warrants for that number of shares of Common Stock equal to the quotient obtained by dividing (x) the product of the number of shares of Common Stock underlying the warrants, multiplied by the excess of the fair market value over the exercise price of the warrants and the "fair market value" (defined subsequently) by (y) the fair market value. The "fair market value" means the average reported last sale price of the shares of Common Stock for the 10 trading days ending on the third trading day prior to the date on which the notice of exercise is sent to the holders of warrants. The warrants will expire on the fifth anniversary of the Closing at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

After the warrants become exercisable, the Company may call the warrants for redemption, in whole and not in part, as follows:

- at a price of \$0.01 per warrant;
- upon not less than 30 days' prior written notice of redemption to each warrant holder;
- if, and only if, the reported last sale price of the shares of Common Stock equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, reclassifications, recapitalizations and the like), for any 20 trading days within a 30 trading day period commencing at any time after the warrants become exercisable and ending on the third business day prior to the notice of redemption to warrant holders; and

- if, and only if, there is a current registration statement in effect with respect to the shares of Common Stock underlying such warrants.

Commencing 90 days after the warrants become exercisable, the Company may redeem the outstanding warrants, in whole and not in part, as follows:

- at a price equal to a number of shares of Common Stock to be determined by reference to the table below, based on the redemption date and the fair market value (as defined above) of the Common Stock except as otherwise described below;
- upon not less than 30 days' prior written notice of redemption to each warrant holder;
- if, and only if, the last sale price of our Common Stock equals or exceeds \$10.00 per share (as adjusted for stock splits, stock dividends, reorganizations, reclassifications, recapitalizations and the like) on the trading day prior to the date on which the Company sends the notice of redemption to the warrant holders; and
- if, and only if, there is a current registration statement in effect with respect to the shares of Common Stock underlying such warrants.

In both redemption scenarios, the Company has no obligation to notify holders of the warrants that they have become eligible for redemption. However, in the event that the Company decides to redeem the warrants, the Company shall fix a redemption date and must send a notice of redemption by first class mail, postage prepaid, to the registered holders of the warrants to be redeemed not less than 30 days prior to that redemption date.

The numbers in the table below represent the "redemption prices," or the number of shares of Common Stock that a warrant holder will receive upon redemption by the Company pursuant to the above redemption feature based on the fair market value of the Common Stock on the corresponding redemption date and the number of months that the corresponding redemption date precedes the expiration date of the warrants, each as set forth in the table below.

Redemption Date (period to expiration of warrants)	Fair Market Value of Common Stock								
	\$10.00	\$11.00	\$12.00	\$13.00	\$14.00	\$15.00	\$16.00	\$17.00	\$18.00
57 months	0.257	0.277	0.294	0.310	0.324	0.337	0.348	0.358	0.365
54 months	0.252	0.272	0.291	0.307	0.322	0.335	0.347	0.357	0.365

51 months	0.246	0.268	0.287	0.304	0.320	0.333	0.346	0.357	0.365
48 months	0.241	0.263	0.283	0.301	0.317	0.332	0.344	0.356	0.365
45 months	0.235	0.258	0.279	0.298	0.315	0.330	0.343	0.356	0.365
42 months	0.228	0.252	0.274	0.294	0.312	0.328	0.342	0.355	0.364
39 months	0.221	0.246	0.269	0.290	0.309	0.325	0.340	0.354	0.364
36 months	0.213	0.239	0.263	0.285	0.305	0.323	0.339	0.353	0.364
33 months	0.205	0.232	0.257	0.280	0.301	0.320	0.337	0.352	0.364
30 months	0.196	0.224	0.250	0.274	0.297	0.316	0.335	0.351	0.364
27 months	0.185	0.214	0.242	0.268	0.291	0.313	0.332	0.350	0.364
24 months	0.173	0.204	0.233	0.260	0.285	0.308	0.329	0.348	0.364
21 months	0.161	0.193	0.223	0.252	0.279	0.304	0.326	0.347	0.364
18 months	0.146	0.179	0.211	0.242	0.271	0.298	0.322	0.345	0.363
15 months	0.130	0.164	0.197	0.230	0.262	0.291	0.317	0.342	0.363
12 months	0.111	0.146	0.181	0.216	0.250	0.282	0.312	0.339	0.363
9 months	0.090	0.125	0.162	0.199	0.237	0.272	0.305	0.336	0.362
6 months	0.065	0.099	0.137	0.178	0.219	0.259	0.296	0.331	0.362
3 months	0.034	0.065	0.104	0.150	0.197	0.243	0.286	0.326	0.361
0 months	—	—	0.042	0.115	0.179	0.233	0.281	0.323	0.361

The exact fair market value and redemption date may not be set forth in the table above, in which case, if the fair market value is between two values in the table or the redemption date is between two redemption dates in the table, the number of shares of Common Stock to be issued for each warrant redeemed will be determined by a straight-line interpolation between the number of shares set forth for the higher and lower fair market values and the earlier and later redemption dates, as applicable, based on a 365-day year. As reflected in the table above, the Company can redeem the warrants for no consideration in the event that the warrants are "out of the money" (i.e., the trading price of our Common Stock is below the exercise price of the warrants) and about to expire.

The right to exercise will be forfeited unless the warrants are exercised prior to the redemption date specified in the notice of redemption. On and after the redemption date, a record holder of a warrant will have no further rights except to receive the redemption price for such holder's warrant, as calculated pursuant to the above, upon surrender of such warrant.

The redemption criteria for the Company's warrants have been established at a price which is intended to provide warrant holders a reasonable premium to the initial exercise price and provide a sufficient differential between the then-prevailing share price and the warrant exercise price so that if the share price declines as a result of the Company's redemption call, the redemption will not cause the share price to drop below the exercise price of the warrants.

If the Company calls the warrants for redemption as described above, the Company's management will have the option to require all holders that wish to exercise warrants to do so on a "cashless basis." In such event, each holder would pay the exercise price by surrendering the warrants for that number of shares of Common Stock equal to the quotient obtained by dividing (x) the product of the number of shares of Common Stock underlying the warrants, multiplied by the excess of the fair market value (as defined above) over the exercise price of the warrants and by (y) the fair market value.

The warrants were issued in registered form under a warrant agreement between Continental Stock Transfer & Trust Company, as warrant agent, and the Company. The warrant agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity, or cure, correct or supplement any defective provision of the warrant agreement or to add or change any other

provisions with respect to matters or questions arising under the warrant agreement as the parties to the warrant agreement may deem necessary or desirable and that the parties deem to not adversely affect the interest of the registered holders of the warrants. The warrant agreement requires the approval, by written consent or vote, of the holders of at least 50% of the then outstanding public warrants in order to make any change that adversely affects the interests of the registered holders; provided that if an amendment adversely affects the Private Placement Warrants in a different manner than the public warrants or vice versa, then the vote or written consent of the registered holders of 65% of the public warrants and 65% of the Private Placement Warrants, voting as separate classes, is required.

The exercise price and number of shares of Class A common stock Common Stock issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a stock split, stock dividend, extraordinary dividend or the Company's recapitalization, reorganization, merger or consolidation. However, except as described below, the warrants will not be adjusted for issuances of Class A common stock shares of Common Stock at a price below their respective 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 within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of 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 of the Trust Account with the respect to such warrants. Accordingly, the warrants may expire worthless.

prices.

In addition, if (x) the Company issues additional shares of Class A common stock Common Stock or equity-linked securities for capital raising purposes in connection with the closing of Closing at a Business Combination at an issue price or effective issue newly issued price of less than \$9.20 per share of Class A common stock the 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 a Business Combination on the date of the completion of a Business Combination (net of redemptions), and (z) the volume weighted average trading price of the Company's shares of Class A common stock during the 20 trading day period starting on the trading day prior to the day on which the Company completes a Business Combination (such price, the "Market Value") is below \$9.20 per share, the exercise price of the Public Warrants warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher newly issued price. The warrants may be exercised upon surrender of the Market Value and warrant certificate on or prior to the Newly Issued Price, and expiration date at the \$10.00 and \$18.00 per share redemption trigger prices described above adjacent to "Redemption of Warrants For Cash" and "Redemption of Warrants For Shares of Class A Common Stock" will be adjusted (to the nearest cent) to be equal to 100% and 180% offices of the higher warrant agent, with the exercise form on the reverse side of the Market Value warrant certificate completed and executed as indicated, accompanied by full payment of the Newly Issued Price, respectively.

The Private Placement Warrants are identical to the Public Warrants underlying the Units sold exercise price and any and all applicable taxes due in the Initial Public Offering, except that (x) the Private Placement Warrants and the shares of Class A common stock issuable upon connection with the exercise of the Private Placement Warrants will warrant, by certified or official bank check payable to the Company, for the number of warrants being exercised. The warrant holders do not be transferable, assignable have the rights or salable until 30 days after the completion privileges of a Business Combination, subject to certain limited exceptions, (y) the Private Placement Warrants will be exercisable on a cashless basis and be non-redeemable so long as they are held by the initial purchasers or their permitted transferees and (z) the Private Placement Warrants and the holders of shares of Class A common stock issuable Common Stock and any voting rights until they exercise their warrants and receive shares of Common Stock. After the issuance of shares of Common Stock upon exercise of the Private Placement Warrants warrants, each holder will be entitled to registration rights. If one vote for each share held of record on all matters to be voted on by stockholders.

Warrant holders may elect to be subject to a restriction on the Private Placement Warrants

F-22

EAST RESOURCES ACQUISITION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

are held by someone other than exercise of their warrants such that an electing warrant holder would not be able to exercise their warrants to the initial purchasers or their permitted transferees, extent that, after giving effect to such exercise, such holder would beneficially own in excess of 9.8% of the Private Placement Warrants shares of Common Stock outstanding.

No fractional shares will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

F-23

EAST RESOURCES ACQUISITION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9. INCOME TAX

The Company's net deferred tax assets are as follows:

Description	December 31, 2022	December 31, 2021
Deferred tax assets		
Net operating loss carryforward	\$ —	\$ 57,440
Startup and organizational expenses	753,230	322,752
Total deferred tax assets	753,230	380,192
Valuation Allowance	(753,230)	(380,192)
Deferred tax assets, net of allowance	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

The income tax provision consists issued upon exercise of the following:

Description	December 31, 2022	December 31, 2021

Federal			
Current	41,592	—	
Deferred	(243,908)	(380,192)	
State and Local			
Current	10,893	—	
Deferred	(129,130)	—	
Change in valuation allowance	373,038	380,192	
Income tax provision	\$ 52,485	\$ —	

As of December 31, 2022 and December 31, 2021, the Company had \$0, and \$273,522 of U.S. federal net operating loss carryovers, which do not expire, available to offset future taxable income, respectively.

In assessing the realization warrants. If, upon exercise of the deferred tax assets, management considers whether it is more likely than not that some portion warrants, a holder would be entitled to receive a fractional interest in a share, the number of all shares of the deferred tax assets will not Common Stock to be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences representing net future deductible amounts become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. After consideration of all of the information available, management believes that significant uncertainty exists with respect to future realization of the deferred tax assets and has therefore established a full valuation allowance. For the years ended December 31, 2022 and 2021, the change in the valuation allowance was \$373,038 and \$380,192, respectively.

A reconciliation of the federal income tax rate issued to the Company's effective tax rate is as follows:

Description	December 31,	December 31,
	2022	2021
Statutory federal income tax rate	21.0 %	21.0 %
State taxes, net of federal tax benefit	20.39 %	- %
Merger costs	(358.38)%	- %
Change in fair value of warrants	331.68 %	(21.1)%
Change in fair value of forward purchase agreement liability	21.32 %	(1.7)%
Deferred underwriting fees	18.23 %	- %
Valuation allowance	(63.11)%	1.8 %
Income tax provision	(8.87)%	(0.0)%

F-24

EAST RESOURCES ACQUISITION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

The Company files income tax returns in the U.S. federal jurisdiction and is subject to examination by the various taxing authorities. The Company's tax returns since inception remain open to examination by the taxing authorities. The Company considers Florida to be a significant state tax jurisdiction.

NOTE 10. FAIR VALUE MEASUREMENTS

The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis at December 31, 2022 and December 31, 2021, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

Description	Level	December 31,	Level	December 31,
		2022		2021
Assets:				
Marketable securities held in Trust Account	1	99,222,704	1	345,048,888
Liabilities:				
Warrant Liability – Public Warrants	1	3,018,750	1	9,177,000
Warrant Liability – Private Placement Warrants	2	1,557,500	2	4,734,800

Forward Purchase Agreement Liability	3	-	3	1,600,000
--------------------------------------	---	---	---	-----------

The Public Warrants and Private Placement Warrants (collectively, the "Warrants") and forward purchase agreement were accounted for as liabilities in accordance with ASC 815-40 and are presented separately in the condensed balance sheets. The warrant liabilities and forward purchase agreement liability are measured at fair value at inception and on a recurring basis, with changes in fair value presented separately in the condensed statements of operations.

The following table presents the roll forward for the Level 3 Derivative liabilities as of December 31, 2022 and 2021:

Level 3 Derivative liabilities as of December 31, 2021	\$	1,600,000
Change in fair value of forward purchase agreement		(600,000)
Cancelation of forward purchase agreement		(1,000,000)
Level 3 Derivative liabilities as of December 31, 2022	\$	-
Level 3 Derivative liabilities as of December 31, 2020	\$	13,046,000
Change in fair value of Private Placement Warrants		(5,411,200)
Change in fair value of forward purchase agreement		(1,300,000)
Transfer from Level 3 to Level 2 derivative – Private Placement Warrants		(4,734,800)
Level 3 Derivative liabilities as of December 31, 2021	\$	1,600,000

The subsequent measurements of the Public Warrants after the detachment of the Public Warrants from the Units on September 14, 2020 were classified as Level 1 due to the use of an observable market quote in an active market. For periods subsequent to the detachment of the Public Warrants from the Units, the close price of the Public Warrant price holder will be used as the fair value as of each relevant date. The Private Placement Warrants are considered to be a Level 2 fair value measurement and are valued the same as Public Warrant even though they are not traded on the market. The Private Placement Warrants were considered a Level 3 fair value measurement prior to Quarterly period ended September 30, 2021 using a binomial lattice model. The binomial lattice model's primary unobservable input utilized in determining the fair value of the Warrants is the expected volatility of the common

F-25

EAST RESOURCES ACQUISITION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

stock. The expected volatility as of the Initial Public Offering date was derived from observable public warrant pricing on comparable 'blank-check' companies without an identified target.

The following table presents the changes in the fair value of warrant liabilities:

	Private		Warrant
	Placement	Public	Liabilities
Investment liabilities as of December 31, 2021	\$ 4,734,800	\$ 9,177,000	\$ 13,911,800
Change in valuation inputs or other assumptions	(3,177,300)	(6,158,250)	(9,335,550)
Investment liabilities as of December 31, 2022	\$ 1,557,500	\$ 3,018,750	\$ 4,576,250
Derivative liabilities as of December 31, 2020	\$ 10,146,000	\$ 19,665,000	\$ 29,811,000
Change in valuation inputs or other assumptions	(5,411,200)	(10,488,000)	(15,899,200)
Fair value as of December 31, 2021	\$ 4,734,800	\$ 9,177,000	\$ 13,911,800

The forward purchase agreement was valued using the publicly traded price of the Company's Units, based upon the fact that the Forward Purchase Units are equivalent to the Company's publicly traded Units, and the publicly traded price of the Units considered (i) the market's expectation of an initial Business Combination and (ii) the Company's redemption of the common stock within the Units at \$10.00 per share if an initial Business Combination does not occur. The forward purchase agreement was terminated on December 2, 2022.

The following table presents the quantitative information regarding Level 3 fair value measurements of the forward purchase agreement:

December 31, 2021

Unit price	\$ 10.31
Term to initial business combination (in years)	0.5
Risk-free rate	0.19%
Dividend yield	0.0%

The following table presents the changes in the fair value of the forward purchase agreement liability:

Fair value as of December 31, 2021	\$ 1,600,000
Change in fair value	(600,000)
Cancelation of forward purchase agreement	(1,000,000)
Fair value as of December 31, 2022	\$ -
 Fair value as of December 31, 2020	2,900,000
Change in fair value	(1,300,000)
Fair value as of December 31, 2021	\$ 1,600,000

NOTE 11. SUBSEQUENT EVENTS

The Company evaluates subsequent events and transactions that occurred after the balance sheet date rounded up to the date that the financial statements were issued. Based upon this review, nearest whole number:

Subject to applicable law, any action, proceeding or claim against us or the Company did not identify arising out of or relating in any subsequent events that would have required adjustment or disclosure way to the warrant agreement, including under the Securities Act, will be brought and enforced in the financial statements.

On January 20, 2023, courts of the Company convened State of New York or the United States District Court for the Southern District of New York, and we irrevocably submit to such jurisdiction, which jurisdiction will be the exclusive forum for any such action, proceeding or claim. This exclusive forum provision shall not apply to suits brought to enforce a special meeting of stockholders at duty or liability created by the Exchange Act, any other claim for which the Second Extension Amendment Proposal to extend the date by which the Company has to complete a Business Combination from January 27, 2023 to July 27, 2023 was approved. In connection with the special meeting, stockholders were provided an opportunity to redeem all or a portion of their Class A common stock, and stockholders holding 6,862,925 shares of Class A common stock exercised their right to redeem such shares for a pro rata portion of the funds in the Trust Account. Consequently, approximately \$70,070,464 (approximately \$10.21 per share) was

F-26

EAST RESOURCES ACQUISITION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

removed from the Trust Account to pay such redeeming holders. Additionally, in connection with the approval of the Second Extension Amendment Proposal, the Company issued the Second Extension Note in the principal amount of up to \$565,497 to the Sponsor, pursuant to which the Sponsor agreed to loan us up to \$565,497. The Second Extension Note bears no interest and is repayable in full upon the earlier of (a) the date of consummation of Company's Business Combination or (b) the date of liquidation of the Company. In order to further extend the period the Company has to complete a Business Combination beyond the 27th of a given month until July 27, 2023, the Sponsor will deposit an additional \$94,250 into the Trust Account commencing on January 27, 2023 and on the 27th of each subsequent month until July 27, 2023. As of April 17, 2023, \$282,750 has been deposited into Trust Account by the Sponsor.

F-27

Exhibit 10.17

THIS PROMISSORY NOTE (THIS "NOTE") HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THIS NOTE HAS BEEN ACQUIRED FOR INVESTMENT ONLY AND MAY NOT BE SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF REGISTRATION OF THE RESALE THEREOF UNDER THE SECURITIES ACT OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY IN FORM, SCOPE AND SUBSTANCE TO THE MAKER THAT SUCH REGISTRATION IS NOT REQUIRED.

PROMISSORY NOTE

Principal Amount: \$1,500,000

Dated as of November 10, 2022

East Resources Acquisition Company, a Delaware corporation (the "Maker"), promises to pay to the order of East Sponsor, LLC or its registered assigns or successors in interest (the "Payee"), or order, the principal sum of One Million Five Hundred Thousand Dollars (\$1,500,000) or such lesser amount as shall have been advanced by Payee to Maker and shall remain unpaid under this Note on the Maturity Date (as defined below) in lawful money **federal district courts** of the United States of America **on** are the sole and exclusive forum.

9.875% Fixed Rate Senior Notes due 2028 ("ABLLL")

In November 2023, the Company issued 1,426,000 of its 9.875% Fixed Rate Senior Notes due 2028 (the "Notes") for a total raise of \$35,650,000, and in February 2024, issued an additional 1,000,000 notes for a total raise of \$25,000,000.

A summary of the terms and conditions described below. On September 29, 2022 (the "Effective Date"), Payee advanced to Maker the principal sum of One Million Five Hundred Thousand Dollars (\$1,500,000) to fund Maker's working capital requirements. This Note shall evidence Maker's obligation, effective as of the Effective Date, to pay to Payee Notes follows:

Title of the securities	9.875% Fixed Rate Senior Notes due 2028 (the "notes").
Principal payable at maturity	100% of the aggregate principal amount. The outstanding principal amount of the notes will be payable on the stated maturity date at the office of the trustee, paying agent and security registrar for the notes or at such other office as we may designate.

Maturity date	The notes will mature on November 15, 2028.
Interest rate	9.875% per annum.
Interest periods	The initial interest period is the period from and including the issue date, to, but excluding, the initial interest payment date, and the subsequent interest periods are the periods from and including an interest payment date to, but excluding, the next interest payment date or the stated maturity date, as the case may be.
Interest payment dates	Each February 15, May 15, August 15 and November 15 of each year beginning on May 15, 2024 and ending on the maturity date. If an interest payment date falls on a non-business day, the applicable interest payment will be made on the next business day and no additional interest will accrue as a result of such delayed payment.
Interest day count convention	Interest is computed on the basis of a 360-day year consisting of twelve 30-day months.
Record dates	Interest is paid to the person in whose name a note is registered at the close of business on the 15th calendar day (whether or not a Business Day) preceding the related date an interest payment is due with respect to such note; provided that if the notes are global notes held by DTC, the record date for such notes will be the close of business on the Business Day preceding the applicable interest payment date.
Ranking	The notes are the Company's senior unsecured obligations and will rank: (i) equal in right of payment to the Company's other outstanding and future senior unsecured indebtedness (including the Company's \$10.5 million Amended and Restated Unsecured Senior Promissory Note, dated as of July 5, 2023); (ii) senior to any of the Company's existing and future indebtedness that expressly provides it is subordinated to the notes (including the Company's indebtedness under its SPV Investment Facility, dated as of July 5, 2023); (iii) effectively subordinated to all of the Company's existing and future secured indebtedness (including indebtedness that is initially unsecured to which the Company subsequently grants security), to the extent of the value of the assets securing such indebtedness; and (iv) structurally subordinated to all existing and future indebtedness and other obligations of any of the Company's subsidiaries.

Change of control offer to repurchase

If the Company is subject to a Change of Control Repurchase Event, each holder of the Notes may require the Company to purchase all or a portion of such holder's notes at a price equal to 100% of their principal amount, plus accrued and unpaid interest thereon, if any, to, but excluding, the date of purchase.

Repayment at holder's option

The notes are subject to repayment at the option of the holder at any time prior to the maturity date, except as set forth under "Description of the Notes-Offer to Repurchase Upon a Change of Control Repurchase Event" and will not be entitled to any sinking fund.

Form and denomination

The notes are issued as fully registered global notes which are deposited with, or on behalf of, the DTC and registered, at the request of DTC, in the name of Cede & Co. Beneficial interests in the global notes are represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as participants in DTC. Beneficial interests in the global notes must be held in minimum denominations of \$25 or any amount in excess thereof which is an integral multiple of \$25.

Events of default

For a discussion of events that will permit acceleration of the payment of the principal of the notes, see "Description of the Notes—Events of Default; Waivers" in the Prospectus.

Indenture and trustee

The notes will be issued under the indenture, dated as of November 10, 2023, between the Company and U.S. Bank Trust Company, National Association, as trustee, as supplemented by a supplemental indenture relating to the issuance of the notes.

Governing law

The notes are governed by and construed in accordance with the laws of the State of New York.

Listing

The existing notes are listed on NASDAQ under the trading symbol "ABLLL," and we intend to apply to list the notes on NASDAQ under the same symbol.

The material terms of the entire unpaid principal balance of this Note on Notes are described more fully in the Maturity Date. All payments on this Note shall be made by check or wire transfer of immediately available funds or Company's final prospectus, as otherwise determined by the Maker to such account as the Payee may from time to time designate by written notice in accordance filed with the provisions of this Note.

1. Principal. The entire unpaid principal balance of this Note shall be payable Commission on the consummation February 15, 2024, pursuant to Rule 424(b)(1) of the Maker's initial merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses or entities (a "Business Combination") (such date, the "Maturity Date"). Payee understands that if a Business Combination is not consummated, this Note will not be repaid and all amounts owed hereunder will be forgiven except Securities Act, which relates to the extent that the Maker has funds available to it outside offer and sale of the Trust Account (as defined below) Notes (the "Prospectus"). The principal balance of this Note may be prepaid at any time. Under no circumstances shall any individual, including but not limited to any officer, director, employee or shareholder of the Maker, be obligated personally for any obligations or liabilities of the Maker hereunder.

2. Interest. No interest shall accrue on the unpaid principal balance of this Note.

3. Application of Payments. All payments shall be applied first to payment in full of any costs incurred in the collection of any sum due under this Note, including (without limitation) reasonable attorney's fees, then to the payment in full of any late charges and finally to the reduction of the unpaid principal balance of this Note.

4. Events of Default. The following shall constitute an event of default ("Event of Default"):

- (a) **Failure to Make Required Payments.** Failure by Maker to pay any principal amount due
- (b) **Voluntary Bankruptcy, Etc.** The commencement by Maker of a voluntary case under any

applicable bankruptcy, insolvency, reorganization, rehabilitation or other similar law, or the consent by it to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of Maker or for any substantial part of its property, or the making by it of any assignment for the benefit of creditors, or the failure of Maker generally to pay its debts as such debts become due, or the taking of corporate action by Maker in furtherance of any of the foregoing.

(c) **Involuntary Bankruptcy, Etc.** The entry of a decree or order for relief by a court having

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

jurisdiction in the premises in respect of Maker in an involuntary case under any applicable bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Maker or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days.

5. Remedies.

(a) Upon the occurrence of an Event of Default specified in Section 4(a) hereof, Payee may, by written notice to Maker, declare this Note to be due immediately and payable, whereupon the unpaid principal amount of this Note, and all other amounts payable hereunder, shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the documents evidencing the same to the contrary notwithstanding.

(b) Upon the occurrence of an Event of Default specified in Sections 4(b) or 4(c), the unpaid principal balance of this Note, and all other sums payable with regard to this Note, shall automatically and immediately become due and payable, in all cases without any action on the part of Payee.

6. Waivers. Maker and all endorsers and guarantors of, and sureties for, this Note waive presentment for payment, demand, notice of dishonor, protest, and notice of protest with regard to the Note, all errors, defects and imperfections in any proceedings instituted by Payee under the terms of this Note, and all benefits that might accrue to Maker by virtue of any present or future laws exempting any property, real or personal, or any part of the proceeds arising from any sale of any such property, from attachment, levy or sale under execution, or providing for any stay of execution, exemption from civil process, or extension of time for payment; and Maker agrees that any real estate that may be levied upon pursuant to a judgment obtained by virtue hereof, or any writ of execution **We have issued hereon, may be sold upon any such writ in whole or in part in any order desired by Payee.**

7. Unconditional Liability. Maker hereby waives all notices in connection with the delivery, acceptance, performance, default, or enforcement of the payment of this Note, and agrees that its liability shall be unconditional, without regard to the liability of any other party, and shall not be affected in any manner by any indulgence, extension of time, renewal, waiver or modification granted or consented to by Payee, and consents to any and all extensions of time, renewals, waivers, or modifications that may be granted by Payee **our report dated March 21, 2024**, with respect to the payment or other provisions **consolidated financial statements included in the Annual Report of this Note, and agrees that additional makers, endorsers, guarantors, or sureties may become parties hereto without notice to Maker or affecting Maker's liability hereunder.**

8. Notices Abacus Life, Inc. on Form 10-K for the year ended December 31, 2023. All notices, statements or other documents which are required or contemplated by this Note shall be made in writing and delivered: (i) personally or sent by first class registered or certified mail, overnight courier service or facsimile or electronic transmission **We consent to the address designated incorporation by reference of said report in writing, (ii) by facsimile to the number most recently provided to such party or such other address or fax number as may be designated in writing by such party or (iii) by electronic mail, to the electronic mail address most recently provided to such party or such other electronic mail address as may be designated in writing by such party.** Any notice or other communication so transmitted shall be deemed to have been given on the day of delivery, if delivered personally, on the business day following receipt of written confirmation, if sent by facsimile or electronic transmission, one (1) business day after delivery to an overnight courier service or five (5) days after mailing if sent by mail. As of the date of this Note, the following addresses are designated for notices: **Maker, 7777 NW Beacon Square Boulevard, Boca Raton, Florida 33487, Attn: Gary L. Hagerman, Jr., email:**

ghagerman@emslp.com; Payee, 7777 NW Beacon Square Boulevard, Boca Raton, Florida 33487, Attn: Gary L. Hagerman, Jr., email: ghagerman@emslp.com.

9. Construction; Governing Law; Venue; Waiver of Jury Trial; Etc. THIS NOTE SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICT OF LAW PROVISIONS THEREOF. MAKER HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS NOTE SHALL AFFECT ANY RIGHT THAT THE PAYEE OR ANY OTHER HOLDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS NOTE AGAINST THE MAKER OR ITS PROPERTIES IN THE COURTS OF ANY OTHER JURISDICTION. THE MAKER WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS BE MADE BY REGISTERED MAIL DIRECTED TO THE MAKER AT ITS ADDRESS SET FORTH IN SECTION 9 OR TO ANY OTHER ADDRESS AS MAY APPEAR IN THE PAYEE'S OR SUCH OTHER HOLDER'S RECORDS AS THE ADDRESS OF THE MAKER. IN ANY ACTION, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS NOTE, THE PAYEE AND THE MAKER WAIVE TRIAL BY JURY, AND EACH OF MAKER AND PAYEE WAIVES (I) THE RIGHT TO INTERPOSE ANY SET-OFF OR COUNTERCLAIM OF ANY NATURE OR DESCRIPTION, (II) ANY OBJECTION BASED ON FORUM NON CONVENIENS OR VENUE, AND (III) ANY CLAIM FOR CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES.

10. Severability. Any provision contained in this Note which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11. Trust Waiver. Notwithstanding anything herein to the contrary, the Payee hereby waives any and all right, title, interest or claim of any kind ("Claim") in or to any distribution of or from the trust account (the "Trust Account") established in which the proceeds of the initial public offering (the "IPO") conducted by the Maker (including the deferred underwriters' discounts and commissions) and the proceeds of the sale of the warrants issued in a private placement that occurred prior to the closing of the IPO were deposited, as described in greater detail in Maker's Registration Statement of Abacus Life, Inc. on Form S-1 (333-239677) filed with the Securities and Exchange Commission in connection with the IPO, and hereby agrees not to seek recourse, reimbursement, payment or satisfaction for any Claim against the Trust Account for any reason whatsoever.

12. Amendment; Waiver S-8 (File 333-275179). Any amendment hereto or waiver

/s/ GRANT THORNTON LLP

Philadelphia, Pennsylvania
March 21, 2024

Table of any provision hereof may be made with, and only with, the written consent of the Maker and the Payee.

13. Assignment. No assignment or transfer of this Note or any rights or obligations hereunder may be made by any party hereto (by operation of law or otherwise) without the prior written consent of the other party hereto and any attempted assignment without the required consent shall be void.

[\[Signature page follows\]](#)

[Contents](#)

EXHIBIT 31.1

IN WITNESS WHEREOF, Maker, intending to be legally bound hereby, has caused this Note to be duly executed by the undersigned as of the day and year first above written.

East Resources Acquisition Company

By: /s/Gary L. Hagerman, Jr.

Name: Gary L. Hagerman, Jr.

Title: Chief Financial Officer and Treasurer

[Signature Page to Promissory Note]

Exhibit 10.18

Execution Version

THIS AMENDED AND RESTATED PROMISSORY NOTE (THIS "NOTE") HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT CERTIFICATION OF 1933, AS AMENDED (THE "SECURITIES ACT"). THIS NOTE HAS BEEN ACQUIRED FOR INVESTMENT ONLY AND MAY NOT BE SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF REGISTRATION OF THE RESALE THEREOF UNDER THE SECURITIES ACT OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY IN FORM, SCOPE AND SUBSTANCE CHIEF EXECUTIVE OFFICER

PURSUANT TO THE MAKER THAT SUCH REGISTRATION IS NOT REQUIRED.

AMENDED AND RESTATED PROMISSORY NOTE

Principal Amount: Up to \$3,000,000

Dated as of January 31, 2023

Boca Raton, Florida

This Amended and Restated Promissory Note amends and restates that certain Promissory Note, dated as of November 10, 2022 (the "Existing Note") from East Resources Acquisition Company, a Delaware corporation (the "Maker"), payable to the order of East Sponsor, LLC or its registered assigns or successors in interest (the "Payee"). The terms, conditions and provisions of the Existing Note are hereby amended and restated in their entirety effective as of the date hereof so that henceforth the terms, conditions and provisions of the Existing Note shall read and be as set forth in this Note and Maker agrees to comply with and be subject to all of the terms, covenants and conditions of this Note effective as of the date hereof. Maker hereby acknowledges and agrees that this Note evidences the outstanding principal balance evidenced by the Existing Note, as amended and restated pursuant to the immediately preceding sentence, together with any additional draw down on the principal of this Note. Neither this Note nor anything contained herein shall be construed as a substitution or novation of the outstanding principal balance evidenced by the Existing Note or of the Existing Note, which shall remain in full force and effect as hereby amended and restated. Maker promises to pay to the order of Payee, or order, the principal sum of up to Three Million Dollars (\$3,000,000) or such lesser amount as shall have been advanced by Payee to Maker and shall remain unpaid under this Note on the Maturity Date (as defined below) in lawful money of the United States of America, on the terms and conditions described below. All payments on this Note shall be made by check or wire transfer of immediately available funds or as otherwise determined by the Maker to such account as the Payee may from time to time designate by written notice in accordance with the provisions of this Note.

1. Principal. The entire unpaid principal balance of this Note shall be payable on the consummation of the Maker's initial merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses or entities (a "Business Combination") (such date, the "Maturity Date"). Payee understands that if a Business Combination is not consummated, this Note will not be repaid and all amounts owed hereunder will be forgiven except to the extent that the Maker has funds available to it outside of the Trust Account (as defined below). The principal balance of this Note may be prepaid at any time. Under no circumstances shall any individual, including but not limited to any officer, director, employee or shareholder of the Maker, be obligated personally for any obligations or liabilities of the Maker hereunder.

2. Drawdown Requests. Maker and Payee agree that Maker may request, from time to time, up to Three Million Dollars (\$3,000,000) in draw downs under this Note to be used to fund Maker's working capital requirements. Principal of this Note may be drawn down from time to time prior to the Maturity Date upon written request from Maker to Payee (each, a "Drawdown Request"). Each Drawdown Request must state the amount to be drawn down, and must not be an amount less than Ten Thousand Dollars (\$10,000). Payee shall fund each Drawdown Request no later than three (3) business days after receipt of a Drawdown Request; provided, however, that the maximum amount of drawdowns outstanding under this Note at any time may not exceed Three Million Dollars (\$3,000,000). No fees, payments or other amounts shall be due to Payee in connection with, or as a result of, any Drawdown Request by Maker.

3. Interest. No interest shall accrue on the unpaid principal balance of this Note.

4. Application of Payments. All payments shall be applied first to payment in full of any costs incurred in the collection of any sum due under this Note, including (without limitation) reasonable attorney's fees, then to the payment in full of any late charges and finally to the reduction of the unpaid principal balance of this Note.

5. Events of Default. The following shall constitute an event of default ("Event of Default"):

(a) **Failure to Make Required Payments.** Failure by Maker to pay any principal amount due pursuant to this Note within five (5) business days of the Maturity Date.

(b) **Voluntary Bankruptcy, Etc.** The commencement by Maker of a voluntary case under any applicable bankruptcy, insolvency, reorganization, rehabilitation or other similar law, or the consent by it to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of Maker or for any substantial part of its property, or the making by it of any assignment for the benefit of creditors, or the failure of Maker generally to pay its debts as such debts become due, or the taking of corporate action by Maker in furtherance of any of the foregoing.

(c) **Involuntary Bankruptcy, Etc.** The entry of a decree or order for relief by a court having jurisdiction in the premises in respect of Maker in an involuntary case under any applicable bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Maker or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days.

6. Remedies.

(a) Upon the occurrence of an Event of Default specified in Section 5(a) hereof, Payee may, by written notice to Maker, declare this Note to be due immediately and payable, whereupon the unpaid principal amount of this Note, and all other amounts payable hereunder, shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the documents evidencing the same to the contrary notwithstanding.

(b) Upon the occurrence of an Event of Default specified in Sections 5(b) or 5(c), the unpaid principal balance of this Note, and all other sums payable with regard to this Note, shall automatically and immediately become due and payable, in all cases without any action on the part of Payee.

7. Waivers. Maker and all endorsers and guarantors of, and sureties for, this Note waive presentment for payment, demand, notice of dishonor, protest, and notice of protest with regard to the Note, all errors, defects and imperfections in any proceedings instituted by Payee under the terms of this Note, and all benefits that might accrue to Maker by virtue of any present or future laws exempting any property, real or personal, or any part of the proceeds arising from any sale of any such property, from attachment, levy or sale under execution, or providing for any stay of execution, exemption from civil process, or extension of time for payment; and Maker agrees that any real estate that may be levied upon pursuant to a judgment obtained by virtue hereof, or any writ of execution issued hereon, may be sold upon any such writ in whole or in part in any order desired by Payee.

8. Unconditional Liability. Maker hereby waives all notices in connection with the delivery, acceptance, performance, default, or enforcement of the payment of this Note, and agrees that its liability shall be unconditional, without regard to the liability of any other party, and shall not be affected in any manner by any indulgence, extension of time, renewal, waiver or modification granted or consented to by Payee, and consents to any and all extensions of time, renewals, waivers, or modifications that may be granted by Payee with respect to the payment or other provisions of this Note, and agrees that additional makers, endorsers, guarantors, or sureties may become parties hereto without notice to Maker or affecting Maker's liability hereunder.

9. Notices. All notices, statements or other documents which are required or contemplated by this Note shall be made in writing and delivered: (i) personally or sent by first class registered or certified mail,

overnight courier service or facsimile or electronic transmission to the address designated in writing, (ii) by facsimile to the number most recently provided to such party or such other address or fax number as may be designated in writing by such party or (iii) by electronic mail, to the electronic mail address most recently provided to such party or such other electronic mail address as may be designated in writing by such party. Any notice or other communication so transmitted shall be deemed to have been given on the day of delivery, if delivered personally, on the business day following receipt of written confirmation, if sent by facsimile or electronic transmission, one (1) business day after delivery to an overnight courier service or five (5) days after mailing if sent by mail. As of the date of this Note, the following addresses are designated for notices: Maker, 7777

NW Beacon Square Boulevard, Boca Raton, Florida 33487, Attn: Gary L. Hagerman, Jr., email: ghagerman@emslp.com; Payee, 7777 NW Beacon Square Boulevard, Boca Raton, Florida 33487, Attn: Gary L. Hagerman, Jr., email: ghagerman@emslp.com.

10. Construction; Governing Law; Venue; Waiver of Jury Trial; Etc. THIS NOTE SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICT OF LAW PROVISIONS THEREOF. MAKER HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS NOTE SHALL AFFECT ANY RIGHT THAT THE PAYEE OR ANY OTHER HOLDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS NOTE AGAINST THE MAKER OR ITS PROPERTIES IN THE COURTS OF ANY OTHER JURISDICTION. THE MAKER WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS BE MADE BY REGISTERED MAIL DIRECTED TO THE MAKER AT ITS ADDRESS SET FORTH IN SECTION 8 OR TO ANY OTHER ADDRESS AS MAY APPEAR IN THE PAYEE'S OR SUCH OTHER HOLDER'S RECORDS AS THE ADDRESS OF THE MAKER. IN ANY ACTION, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS NOTE, THE PAYEE AND THE MAKER WAIVE TRIAL BY JURY, AND EACH OF MAKER AND PAYEE WAIVES (I) THE RIGHT TO INTERPOSE ANY SET-OFF OR COUNTERCLAIM OF ANY NATURE OR DESCRIPTION, (II) ANY OBJECTION BASED ON FORUM NON CONVENIENS OR VENUE, AND (III) ANY CLAIM FOR CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES.

11. Severability. Any provision contained in this Note which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

12. Trust Waiver. Notwithstanding anything herein to the contrary, the Payee hereby waives any and all right, title, interest or claim of any kind ("Claim") in or to any distribution of or from the trust account (the "Trust Account") established in which the proceeds of the initial public offering (the "IPO") conducted by the Maker (including the deferred underwriters' discounts and commissions) and the proceeds of the sale of the warrants issued in a private placement that occurred prior to the closing of the IPO were deposited, as described in greater detail in Maker's Registration Statement on Form S-1 (333-239677) filed with the Securities and Exchange Commission in connection with the IPO, and hereby agrees not to seek recourse, reimbursement, payment or satisfaction for any Claim against the Trust Account for any reason whatsoever.

13. Amendment; Waiver. Any amendment hereto or waiver of any provision hereof may be made with, and only with, the written consent of the Maker and the Payee.

14. Assignment. No assignment or transfer of this Note or any rights or obligations hereunder may be made by any party hereto (by operation of law or otherwise) without the prior written consent of the other party hereto and any attempted assignment without the required consent shall be void.

[Signature page follows]

IN WITNESS WHEREOF, Maker, intending to be legally bound hereby, has caused this Note to be duly executed by the undersigned as of the day and year first above written.

East Resources Acquisition Company

By: /s/ Gary L. Hagerman, Jr.

Name: Gary L. Hagerman, Jr.

Title: Chief Financial Officer and Treasurer

[Signature Page to Amended and Restated Promissory Note]

Exhibit 31.1

CERTIFICATION PURSUANT TO

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

I, **Terrence M. Pegula, Jay Jackson**, certify that:

- 1.** I have reviewed this **Annual Report** on Form 10-K for the year ended December 31, 2023 of **East Resources Acquisition Company**,
Abacus Life, Inc.;
- 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** **my** 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;
and
 - 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** **my** 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.

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.

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):

[Table of Contents](#)

a.

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.

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.

Date: March 21, 2024

Date:

April

17,

2023

By: /s/ Terrence
M. Pegula

Terrence

M.

Pegula

/s/ Jay
Jackson

Jay Jackson

Chief
Executive
Officer

(Principal Executive Officer)

Exhibit

[Table of Contents](#)

[Table of Contents](#)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO**

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

I, **Gary L. Hagerman, Jr.**, **William McCauley**, certify that:

1.

1. I have reviewed this **Annual Report** **annual report** on Form 10-K for the year ended December 31, 2023 of **East Resources Acquisition Company**;

Abacus Life, Inc.;

2.

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.

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.

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.

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under **our** **my** 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;

and

b.

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.

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report **our** **my** 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.

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.

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):

[Table of Contents](#)

a.

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.

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.

Date: March 21, 2024

Date:

/s/ Gary L.

April

By: Hagerman,

17,

Jr.

2023

Gary L.

Hagerman,

Jr.

/s/ William

McCauley

William McCauley

Chief
Financial
Officer

(Principal Accounting and Financial Officer)

Exhibit

[Table of Contents](#)

[Table of Contents](#)

CERTIFICATION 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 Annual Report of ~~East Resources Acquisition Company~~Abacus Life, Inc. (the "Company") on Form 10-K for the ~~period~~year ended ~~December 31, 2022~~December 31, 2023, as filed with the Securities and Exchange Commission ~~on the date hereof~~ (the "Report"), I, ~~Jay~~ Jackson, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, ~~§1350~~, as adopted pursuant to § 906~~added by~~ of the Sarbanes-Oxley Act of 2002, that:

1.

1. The Report fully complies with the requirements of ~~section~~Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. ~~The~~ To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and ~~result~~results of operations of the ~~Company~~.
Company as of and for the period covered by the Report.

Dated: March 21, 2024

Date:

April 17, 2023
By: */s/ Terrence M. Pegula*

Terrence

M.

Pegula

/s/ Jay Jackson

Jay Jackson

Chief
Executive
Officer

(Principal Executive Officer)

Exhibit

1

[Table of Contents](#)

EXHIBIT 32.2

CERTIFICATION 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 Annual Report of ~~East Resources Acquisition Company~~Abacus Life, Inc. (the "Company") on Form 10-K for the ~~period~~year ended ~~December 31, 2022~~December 31, 2023, as filed with the Securities and Exchange Commission ~~on the date hereof~~ (the "Report"), I, ~~William~~

McCauley, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, \$1350, as adopted pursuant to § 906 added by §906 of the Sarbanes-Oxley Act of 2002, that:

1.

1. The Report fully complies with the requirements of section Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and result results of operations of the Company.

Company as of and for the period covered by the Report.

Dated: March 21, 2024

Date: /s/ Gary L.
April By: Hagerman,
17, Jr.
2023

Gary L.
Hagerman,
Jr.
/s/ William
McCauley

William McCauley

Chief
Financial
Officer

(Principal Accounting and Financial Officer)

1

ABACUS LIFE, INC CLAWBACK POLICY

Policy Statement

It is the policy of Abacus Life, Inc. (the "Company") that incentive compensation paid by the Company is based on accurate financial and operating information. This policy is intended to comply with and be interpreted in accordance with the requirements of Listing Rule 5608 ("Listing Rule 5608") of The Nasdaq Stock Market LLC.

I. Definitions

The following definitions shall apply to this policy:

- A. **"Covered Employees"** means the Company's Chief Executive Officer, President, Chief Financial Officer, Chief Accounting Officer, any vice president of the Company in charge of a principal business unit, division or function, and any other officer or person who performs a significant policy-making function for the Company and any other person designated by the Company's Board of Directors as an executive officer pursuant to 17 CFR § 229.401(b).
- B. **"Financial Reporting Measure"** means any reporting measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are considered to be Financial Reporting Measures for purposes of this policy.
- C. **"Financial Restatement"** means any accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under applicable securities laws, including any required accounting restatement to correct an error in previously issued financial statements that (i) is material to the previously issued financial statements (commonly referred to as a "Big R" restatement), or (ii) is not material to previously issued financial statements, but would result in a material misstatement if the error was left uncorrected in the current period or the error correction were recognized in the current period (commonly referred to as a "little r" restatement). For purposes of this Policy, the date of a Financial Restatement will be deemed to be the earlier of (i) the date the Board, a committee of the Board, or officers authorized to take such action if Board action is not required concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement, and (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement.
- D. **"Incentive Compensation"** means an award which is granted, earned, or vests based wholly or in part upon the attainment of a Financial Reporting Measure, but does not include awards that are earned or vest based solely on the continued provision of services for a period of time.
- E. **"Look-Back Period"** means the three completed fiscal years immediately preceding the date of a Financial Restatement and any transition period as specified in Listing Rule 5608.

II. Governance

This policy will be reviewed by the Compensation Committee (the "Committee") of the Board of Directors of the Company on an annual basis. The policy will be managed by Human Resources. The policy will be enforced by Committee.

III. Recovery

A. **Triggering Event.** Except as provided herein and subject to Section III.B. below, in the event that the Company is required to prepare a Financial Restatement, the Company's Board of Directors (the "Board") shall recover any Recoverable Amount of any Incentive Compensation received by a current or former Covered Employee during the Look-Back Period. The Recoverable Amount shall be repaid to the Company within a reasonable time after the current or former Covered Employee is notified of the Recoverable Amount as set forth in Section III.C. below. For the sake of

clarity, the recovery rule in this Section III.A. shall apply regardless of any misconduct, fault, or illegal activity of the Company, the Covered Employee, or the Board.

B. Compensation Subject to Recovery.

- i.** Incentive Compensation subject to mandatory recovery under Section III.A. includes any Incentive Compensation received by a Covered Employee (a) after the later of beginning service as a Covered Employee and November 9, 2023; (b) who served as a Covered Employee at any time during the performance period for that Incentive Compensation; and (c) during the Look-Back Period.
- ii.** As used in this Section III.B., Incentive Compensation is deemed "received" in the fiscal period that the Financial Reporting Measure specified in the applicable Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period. This Section III.B. will only apply to Incentive Compensation received in any fiscal period ending on or after the effective date of Listing Rule 5608.

C. Recoupment. The Board shall determine, at its sole discretion, the method for recouping Incentive Compensation, which may include (i) requiring reimbursement of Incentive Compensation previously paid; (ii) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards; (iii) deducting the amount to be recouped from any compensation otherwise owed by the Company to the Covered Employee; and/or (iv) taking any other remedial and recovery action permitted by law, as determined by the Board.

D. Recoverable Amount.

- i.** The Recoverable Amount is equal to the amount of Incentive Compensation received in excess of the amount of Incentive Compensation that would have been received had it been determined based on the restated amounts in the Financial Restatement, without regard to taxes paid by the Company or the Covered Employee.
- ii.** In the event the Incentive Compensation is based on a measurement that is not subject to mathematical recalculation, the Recoverable Amount shall be based on a reasonable estimate of the effect of the Financial Restatement, as determined by the Board, which shall be set forth in writing.

E. Exceptions to Applicability. The Company or a delegate thereof must recover the Recoverable Amount as stated above in Section III.A. unless the Company's Compensation Committee makes a determination that recovery would be impracticable, and at least one of the following applies:

- i.** The direct expense paid to a third party to assist in enforcing recovery would exceed the Recoverable Amount, and a reasonable attempt to recover the Recoverable Amount has already been made and documented;

- ii. Recovery of the Recoverable Amount would violate home country law (provided such law was adopted prior to November 9, 2023 and that an opinion of counsel in such country is obtained stating that recoupment would result in such violation); or
- iii. Recovery would likely cause an otherwise tax-qualified retirement plan to fail to meet the qualification requirements of the Internal Revenue Code.

F. The Committee shall not be obligated to pay or award any Covered Employee any additional Incentive Compensation if the restated or accurate financial statements or information would have resulted in a greater amount of Incentive Compensation.

IV. Administration

The Committee shall have full authority to interpret, administer and enforce this Policy and the Committee's determination under this Policy shall be binding and conclusive for all purposes.

V. Miscellaneous

A. The Committee may require that any incentive plan, employment agreement, equity award agreement, or similar agreement entered into on or after the date hereof shall, as a condition to the grant of any benefit thereunder, require a Covered Employee to agree to abide by

the terms of this Policy, including the repayment of the Recoverable Amount of erroneously awarded Incentive Compensation.

B. The Company shall not indemnify any Covered Employee or other individual against the loss of any incorrectly awarded or otherwise recouped Incentive Compensation.

C. The Company shall comply with applicable compensation recovery policy disclosure rules of the Securities and Exchange Commission.

VI. Failure to Comply

Any deviation from the policy by an associate can result in disciplinary action if violations are not resolved properly and in a timely manner.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2024, Refinitiv. All rights reserved. Patents Pending.