UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2024

OR

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

For the transition period from _____ to _____

Commission file number 001-39403

ABACUS LIFE
KNOW THE VALUE OF YOUR LIFE
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Abacus Life, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**85-1210472**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2101 Park Center Drive, Suite 200 **Orlando Florida**	**32835**
(Address of Principal Executive Offices)	(Zip Code)

(800) 561-4148
Registrant's telephone number, including area 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
Common stock, par value $0.0001 per share	ABL	The NASDAQ Stock Market LLC
Warrants, each whole warrant exercisable for one share of common stock at an exercise price of $11.50 per share	ABLLW	The NASDAQ Stock Market LLC
9.875% Fixed Rate Senior Notes due 2028	ABLLL	The NASDAQ Stock Market LLC

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

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		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. ☒

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

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

☐ Yes ☐ No

APPLICABLE ONLY TO CORPORATE ISSUERS:

The registrant had 74,678,769 shares of common stock, $0.0001 par value per share, outstanding as of October 31, 2024.

ABACUS LIFE, INC.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

ABACUS LIFE, INC.

CONSOLIDATED BALANCE SHEETS

	September 30, 2024 (unaudited)	December 31, 2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 19,409,615	$ 25,588,668
Equity securities, at fair value	3,019,055	2,252,891
Accounts receivable	2,232,432	2,149,111
Accounts receivable, related party	83,498	79,509
Due from affiliates	1,279,099	1,007,528
Income tax receivable	2,702,103	—
Prepaid expenses and other current assets	2,070,875	699,127
Total current assets	30,796,677	31,776,834
Property and equipment, net	888,519	400,720
Intangible assets, net	24,653,141	29,623,130
Goodwill	139,930,190	140,287,000
Operating right-of-use assets	2,033,538	1,893,659
Life settlement policies, at cost	1,071,172	1,697,178
Life settlement policies, at fair value	273,249,493	122,296,559
Available-for-sale securities, at fair value	1,185,740	1,105,935
Other investments, at cost	1,850,000	1,650,000
Other assets	1,650,698	998,945
Equity securities, at fair value	—	96,107
TOTAL ASSETS	$ 477,309,168	$ 331,826,067
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt, at fair value	$ 13,730,026	$ 13,029,632
Accrued expenses	2,535,277	4,354,225
Current operating lease liability	413,071	118,058
Due to affiliates	—	5,236
Due to former members	—	1,159,712
Contract liabilities, deposits on pending settlements	924,083	507,000
Accrued transaction costs	2,600,000	—
Other current liabilities	3,659,891	3,400,734
Income taxes payable	—	751,734

ABACUS LIFE, INC.

CONSOLIDATED BALANCE SHEETS (CONT.)

	September 30, 2024 (unaudited)	December 31, 2023
Total current liabilities	23,862,348	23,326,331
Long-term debt, related party	12,157,258	37,653,869
Long-term debt, net	57,996,997	33,818,090
Long-term debt, at fair value, net	96,358,740	55,318,923
Non-current operating lease liability	1,860,736	1,796,727
Deferred tax liability	12,003,461	9,199,091
Warrant liability	15,130,000	6,642,960
TOTAL LIABILITIES	219,369,540	167,755,991
COMMITMENTS AND CONTINGENCIES (Note 12)		
STOCKHOLDERS' EQUITY		
Preferred stock, $0.0001 par value; 1,000,000 shares authorized; none issued or outstanding	—	—
Class A common stock, $0.0001 par value; 200,000,000 authorized shares; 75,756,439 and 63,388,823 [1] shares issued at September 30, 2024 and December 31, 2023, respectively	7,576	6,339
Treasury stock - at cost; 1,048,226 and 146,650 shares repurchased at September 30, 2024 and December 31, 2023, respectively	(12,025,137)	(1,283,062)
Additional paid-in capital	309,655,378	199,826,278
Accumulated deficit	(39,639,373)	(34,726,135)
Accumulated other comprehensive income	32,721	108,373
Noncontrolling interest	(91,537)	138,283
Total stockholders' equity	257,939,628	164,070,076
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 477,309,168	$ 331,826,067

[1] The 2023 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.

See condensed notes to consolidated financial statements.

ABACUS LIFE, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
REVENUES:				
Portfolio servicing revenue	$ 116,386	$ 224,569	$ 539,209	$ 814,626
Active management revenue	26,967,575	18,926,144	73,778,331	39,921,061
Origination revenue	1,064,530	1,970,217	4,394,237	1,970,217
Total revenues	28,148,491	21,120,930	78,711,777	42,705,904
COST OF REVENUES (excluding depreciation and amortization stated below):				
Cost of revenue (including stock-based compensation)	2,187,551	3,356,976	7,649,844	4,819,926
Related party cost of revenue	430	7,981	2,568	7,981
Total cost of revenue	2,187,981	3,364,957	7,652,412	4,827,907
Gross Profit	25,960,510	17,755,973	71,059,365	37,877,997
OPERATING EXPENSES:				
Sales and marketing	2,169,197	1,704,154	6,651,942	3,116,999
General and administrative (including stock-based compensation)	15,489,503	9,838,951	41,396,346	11,113,382
Loss (gain) on change in fair value of debt	124,237	(2,088,797)	4,036,327	309,865
Unrealized (gain) loss on equity securities, at fair value	(417,677)	306,800	(1,220,161)	(491,356)
Realized gain on equity securities, at fair value	—	—	(856,744)	—
Depreciation and amortization expense	1,745,279	1,694,853	5,177,785	1,696,994
Total operating expenses	19,110,539	11,455,961	55,185,495	15,745,884
Operating Income	6,849,971	6,300,012	15,873,870	22,132,113
OTHER INCOME (EXPENSE):				
Loss on change in fair value of warrant liability	(8,766,500)	(943,400)	(8,487,040)	(943,400)
Interest expense	(4,218,314)	(2,679,237)	(12,417,946)	(3,620,695)
Interest income	609,496	63,826	1,670,828	71,283
Other (expense) income	(9,832)	20,086	132,610	(1,565)
Total other (expense)	(12,385,150)	(3,538,725)	(19,101,548)	(4,494,377)

ABACUS LIFE, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME (CONT.)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net (loss) income before provision for income taxes	(5,535,179)	2,761,287	(3,227,678)	17,637,736
Income tax (benefit) expense	(250,368)	1,710,315	2,680,855	2,238,419
NET (LOSS) INCOME	(5,284,811)	1,050,972	(5,908,533)	15,399,317
LESS: NET (LOSS) INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	(159,756)	147,611	(204,716)	(339,692)
NET (LOSS) INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (5,125,055)	$ 903,361	$ (5,703,817)	$ 15,739,009
(LOSS) EARNINGS PER SHARE:				
(Loss) earnings per share - basic [1]	($0.07)	$0.01	($0.09)	$0.29
(Loss) earnings per share - diluted [1]	($0.07)	$0.01	($0.09)	$0.29
Weighted-average stock outstanding—basic [1]	74,694,319	63,349,823	66,984,401	54,632,826
Weighted-average stock outstanding—diluted [1]	74,694,319	63,349,823	66,984,401	54,632,826
NET (LOSS) INCOME	$ (5,284,811)	$ 1,050,972	$ (5,908,533)	$ 15,399,317
Other comprehensive (loss) income, net of tax or tax benefit:				
Change in fair value of debt (risk adjusted)	(53,656)	(1,016,034)	(111,835)	(1,248,010)
Reclassification of change in fair value of debt (risk adjusted) upon related debt payoff	11,079	—	11,079	—
Comprehensive (loss) income before non-controlling interests	(5,327,388)	34,938	(6,009,289)	14,151,307
Net and comprehensive loss attributable to non-controlling interests	(170,730)	(91,292)	(229,820)	(635,041)
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (5,156,658)	$ 126,230	$ (5,779,469)	$ 14,786,348

[1] The 2023 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.

See condensed notes to consolidated financial statements.

ABACUS LIFE, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Class A Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
BALANCE AS OF DECEMBER 31, 2023 (1)	63,388,823	$ 6,339	(146,650)	$ (1,283,062)	$199,826,278	$(34,726,135)	$ 108,373	$ 138,283	$164,070,076
Deferred transaction costs	—	—	—	—	(483,451)	—	—	—	(483,451)
Repurchase of common stock	—	—	(632,116)	(7,524,392)	—	—	—	—	(7,524,392)
Stock-based compensation	—	—	—	—	6,093,371	—	—	—	6,093,371
Warrant Conversions	387,235	39	—	—	4,453,164	—	—	—	4,453,203
Other comprehensive income (loss)	—	—	—	—	—	—	11,950	(4,514)	7,436
Net (loss) income	—	—	—	—	—	(1,348,745)	—	73,274	(1,275,471)
BALANCE AS OF MARCH 31, 2024	63,776,058	$ 6,378	(778,766)	$ (8,807,454)	$209,889,362	$(36,074,880)	$ 120,323	$ 207,043	$165,340,772
Deferred transaction costs	—	—	—	—	—	790,579	—	—	790,579
Common stock sale	11,500,000	1,150	—	—	91,998,850	—	—	—	92,000,000
Common stock sale transaction costs	—	—	—	—	(7,213,627)	—	—	—	(7,213,627)
Repurchase of common stock	—	—	(269,460)	(3,217,683)		—	—	—	(3,217,683)
Stock-based compensation	—	—	—	—	6,165,459	—	—	—	6,165,459
Warrant Conversions	208,509	20	—	—	2,397,834	—	—	—	2,397,854
Other comprehensive loss	—	—	—	—	—	—	(55,999)	(9,616)	(65,615)
Net income (loss)	—	—	—	—	—	769,983	—	(118,234)	651,749
BALANCE AS OF JUNE 30, 2024	75,484,567	$ 7,548	(1,048,226)	$(12,025,137)	$303,237,878	$(34,514,318)	$ 64,324	$ 79,193	$256,849,488
Stock-based compensation	271,772	—	—	—	6,416,378	—	—	—	6,416,378
Warrant Conversions	100	28	—	—	1,122	—	—	—	1,150
Other comprehensive loss	—	—	—	—	—	—	(42,682)	(10,974)	(53,656)
Reclassification of change in fair value of debt (risk adjusted) upon related debt payoff	—	—	—	—	—	—	11,079	—	11,079
Net loss	—	—	—	—	—	(5,125,055)	—	(159,756)	(5,284,811)
BALANCE AS OF SEPTEMBER 30, 2024	75,756,439	$ 7,576	(1,048,226)	$(12,025,137)	$309,655,378	$(39,639,373)	$ 32,721	$(91,537)	$257,939,628

ABACUS LIFE, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (CONT.)

[(1)] The 2023 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.

See condensed notes to consolidated financial statements.

	Class A Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings / Accumulated Deficit	Accumulated Other Comprehensive Income	Non-Controlling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
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
Other comprehensive loss	—	—	—	—	—	—	(85,382)	(26,931)	(112,313)
Net income (loss)	—	—	—	—	—	8,085,503	—	(460,707)	7,624,796
BALANCE AS OF MARCH 31, 2023 [(1)]	50,369,350	$ 5,037	—	$ —	$ 704,963	$ 33,572,826	$ 967,454	$ 411,900	$ 35,662,180
Distributions	—	—	—	—	—	(34,451,607)	—	—	(34,451,607)
Deferred transaction costs	—	—	—	—	—	(10,841,551)	—	—	(10,841,551)
Public warrants	—	—	—	—	4,726,500	(3,765,600)	—	—	960,900
Merger with East Resources Acquisition Company	12,592,338	1,259	—	—	17,849,091	(20,646,575)	—	—	(2,796,225)
Acquisition of Abacus Settlements, LLC	—	—	—	—	165,361,332	—	—	—	165,361,332
Other comprehensive loss	—	—	—	—	—	—	(90,148)	(29,515)	(119,663)
Net income (loss)	—	—	—	—	—	6,750,145	—	(26,596)	6,723,549
BALANCE AS OF JUNE 30, 2023 [(1)]	62,961,688	$ 6,296	—	$ —	$188,641,886	$(29,382,362)	$ 877,306	$ 355,789	$160,498,915
Merger with East Resources Acquisition Company	388,135	39	—	—	(39)	—	—	—	—
Proceeds received from SPAC trust	—	—	—	—	972,262	—	—	—	972,262
Stock-based compensation	—	—	—	—	4,583,632	—	—	—	4,583,632
Transfer of noncontrolling interests	—	—	—	—	—	(24,751)	—	24,751	—
Other comprehensive loss	—	—	—	—	—	—	(777,131)	(238,903)	(1,016,034)
Net income	—	—	—	—	—	903,361	—	147,611	1,050,972
BALANCE AS OF SEPTEMBER 30, 2023 [(1)]	63,349,823	$ 6,335	—	$ —	$194,197,741	$(28,503,752)	$ 100,175	$ 289,248	$166,089,747

[(1)] The 2023 and 2022 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.

See condensed notes to consolidated financial statements.

ABACUS LIFE, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$ (5,908,533)	$ 15,399,317
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization	5,177,785	1,696,994
Stock-based compensation	18,675,208	4,583,632
Amortization of debt issuance costs	638,089	133,211
Unrealized gain on equity securities, at fair value	(1,220,161)	(491,356)
Realized gain on equity securities, at fair value	(856,744)	—
Unrealized gain on policies, at fair value	(38,140,038)	(14,259,665)
Non-cash gain on policy trades	(3,110,282)	—
Loss on change in fair value of debt	4,036,327	309,865
Loss on change in fair value of warrant liability	8,487,040	943,400
Non-cash interest income on available-for-sale security	(79,805)	—
Deferred income taxes	3,985,966	1,743,079
Non-cash interest expense, related party	2,692,795	1,064,130
Non-cash interest expense	352,848	—
Non-cash lease expense	219,143	(721)
Changes in operating assets and liabilities:		
Equity securities, at fair value	1,406,848	(112,559)
Accounts receivable	(83,321)	(929,020)
Accounts receivable, related party	(3,989)	29,199
Prepaid expenses and other current assets	(1,371,748)	(325,294)
Income tax receivable	(2,702,103)	—
Other assets	(651,753)	(521,850)
Accounts payable	—	(38,014)
Accrued expenses	(1,818,948)	112,388
Accrued transaction costs	2,600,000	(908,256)
Contract liabilities, deposits on pending settlement	417,083	(632,381)
Other current liabilities	259,157	3,089,077
Income tax payable	(751,734)	—
Net change in life settlement policies, at fair value	(109,702,614)	(55,516,357)

ABACUS LIFE, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT.)

	Nine Months Ended September 30,	
	2024	**2023**
Net change in life settlement policies, at cost	626,006	(5,601,493)
Net cash used in operating activities	(116,827,478)	(50,232,674)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(593,459)	(96,721)
Purchase of intangible assets	(102,136)	—
Purchase of other investments, at cost	(200,000)	(350,000)
Change in due from affiliates	(271,571)	3,016,158
Net cash (used in) provided by investing activities	(1,167,166)	2,569,437
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of long term-debt	66,685,109	52,006,584
Payment of discounts and financing costs	(1,887,460)	—
Repayment of debt	(4,040,758)	—
Issuance of long term debt, related party	—	35,471,648
Repayment of debt, related party	(28,189,406)	—
Common stock sale	92,000,000	—
Common stock sale transaction costs	(7,213,627)	—
Repurchase of common stock	(10,742,075)	—
Transaction costs	(483,451)	(10,841,551)
Capital distribution to former members	—	(23,533,073)
Due to former members	(1,159,712)	442,283
Warrant conversions	6,852,207	—
Proceeds received from SPAC trust	—	972,262
Due to affiliates	(5,236)	(258,549)
Net cash provided by financing activities	111,815,591	54,259,604
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,179,053)	6,596,367
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	25,588,668	30,052,823
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 19,409,615	$ 36,649,190
SUPPLEMENTAL DISCLOSURES:		
Interest paid	$ 7,851,024	$ 1,330,323
Income taxes paid, net of refunds	2,691,871	—
Non-cash sale of life settlement policies, at fair value	14,294,275	—
Non-cash purchase of life settlement policies, at fair value	14,294,275	—

See condensed notes to consolidated financial statements.

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements (“Interim Financial Statements”) are presented in accordance with the rules and regulations of the United States ("U.S.") Securities and Exchange Commission ("SEC") and do not include all of the disclosures normally required by U.S. generally accepted accounting principles (“U.S. GAAP” or “GAAP”) as contained in the Company’s Annual Report on Form 10-K. We have condensed or omitted certain information and footnote disclosures normally included in financial statements presented in accordance with GAAP. Accordingly, the consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed with the SEC on March 21, 2024, as amended by Amendment No. 1 on Form 10-K/A, filed with the SEC on May 30, 2024, and as amended by Amendment No. 2 on Form 10-K/A, filed with the SEC on June 12, 2024 (“2023 Annual Report”). Refer to Note 2 in the Company’s 2023 Annual Report for the full list of the Company’s significant accounting policies. The details in those notes have not changed, except as discussed in Note 2 to the Interim Financial Statements and as a result of normal adjustments in the interim periods. Capitalized terms used and not specifically defined herein have the same meanings given those terms in our 2023 Annual Report. We also may use certain other terms that are defined within these Interim Financial Statements.

The Interim Financial Statements presented herein and discussed below include 100% of the assets, liabilities, revenues, expenses, and cash flows of Abacus Life, Inc., (the “Company”) all entities in which the Company has a controlling voting interest (“subsidiaries”), and variable interest entities (“VIEs”) for which the Company is the primary beneficiary, as determined in accordance with consolidation accounting guidance. References in these Interim Financial Statements to net income or loss attributable to common stockholders and stockholders’ equity do not include noncontrolling interests, which represent the outside ownership of our consolidated non-wholly owned entity and are reported separately. Intercompany accounts and transactions between consolidated entities have been eliminated in consolidation.

The Interim Financial Statements have been prepared on a basis consistent with the audited annual financial statements as of and for the year ended December 31, 2023, and, in the opinion of management, reflect all adjustments, consisting solely of normal recurring adjustments, necessary for the fair presentation of the Company’s financial position as of September 30, 2024, and the consolidated statements of operations and comprehensive (loss) income for the three and nine months ended September 30, 2024 and 2023, and the consolidated statements of cash flows for the nine months ended September 30, 2024 and 2023. The Interim Financial Statements are not necessarily indicative of the results to be expected for the full year, or any other period. All references to financial information in the Interim Financial Statements in the condensed notes to Interim Financial Statements are unaudited.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates include, but are not limited to, revenue recognition, cost of revenue, life settlement policy valuation, goodwill and intangibles valuation, market-indexed note valuation, and income taxes. The uncertainties in the broader macroeconomic environment have made it more challenging to make these estimates. Actual results could differ from our estimates, and such differences may be material.

2. SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING STANDARDS

New Accounting Standards—The Company's management reviews recent accounting standards to determine the impact to the Company's financial statements. Below we discuss the impact of new accounting standard updates ("ASU") issued by the Financial Accounting Standards Board's ("FASB") to the Interim Financial Statements.

ASU 2023-07—"Segment Reporting (ASC 280): Improvements to Reportable Segment Disclosures", was intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. We early adopted ASU 2023-07 in the first quarter of 2024, by including significant segment expenses reviewed by the Company's CODM. Refer to Note 11, Segment Reporting, for our updated presentation.

ASU 2024-01—"Compensation—Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards". In March 2024, the FASB issued ASU 2024-01 to add an illustrative example to demonstrate how an entity should apply the scope guidance in paragraph 718-10-15-3 to determine whether profits interest and similar awards ("profits interest awards") should be accounted for in accordance with Topic 718, *Compensation—Stock Compensation*. The amendments in this ASU are effective for annual periods beginning after December 15, 2024, and interim periods within those annual periods. Although early adoption of this ASU is permitted, the Company's management chose to not early adopt this ASU. The amendments in this ASU should be applied either (1) retrospectively to all prior periods presented in the financial statements or (2) prospectively to profits interest and similar awards granted or modified on or after the date at which the entity first applies the amendments. If the amendments are applied retrospectively, an entity is required to provide the disclosures in paragraphs 250-10-50-1 through 50-3 in the period of adoption. If the amendments are applied prospectively, an entity is required to disclose the nature of and reason for the change in accounting principle. This ASU is not expected to have a significant impact to the Company's consolidated financial statements when adopted.

ASU 2024-02—"Codification Improvements—Amendments to Remove References to the Concepts Statements". In March 2024, the FASB issued ASU 2024-02 to remove references to various FASB Concepts Statements. The Board has a standing project on its agenda to address suggestions received from stakeholders on the Accounting Standards Codification and other incremental improvements to GAAP. This effort facilitates Codification updates for technical corrections such as conforming amendments, clarifications to guidance, simplifications to wording or the structure of guidance, and other minor improvements. The amendments in this ASU are effective for annual periods beginning after December 15, 2024. Although early adoption of this ASU is permitted for any fiscal year or interim period for which financial statements have not yet been issued (or made available for issuance), the Company's management chose to not early adopt this ASU. The amendments in this ASU should be applied either (1) retrospectively to all prior periods presented in the financial statements or (2) prospectively to all new transactions recognized on or after the date that the entity first applies the amendments. This ASU is not expected to have a significant impact to the Company's consolidated financial statements when adopted.

Life Settlement Policies—The Company may at times generate non-cash realized gains or losses when the consideration of a policy sale is another life settlement policy with different risk characteristics and risk profile.

Stock Options—The Company awards stock options ("options") to purchase the Company's common stock at the market price of the stock on the grant date. Options generally vest over a period of three years and expire no later than 10 years from the grant date. Fair value is estimated using the Black-Scholes option-pricing model by applying certain assumptions. That fair value is reduced when options are forfeited. The fair value of options, net of forfeitures, is recognized in general and administrative expenses on a straight-line basis over the vesting period.

Concentrations—Three customers accounted for 32%, 19%, and 17% of total revenue for the three months ended September 30, 2024, respectively. Three customers accounted for 28%, 20%, and 15% of total revenue for the nine months ended September 30, 2024. Three customers accounted for 33%, 19%, and 10% of total revenue for the three months ended September 30, 2023. Three customers accounted for 29%, 19%, and 14% of total revenue for the nine months ended September 30, 2023.

The Company purchases life insurance policies from various funds, directly from policy holders ("Client Direct"), or from Brokers or Agents representing policy holders (collectively "Seller" or "Sellers"). The Company purchased life insurance policies from three Sellers that accounted for 17%, 15% (related party), and 11% of the total policies purchased for the three months ended September 30, 2024. The Company purchased life insurance policies from two Sellers that accounted for 23% (related party) and 10% of the total policies purchased for the nine months ended September 30, 2024, respectively. The Company purchased life insurance policies from two Sellers that accounted for 14% and 11% of the total policies purchased for the three months ended September 30, 2023. The Company did not purchase policies from any Seller that accounted for 10% or greater of the policies purchased for the nine months ended September 30, 2023.

Reclassifications—Certain prior period amounts have been reclassified to conform to current presentation.

3. BUSINESS COMBINATION

On June 30, 2023, LMA acquired Abacus through the Abacus Merger, which was accounted for using the acquisition method of accounting based on a business enterprise value of $165,361,332.

The preliminary purchase price was allocated among the identified net assets to be acquired. On June 30, 2023, the primary area of the acquisition accounting that was not yet finalized was our estimate of the impact of acquisition accounting on deferred income taxes. On June 30, 2024, we finalized our acquisition accounting related to deferred income taxes.

All valuation procedures were related to existing assets at the time of the acquisition 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. The allocation of the purchase price for Abacus Merger was as follows as finalized on June 30, 2024:

Net Assets Identified	**Fair Value**	**Adjustments**	**June 30, 2023 (as finalized on June 30, 2024)**
Intangibles	$ 32,900,000	$ —	$ 32,900,000
Current Assets	1,280,100	—	1,280,100
Non-Current Assets	901,337	—	901,337
Deferred Tax Liabilities	(8,310,966)	356,810	(7,954,156)
Accrued Expenses	(524,400)	—	(524,400)
Other Liabilities	(1,171,739)	—	(1,171,739)
Net assets acquired	25,074,332	356,810	25,431,142
Goodwill	140,287,000	(356,810)	139,930,190
Total purchase price	$ 165,361,332	$ —	$ 165,361,332

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 the executed non-compete agreements in place as a result of the Business Combination.

Pro Forma Results of Operations

The supplemental unaudited 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. There were no acquisition-related costs included in the unaudited pro forma results presented below. The unaudited 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.

	Nine Months Ended September 30,	
	2023	
Proforma revenue	$	55,890,580
Proforma net income		14,424,416

Planned acquisitions

On July 18, 2024, the Company entered into a share purchase agreement to acquire Carlisle Management Company SCA (“Carlisle”), a leading Luxembourg-based investment manager in the life settlement space, for approximately $200 million. Carlisle shareholders will receive consideration in the form of the Company’s common stock and the Company’s Fixed Rate Senior Unsecured Notes due in 2028 representing approximately 62.3% and 37.7% of the purchase price, respectively, which is subject to closing adjustments and certain performance thresholds. This transaction is subject to regulatory approval.

On August 7, 2024, the Company entered into a definitive agreement to acquire FCF Advisors (“FCF”), a New York based asset manager and index provider specializing in free cash flow-focused investment strategies. FCF sellers will receive consideration split between cash and the Company’s common stock, which is subject to closing adjustments and approvals.

As of September 30, 2024, the Company accrued $2,600,000 for related transaction costs.

4. REVENUES

Disaggregated Revenue—The disaggregation of the Company's revenue by major sources is as follows:

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Portfolio servicing revenue:				
Related party serving revenue	$ 56,539	$ 168,899	$ 362,394	$ 711,975
Portfolio servicing revenue	59,847	55,670	176,815	102,651
Total portfolio servicing revenue	116,386	224,569	539,209	814,626
Active management revenue:				
Investment income from life insurance policies held using the investment method	69,729	1,817,764	577,122	18,473,597
Revenue from fee-based services and realized and unrealized gains from life insurance policies held using the fair value method	26,897,846	17,108,380	73,201,209	21,447,464
Total active management revenue	26,967,575	18,926,144	73,778,331	39,921,061
Originations revenue:				
Related party origination revenue:				
Broker	—	209,517	—	209,517
Client direct	—	45,000	—	45,000
Total related party origination revenue	—	254,517	—	254,517
Origination revenue:				
Agent	267,000	561,780	2,121,502	561,780
Broker	723,500	1,020,045	2,085,650	1,020,045
Client direct	74,030	133,875	187,085	133,875
Total origination revenue	1,064,530	1,715,700	4,394,237	1,715,700
Total originations revenue	1,064,530	1,970,217	4,394,237	1,970,217
Total revenue	$ 28,148,491	$ 21,120,930	$ 78,711,777	$ 42,705,904

Contract Balances—We had no contract assets at September 30, 2024 and December 31, 2023. The balances of contract liabilities arising from originated contracts with customers were as follows:

	September 30, 2024	December 31, 2023
Contract liabilities, deposits on pending settlements	$ 924,083	$ 507,000
Total contract liabilities	$ 924,083	$ 507,000

Revenue recognized during the first quarter of 2024 that was included in our contract liabilities balance at December 31, 2023 was $507,000, less $347,000 intercompany revenue that was eliminated in consolidation.

5. **LIFE SETTLEMENT POLICIES**

As of September 30, 2024, the Company held 532 life settlement policies, of which 527 were accounted for using the fair value method and 5 were accounted for using the investment method (cost, plus premiums paid). Aggregate face value of policies held at fair value was $976,761,831 as of September 30, 2024, with a corresponding fair value of $273,249,493. The aggregate face value of policies accounted for using the investment method was $2,225,000 as of September 30, 2024, with a corresponding carrying value of $1,071,172. Differences between the face value and the net death benefit of certain policies is due to return of premium policies offset by loans on policies.

As of December 31, 2023, the Company held 296 life settlement policies, of which 287 were accounted for under the fair value method and 9 were accounted for using the investment method (cost, plus premiums paid). The aggregate face value of policies held at fair value was $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 was $33,900,000 as of December 31, 2023, with a corresponding carrying value of $1,697,178.

At September 30, 2024, the Company did not have any contractual restrictions on its ability to sell policies, including those held as collateral for the issuance of long-term debt. Refer to Note 14, 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 September 30, 2024:

Policies Carried at Fair Value:

Remaining Life Expectancy (Years)	Policies	Face Value	Net Death Benefit	Fair Value
0-1	7	$ 8,100,000	$ 8,100,000	$ 6,386,561
1-2	15	16,908,593	19,557,874	12,261,392
2-3	43	47,111,084	44,975,920	24,919,807
3-4	73	154,161,274	151,400,918	70,656,882
4-5	50	73,898,519	74,046,019	27,566,589
Thereafter	339	676,582,361	674,962,708	131,458,262
Total	527	$ 976,761,831	$ 973,043,439	$ 273,249,493

Policies accounted for using the investment method:

Remaining Life Expectancy (Years)	Policies	Face Value	Net Death Benefit	Carrying Value
1-2	1	$ 625,000	$ 649,595	$ 329,714
2-3	1	750,000	750,000	395,649
4-5	2	750,000	750,000	330,552
Thereafter	1	100,000	100,330	15,257
Total	5	$ 2,225,000	$ 2,249,925	$ 1,071,172

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 September 30, 2024, are as follows:

2024 remaining	$	12,804
2025		57,733
2026		64,043
2027		37,210
2028		15,920
Thereafter		17,424
Total	$	205,134

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.

6. PROPERTY AND EQUIPMENT—NET

Property and equipment—net composed of the following:

	September 30, 2024	December 31, 2023
Computer equipment	$ 934,411	$ 356,939
Furniture and fixtures	91,125	91,125
Leasehold improvements	38,405	22,418
Property and equipment—gross	1,063,941	470,482
Less: accumulated depreciation	(175,422)	(69,762)
Property and equipment—net	$ 888,519	$ 400,720

Depreciation expense for the three months ended September 30, 2024 and 2023, was $46,297 and $12,770, respectively. Depreciation expense for the nine months ended September 30, 2024 and 2023, was $105,660 and $14,911, respectively.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill represents the excess fair value of consideration over the fair value of the underlying net assets. Refer to Note 3, Business Combination, for further discussion.

The changes in the carrying amount of goodwill by reportable segments were as follows:

	Portfolio Servicing	Active Management	Originations
Goodwill at December 31, 2023	$ —	$ —	$ 140,287,000
Adjustments	—	—	(356,810)
Goodwill at September 30, 2024	$ —	$ —	$ 139,930,190

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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
Total intangible assets	$ 32,900,000		

Intangible assets and related accumulated amortization are as follows:

	September 30, 2024		
Definite-lived Intangible Assets:	**Gross Value**	**Accumulated Amortization**	**Net Book Value**
Customer Relationships - Agents	$ 12,600,000	$ (3,150,000)	$ 9,450,000
Customer Relationships - Financial Relationships	11,000,000	(1,718,750)	9,281,250
Internally Developed and Used Technology—APA	1,600,000	(1,000,000)	600,000
Internally Developed and Used Technology—Market Place	100,000	(41,667)	58,333
Non-Compete Agreements	4,000,000	(2,500,000)	1,500,000
Total definite-lived intangible assets	$ 29,300,000	$ (8,410,417)	$ 20,889,583
Indefinite-lived Intangible Assets:			
Trade Name	$ 900,000	$ —	$ 900,000
State Insurance Licenses	2,700,000	—	2,700,000
Total intangible assets	$ 32,900,000	$ (8,410,417)	$ 24,489,583

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 $1,682,083 and $1,682,083 for the three months ended September 30, 2024 and 2023, respectively. Amortization expense for definite lived intangible assets was $5,046,250 and $1,682,083 for the nine months ended September 30, 2024 and 2023, respectively.

Estimated annual amortization of intangible assets for the next five years ending December 31 and thereafter is as follows:

2024 remaining	$ 1,682,083
2025	5,328,333
2026	3,911,667
2027	3,895,000
2028	2,635,000
Thereafter	3,437,500
Total	$ 20,889,583

The Company also had other intangible assets of $163,558 and $87,297, net of related amortization, as of September 30, 2024 and December 31, 2023, respectively.

8. AVAILABLE-FOR-SALE SECURITIES, AT FAIR VALUE

Convertible Promissory Note—The Company holds an investment in 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. We evaluated our relationship with the unrelated insurance technology company and determined that the Company does not have control or influence over the unrelated insurance technology company's decision-making process. The $1,000,000 Convertible Promissory Note principal bears an 8% interest rate and matures on September 30, 2025.

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 September 30, 2024 and December 31, 2023, the Company evaluated the fair value of its investment and determined that the fair value approximates the carrying value of $1,185,740 and $1,105,935, which includes accrued accumulated interest income of $185,740 and $105,935, respectively. There was no unrealized gain or loss or credit losses recorded since inception. Interest income recognized for the three months ended September 30, 2024 and 2023 was $20,165 and $—, respectively. Interest income recognized for the nine months ended September 30, 2024 and 2023 was $79,805 and $—, respectively.

9. OTHER INVESTMENTS, EQUITY SECURITIES, AT FAIR VALUE, AND OTHER NONCURRENT ASSETS

Other Investments, at Cost:

Convertible Preferred Stock Ownership—The Company owns convertible preferred stock in two entities. The value of the combined investment in these two entities was $1,850,000 and 1,650,000 as of September 30, 2024 and December 31, 2023, respectively.

The Company applies the measurement alternative for its investments in the Preferred Stock because these investments are of an equity nature, and the Company does not 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 (loss) 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 three and nine months ended September 30, 2024.

Other Assets—The Company's other assets are mainly composed of cash deposits in compliance requirements in various states. As of September 30, 2024 and December 31, 2023, the balance of other assets was $1,650,698 and $998,945, respectively.

Equity Securities, at Fair Value:

S&P Options—The Company invested in S&P 500 call options, which were purchased through a broker as an economic hedge related to the market-indexed debt instruments. The value is based on stock owned and quoted market prices in active markets. Changes in fair value are recorded in the unrealized gain on investments line item on the consolidated statements of operations and comprehensive (loss) income until they are sold. As of September 30, 2024 and December 31, 2023, the value of the S&P 500 options was $3,019,055 and $2,348,998, respectively, recorded in the following accounts on the consolidated balance sheets:

	September 30, 2024	December 31, 2023
Current assets:		
Equity securities, at fair value	$ 3,019,055	$ 2,252,891
Non-current assets:		
Equity securities, at fair value	—	96,107
Total equity securities, at fair value	$ 3,019,055	$ 2,348,998

10. 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 of our 2023 Annual Report, for more information on how the Company evaluates an entity for consolidation.

The Company evaluated any 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. As of September 30, 2024, 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 $134,048,716 and liabilities of $111,218,655, respectively. As of 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 and liabilities of $77,132,592 and $65,031,207, respectively. The Company did not deconsolidate any entities during the period ended September 30, 2024, or during the year ended December 31, 2023.

11. 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 and reportable segment, Originations. LMA historically had two operating and reportable segments, (1) Portfolio Servicing and (2) Active Management. As the Business Combination did not occur until the last day of the second quarter of 2023, income activity related to Abacus Settlements had not yet 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 of 2023, the Company 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 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 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 are 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. The Company adopted ASU 2023-07 in March 2024. The most significant provision was for the Company to disclose significant segment expenses that are regularly provided to the CODM. The Company's CODM periodically reviews cost of revenues by segment and treats it as a significant segment expense.

Revenue related to the Company's reportable segments is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Portfolio servicing	$ 116,386	$ 224,569	$ 539,209	$ 814,626
Active management	26,967,575	18,926,144	73,778,331	39,921,061
Originations	7,504,110	10,214,489	18,194,588	10,214,489
Total revenue (including intersegment)	34,588,071	29,365,202	92,512,128	50,950,176
Intersegment eliminations	(6,439,580)	(8,244,272)	(13,800,351)	(8,244,272)
Total revenue	$ 28,148,491	$ 21,120,930	$ 78,711,777	$ 42,705,904

Cost of revenue related to the Company's reportable segments is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Portfolio servicing	$ 401,493	$ 850,614	$ 932,556	$ 1,606,799
Active management (including stock-compensation)	712,750	1,368,581	2,523,640	2,075,346
Originations	5,144,638	5,689,108	12,434,408	5,689,108
Total expenses (including intersegment)	6,258,881	7,908,303	15,890,604	9,371,253
Intersegment eliminations	(4,070,900)	(4,543,346)	(8,238,192)	(4,543,346)
Total cost of revenue	$ 2,187,981	$ 3,364,957	$ 7,652,412	$ 4,827,907

Gross profit related to the Company's reportable segments and the reconciliation of the total gross profit to net income (loss) attributable to common stockholders is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Portfolio servicing	$ (285,107)	$ (626,045)	$ (393,347)	$ (792,173)
Active management	26,254,825	17,557,563	71,254,691	37,845,715
Originations	2,359,472	4,525,381	5,760,180	4,525,381
Gross profit (including intersegment)	28,329,190	21,456,899	76,621,524	41,578,923
Intersegment eliminations	(2,368,680)	(3,700,926)	(5,562,159)	(3,700,926)
Total gross profit	25,960,510	17,755,973	71,059,365	37,877,997
Sales and marketing	(2,169,197)	(1,704,154)	(6,651,942)	(3,116,999)
General and administrative (including stock-based compensation)	(15,489,503)	(9,838,951)	(41,396,346)	(11,113,382)
Depreciation and amortization expense	(1,745,279)	(1,694,853)	(5,177,785)	(1,696,994)
Other (expense) income	(9,832)	20,086	132,610	(1,565)
Loss on change in fair value of warrant liability	(8,766,500)	(943,400)	(8,487,040)	(943,400)
Interest expense	(4,218,314)	(2,679,237)	(12,417,946)	(3,620,695)
Interest income	609,496	63,826	1,670,828	71,283
Loss (gain) on change in fair value of debt	(124,237)	2,088,797	(4,036,327)	(309,865)
Unrealized (gain) loss on equity securities, at fair value	417,677	(306,800)	1,220,161	491,356
Realized gain on equity securities, at fair value	—	—	856,744	—
Income tax (benefit) expense	250,368	(1,710,315)	(2,680,855)	(2,238,419)
Less: Net loss attributable to non-controlling interests	159,756	(147,611)	204,716	339,692
Net income (loss) attributable to common stockholders	$ (5,125,055)	$ 903,361	$ (5,703,817)	$ 15,739,009

Segment gross profit is defined as revenues less cost of sales, 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.

For the three and nine months ended September 30, 2024 and 2023, our operations were mostly confined to the United States, except for sales made to a customer in Luxembourg included in active management revenue. This customer represented approximately 32% and 15% for the three and nine months ended September 30, 2024, respectively, and approximately 6% and 6% for the three and nine months ended September 30, 2023, respectively.

12. 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 determined adversely to the Company, would individually, or taken together, have a material adverse effect on the Company's business, financial 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, the Company 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 the Company. No later than December 1 of each calendar year, the Company provides a budget for the Providers, in which the Company 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 the Providers, which owns all the outstanding membership interests of the Providers if unrelated to the Providers settlement business.

For the three months ended September 30, 2024 and 2023, the Company incurred $— and $— of expenses related to the Expense Support Agreement. For the nine months ended September 30, 2024 and 2023, the Company incurred $— and $29,721 of expenses related to the Expense Support Agreement. This expense is included in the other (expense) income line of the consolidated statements of operations and comprehensive (loss) income and have not been reimbursed by the Providers.

13. 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 following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 inputs: Other than quoted prices in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

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.

	Fair Value Hierarchy			
As of September 30, 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Life settlement policies, at fair value	$ —	$ —	$ 273,249,493	$ 273,249,493
Available-for-sale securities, at fair value	—	—	1,185,740	1,185,740
Equity securities, at fair value	3,019,055	—	—	3,019,055
Total assets held at fair value	$ 3,019,055	$ —	$ 274,435,233	$ 277,454,288
Liabilities:				
Current portion of long-term debt, at fair value	$ —	$ —	$ 13,730,026	$ 13,730,026
Long-term debt, at fair value	—	—	96,358,740	96,358,740
Private placement warrants	—	—	15,130,000	15,130,000
Total liabilities held at fair value:	$ —	$ —	$ 125,218,766	$ 125,218,766

	Fair Value Hierarchy			
As of December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Life settlement policies, at fair value	$ —	$ —	$ 122,296,559	$ 122,296,559
Available-for-sale securities, at fair value	—	—	1,105,935	1,105,935
Equity securities, at fair value	2,348,998	—	—	2,348,998
Total assets held at fair value	$ 2,348,998	$ —	$ 123,402,494	$ 125,751,492
Liabilities:				
Current portion of long-term debt, at fair value	$ —	$ —	$ 13,029,632	$ 13,029,632
Long-term debt, at fair value	—	—	55,318,923	55,318,923
Private placement warrants	—	—	6,642,960	6,642,960
Total liabilities held at fair value:	$ —	$ —	$ 74,991,515	$ 74,991,515

Life Settlement Policies—For all policies purchased after June 30, 2023, the Company accounts for owned life settlement policies 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 is 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 20% and 21% for policy valuations at September 30, 2024 and at December 31, 2023, respectively, 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 $1,071,172 and $1,697,178 at September 30, 2024 and at December 31, 2023, respectively.

Discount Rate Sensitivity—20% 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 two percentage points and the other assumptions used to estimate fair value remained the same, the change in estimated fair value as of September 30, 2024, would be as follows:

As of September 30, 2024 **Rate Adjustment**	**Fair Value**	**Change in Fair Value**
+2%	$ 253,146,067	$ (20,103,426)
No change	273,249,493	
-2%	295,143,512	21,894,019

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 September 30, 2024:

Carrier	**Percentage of Face Value**	**Percentage of Fair Value**	**Carrier Rating**
John Hancock Life Insurance Company (U.S.A.)	18 %	14 %	A+
Lincoln National Life Insurance Company	13 %	11 %	A

The following table provides a roll forward of the fair value of life insurance policies for the nine months ended September 30, 2024:

Fair value at December 31, 2023	$ 122,296,559
Policies purchased	242,004,548
Matured/sold policies	(129,191,652)
Realized gain on matured/sold policies	38,431,102
Premiums paid	(10,329,203)
Unrealized gain on held policies	38,140,038
Change in estimated fair value	66,241,937
Realized gain on matured/sold policies	(38,431,102)
Premiums paid	10,329,203
Fair value at September 30, 2024	$ 273,249,493

Long-Term Debt—See Note 14, Long-Term Debt, for background information on the market-indexed and secured borrowing debt. The Company has elected the fair value option in accounting for the instruments. Fair value is determined using Level 3 inputs. As of September 30, 2024 and December 31, 2023, the Company evaluated the fair value of its secured borrowing debt and determined that the fair value approximates the carrying value. The valuation methodology for the market-indexed notes 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 Series 2024, Inc., LMATTS Growth Series 2.2024, Inc., and LMATTS Growth and Income Series 1.2026, Inc. 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 loss of $181,270 and $4,171,290 for the three and nine months ended September 30, 2024, respectively. This loss was comprised of $31,603 and $75,652, net of tax, which is included within accumulated other comprehensive income, as well as $10,974 and $25,104 net of tax, which is included in equity of noncontrolling interests resulting from risk-adjusted valuation scenarios for the three and nine months ended September 30, 2024, respectively. The Company recognized a loss of $124,237 and $4,036,327 on the change in fair value of the debt resulting from risk-free valuation scenarios, which is included within loss on change in fair value of debt within the consolidated statement of operations and comprehensive (loss) income for the three and nine months ended September 30, 2024, respectively.

The following table provides a roll forward of the fair value of the outstanding debt for the nine months ended September 30, 2024:

Fair value at December 31, 2023	$	68,348,556
Issuance of long term-debt		41,685,108
Repayment of debt		(4,040,758)
LMA Income Series, LP excess return accrual		352,846
Unrealized loss on change in fair value (risk-free)		4,036,327
Unrealized loss on change in fair value (credit-adjusted) included in OCI		101,337
Unrealized loss on change in fair value (credit-adjusted) included in equity of NCI		33,626
Change in estimated fair value of debt		4,171,290
Deferred issuance costs		(428,276)
Fair value at September 30, 2024	$	110,088,766

Private Placement Warrants—The Company had 8,900,000 Private Placement Warrants outstanding as of September 30, 2024 and December 31, 2023. 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. The Private Placement Warrants are identical to the Public Warrants underlying the Units sold in the Initial Public Offering, except that (x) 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. 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 consolidated statements of operations and comprehensive (loss) 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 Business Combination 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	—%

The subsequent changes in the value of the private warrants is based on the changes in the value of the public warrants as of the relevant reporting date due to mostly identical terms between the Private Placement Warrants and the Public warrants, except as noted above. The noted exceptions were determined not to have a significant impact on the valuation of the Private Placement Warrants when using the change in the value of the Public Warrants.

Equity Securities, at Fair Value: S&P 500 Options—LMATT Series 2024, Inc., which the Company consolidates for financial reporting, owns S&P 500 call options. The Company owns additional S&P 500 call options 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) or loss on investments within the consolidated statements of operations and comprehensive (loss) income. On the last trading day of June 2024, the Company sold the S&P 500 call options that were held by LMATT Growth Series 2.2024, Inc. and LMATT Growth and Income Series 1.2026, Inc. with the proceeds used to extinguish the related market-indexed debt during the first week of July 2024.

Available-for-Sale Securities, at Fair Value—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. As of September 30, 2024 and December 31, 2023, the Company evaluated the fair value of its Promissory Note and determined that the fair value approximates the carrying value of $1,185,740 and $1,105,935, respectively.

Financial Instruments Where Carrying Value Approximates Fair Value—The carrying value of cash, cash equivalents, accounts receivables, and due from and to affiliates approximates fair value, and income tax receivables due to the short-term nature of their maturities.

14. LONG-TERM DEBT

Outstanding principal balances of Long-term debt comprises of the following:

	September 30, 2024		December 31, 2023	
	Cost	Fair value	Cost	Fair value
Market-indexed notes, at fair value:				
LMATT Series 2024, Inc.	$ 11,002,072	$ 13,730,026	$ 9,124,944	$ 9,477,780
LMATT Growth Series 2.2024, Inc.	—	—	2,981,480	3,551,852
LMATT Growth & Income Series 1.2026, Inc	—	—	492,582	569,862
Secured borrowing, at fair value:				
LMA Income Series, LP	22,721,057	22,721,057	22,368,209	22,368,209
LMA Income Series II, LP	74,065,960	74,065,960	32,380,852	32,380,852
Deferred issuance costs	(428,277)	(428,277)	—	—
Unsecured borrowing:				
Fixed Rate Senior Unsecured Notes	60,650,000	60,650,000	35,650,000	35,650,000
SPV Purchase and Sale Note	—	—	26,538,004	26,538,004
Sponsor PIK Note	12,157,258	12,157,258	11,115,865	11,115,865
Deferred issuance costs and discounts	(2,653,003)	(2,653,003)	(1,831,910)	(1,831,910)
Total debt	177,515,067	180,243,021	138,820,026	139,820,514
Less current portion of:				
long-term debt, at fair value	(11,002,072)	(13,730,026)	(11,440,236)	(13,029,632)
Total long-term debt	$ 166,512,995	$ 166,512,995	$ 127,379,790	$ 126,790,882

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 debt and 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.

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.

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 (“LMATTS”) Series 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 December of 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% if the index price experienced a loss during the investment period. As of September 30, 2024, $8,816,900 of the principal amount remained outstanding of which $200,000 is owed to LMA. LMA’s investment is eliminated in consolidation.

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 September 30, 2024 and December 31, 2023, the fair value of the LMATT Series 2024, Inc. notes was $13,730,026 and $9,477,780, respectively.

The notes are secured by the assets of the issuing entities, which includes cash, S&P 500 call options, and life settlement policies totaling $13,201,217 as of September 30, 2024. The note agreements do not restrict the trading of life settlement contracts prior to maturity of the note, as total assets of LMATTS Series 2024 serves as collateral. There are also no restrictive covenants associated with the notes.

LMATT Growth Series 2.2024, Inc. Market-Indexed Notes:

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™ 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 July of 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 experienced a loss during the investment period.

During the first week of July 2024, the Company paid $3,480,758 to extinguish the notes early based on the value of the notes at June 30, 2024.

The notes were held at fair value, which represented the exit price, or anticipated price to transfer the liability to a third party. As of September 30, 2024 and December 31, 2023, the fair value of the LMATT Series 2.2024, Inc. notes was $— and $3,551,852, respectively.

The notes were secured by the assets of the issuing entity, LMATT Series 2.2024, Inc., which included cash, S&P 500 call options, and life settlement policies. The note agreements did not restrict the trading of life settlement contracts prior to maturity of the note, as total assets of LMATTS Growth Series 2.2024, Inc. served as collateral. There were no restrictive covenants associated with the notes.

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 July of 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 experienced a loss during the investment period. This note also included a 4% dividend feature that was paid annually.

During the first week of July 2024, the Company paid $560,000 to extinguish the notes early based on the value of the notes at June 30, 2024.

The notes were held at fair value, which represented the exit price, or anticipated price to transfer the liability to a third party. As of September 30, 2024 and December 31, 2023, the fair value of the LMATT Growth and Income Series 1.2026, Inc., notes was $— and 569,862, respectively.

The notes were secured by the assets of the issuing entity, LMATTS Growth and Income Series 1.2026, Inc., which included cash, S&P 500 call options, and life settlement policies. The note agreements did not restrict the trading of life settlement contracts prior to maturity of the note, as total assets of LMATTS Growth and Income Series 1.2026, Inc. served as collateral. There were no restrictive covenants associated with the notes.

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 three years will end in December 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 three and nine months ended September 30, 2024.

The private placement offerings proceeds are used to acquire and 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.

Dividends paid and accrued are included in interest expense. The excess dividend returns will not be paid by LMA Income Series, LP until termination, are considered non-cash interest expense, and are included in the principal balance outstanding. As of September 30, 2024 and December 31, 2023, $831,613 and $478,765 in non-cash interest expense was added to the outstanding principal balance, respectively.

LMA elected to account for the secured borrowing at fair value under the collateralized financing entity guidance within ASC 810-10-30. As of September 30, 2024 and December 31, 2023, the fair value of the secured borrowing was $22,721,057 and $22,368,209, respectively.

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 offering was three years will end in March 2026 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 received 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 three and nine months ended September 30, 2024.

The private placement offerings proceeds are used to acquire and 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.

During 2024, 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 $41,685,108 as of September 30, 2024. LMA Income Series II, GP plans to continue admitting new limited partners. 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 is March 31, 2026, but limited partners can elect to stay in the fund at the same terms. If a limited partner elects to stay invested, the next redemption date would be June 30, 2027 with a final maturity date of December 31, 2028. Along with these redemption windows, the amendment also increased the Preferred Return Amount by fifty basis points annually across all tiers. The amendment became effective April 1, 2024.

LMA elected to account for the secured borrowing at fair value under the collateralized financing entity guidance within ASC 810-10-30. As of September 30, 2024 and December 31, 2023, the fair value of the secured borrowing was $74,065,960 and $32,380,852, respectively.

Sponsor PIK Note

On the June 30, 2023, in connection with 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 12.00% per year 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 September 30, 2024 and December 31, 2023, $1,685,610 and $644,217 in non-cash interest expense was added to the outstanding principal balance, respectively. The Sponsor PIK Note matures on June 30, 2028 (the "Maturity Date") and may be prepaid at any time in accordance with its terms without any premium or penalty.

SPV Purchase and Sale Note

On 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 $10,000,000 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 by the Sponsor and former members of LMA and Abacus.

SPV extended an additional principal amount of $15,000,000 bringing the total SPV Purchase and Sale Note to $25,000,000. The Company was able to borrow additional funds from SPV. The interest accrued at a rate of 12% per year, accrued quarterly, all of which is to be paid in-kind by the Company by increasing the principal amount of the SPV Purchase and Sale Note on each interest payment date and is not required to be paid until maturity on July 5, 2026, three years after the closing of the SPV Purchase and Sale Note, subject to two automatic extensions of one-year each without any amendment of the relevant documentation.

During the first week of July 2024, the Company paid $28,189,406 to extinguish the SPV Purchase and Sale Note early. The total paid included $3,189,406 in accumulated non-cash interest incurred through the early extinguishment date. The total interest paid in connection with the payoff is part of interest paid in the consolidated statements of cash flows.

As of September 30, 2024 and December 31, 2023, $3,189,406 and $1,538,004 in non-cash interest expense was added to the outstanding principal balance, respectively.

The following table shows scheduled principal payments by year for our long-term debt as of September 30, 2024:

	Payments by Year						
	2024 remaining	2025	2026	2027	2028	Thereafter	Total
Market-indexed notes, at fair value:							
LMATT Series 2024, Inc.	$ 13,730,026	$ —	$ —	$ —	$ —	$ —	$ 13,730,026
Secured borrowing, at fair value:							
LMA Income Series, LP	—	22,721,057	—	—	—	—	22,721,057
LMA Income Series II, LP	—	—	74,065,960	—	—	—	74,065,960
Unsecured borrowing:							
Fixed Rate Senior Unsecured Notes	—	—	—	—	60,650,000	—	60,650,000
Sponsor PIK Note	—	—	—	—	12,157,258	—	12,157,258
	$ 13,730,026	$ 22,721,057	$ 74,065,960	$ —	$ 72,807,258	$ —	$ 183,324,301

15. STOCKHOLDERS' EQUITY

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, par value $0.0001 per share. No shares of preferred stock are issued or outstanding. Holders of the Company's common stock are entitled to one vote for each share. As of September 30, 2024, there were 75,756,439 shares of common stock issued, of which 74,708,213 are outstanding and 1,048,226 shares were held as treasury stock. Holders of shares were entitled to receive, in the event of a liquidation, dissolution or winding up, ratably the assets available for distribution to the stockholders after payment of all liabilities.

The equity structure has been recast in all comparative periods up to the Closing Date of June 30, 2023 to reflect the number of shares of the Company's common stock, 0.0001 par value per share, issued to legacy LMA's stockholders in connection with the 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 have been retroactively recast as shares reflecting the exchange ratio of 0.8 established in the Business Combination. As of June 30, 2023, this resulted in 62,961,688 shares of common stock issued and outstanding. 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 as treasury stock.

On June 20, 2024, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Piper Sandler & Co., TD Securities (USA) LLC, B. Riley Securities, Inc. and KKR Capital Markets LLC, as representatives ("Representatives") of the several underwriters (the "Underwriters"), relating to the underwritten offering of 10,000,000 shares of common stock, par value $0.0001 per share, of the Company's common stock announced on June 13, 2024. Under the terms of the Underwriting Agreement, the Company granted the Underwriters a 30-day option to purchase up to 1,500,000 additional shares of Common Stock (the "Option"). On June 21, 2024, the Underwriters exercised the Option in full. The Offering closed on June 24, 2024. The Company received $84,786,373 net proceeds from the sale of its common stock, which was net of $7,213,627 in related transaction costs.

Public Warrants

As of September 30, 2024, the Company had 16,654,140 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. 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 expire five years from the purchase date for July 27, 2020 or August 25, 2020, the dates of the initial public offering and over-allotment, respectively, by the Sponsor, or earlier upon redemption or liquidation.

Redemption of Warrants for Cash - The Company may redeem the outstanding Public Warrants for cash:
- in whole and not in part;
- at a price of $0.01 per Public Warrant;
- upon not less than 30 days' prior written notice of redemption to each warrant holder; and
- if, and only if, the last 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.

Redemption of Warrants for Shares of Class A Common Stock - The Company may redeem the outstanding warrants for shares of Class A common stock:
- 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.

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.

The Company accounts for the Public Warrants as equity instruments. The Company estimated that the fair value of the warrants upon the Business Combination was approximately $4.73 million, or $0.274 per Public Warrant, using the binomial lattice model. The fair value of the warrants was 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. The Company accounted for the warrant as an expense of the IPO resulting in a charge directly to stockholders’ equity on June 30, 2023.

During 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 September 30, 2024, the Company received $6,852,207 from the exercise of 595,844 public warrants.

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 $15,000,000 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 September 30, 2024, $2,974,863 remained available for repurchase under the authorization approved by the Company's 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 stock repurchase program:

	Total Number of Shares Purchased	Cost of Shares Repurchased	Average Price Paid per Share
As of December 31, 2023	146,650	$ 1,283,062	$ 8.82
January 1, 2024 to January 31, 2024	316,800	3,664,552	11.61
February 1, 2024 to February 29, 2024	200,916	2,480,383	12.35
March 1, 2024 to March 31, 2024	114,400	1,379,457	12.06
April 1, 2024 to April 30, 2024	173,197	2,081,859	12.02
May 1, 2024 to May 31, 2024	96,263	1,135,824	11.81
As of September 30, 2024	1,048,226	$ 12,025,137	$ 11.61

16. STOCK- BASED COMPENSATION

Long-term Incentive Plan:

In October 2023, the Compensation Committee approved the issuance of 2,468,500 restricted stock units ("RSUs") 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. The expense associated with these 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.

In April 2024, the Company's Board of Directors adopted a resolution to amend the Long-Term Incentive Plan to update certain terms and increase the RSUs available for future equity-based awards by 5,000,000 shares and provided for an additional 5,000,000 shares to be available for incentive stock options in the Company's common stock bringing the total authorized shares available for awards to 13,164,991. This resolution was approved by the Company's shareholders during the Company's annual shareholder meeting in June 2024.

Under the approved Long-term Incentive Plan, generally, 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, employees that were part of the Company at the time of the Merger, the vesting periods are 9 months for the 10% and 33 months for the 90% of the Initial Annual Awards. 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. Stock options generally expire after ten years and vest equally over three years from the grant date.

After the approved amendment to the Long-Term Incentive Plan, 10,215,756 shares of common stock remained available for issuance.

The following table shows a summary of the unvested restricted stock under the 2023 Long-Term Equity Compensation Incentive Plan as of September 30, 2024 as well as activity during the year:

	Number of shares		Weighted Average Grant Date Fair Value
Restricted stock units, unvested, December 31, 2023	2,429,500	$	6.16
Granted	136,972		12.37
Vested	(271,772)		8.77
Forfeited	(1,500)		6.16
Restricted stock units, unvested, September 30, 2024	2,293,200	$	6.22

Black-Scholes option-pricing model assumptions and the resulting fair value of options are presented in the following table:

		Stock Options on Grant Date
Dividend yield		— %
Expected volatility		23.00 %
Risk-free interest rate		3.98 %
Expected option life		5.81 years
Weighted average fair value of stock options	$	3.91

The Company does not intend to pay dividends for the foreseeable future. The expected volatility reflects the Company's past daily common stock price volatility. The risk-free interest rate is derived using the term matched U.S. Treasury constant maturity yields. The expected stock option life is based on the average of the average time to vest and the remaining contractual term.

The following table shows the status of, and changes in, common stock options:

	Number of Options		Weighted Average Exercise Price
Options outstanding, December 31, 2023	—	$	—
Granted	345,263		3.91
Exercised	—		—
Expired or cancelled	—		—
Options exercisable, September 30, 2024	345,263	$	3.91

Compensation costs recognized for RSUs and stock options were $1,832,746 and $— for the three months ended September 30, 2024 and 2023, respectively. Compensation costs recognized for RSUs and stock options were $4,924,312 and $— for the nine months ended September 30, 2024 and 2023, respectively. For the three months ended September 30, 2024, $322,607 and $1,510,139 of the 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 (loss) income, respectively. For the nine months ended September 30, 2024, $967,820 and $3,956,492 of the 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 (loss) income, respectively.

As of September 30, 2024, there was approximately $11,606,823 of unrecognized compensation costs related to RSUs and stock options which the Company expects to recognize over the next 1.9 years.

CEO Restriction Agreement:

As part of the Merger, the Chief Executive Officer ("CEO") entered into a Restriction Agreement with the Company 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 of the Merger on June 30, 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) in the consolidated statements of operations and comprehensive (loss) income is summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Stock-based compensation expense	$ 4,583,632	$ 4,583,632	$ 13,750,896	$ 4,583,632

Restricted Stock activity relative to the CEO as of September 30, 2024 is summarized as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2023	4,569,922	$ 10.03
Granted	—	—
Vested	—	—
Forfeited	—	—
Outstanding at September 30, 2024	4,569,922	$ 10.03

As of September 30, 2024, unamortized stock-based compensation expense for unvested Restricted Stock relative to the CEO was $22,918,159 with a remaining contractual life of 1.3 years.

17. 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 compensation and may choose to make additional discretionary contributions to the 401(k) Plan. For the three months ended September 30, 2024 and 2023, the Company recognized expenses related to the 401(k) Plan amounting to $102,947 and $61,586, respectively. For the three months ended September 30, 2024 and 2023, the Company did not make discretionary contributions. For the nine months ended September 30, 2024 and 2023, the Company recognized expenses related to the 401(k) Plan amounting to $302,479 and $86,901, respectively. For the nine months ended September 30, 2024 and 2023, the Company did not make discretionary contributions.

18. INCOME TAXES

Before June 30, 2023 the date of the Merger, LMA and Abacus had elected to file as an S corporation for federal and state income tax purposes, as such, neither LMA nor Abacus incurred federal or state income taxes, except for income taxes related to LMA’s consolidated variable interest entities (VIE) 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 LMA Series, LLC, and LMATT Growth and Income Series 1.2026, Inc., a wholly owned subsidiary of LMA Series, LLC, 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 2.2024, Inc. and LMATT Growth and Income Series 1,2026, Inc. After the Merger, both LMA and Abacus are considered disregarded entities of the Company, a C corporation for federal and state income tax purposes.

For the three months ended September 30, 2024 and 2023, the Company recorded a provision for income (benefit) taxes of $(250,368) and $1,710,315, respectively. The effective tax rate is 4.5% for the three months ended September 30, 2024 primarily driven by the portion of the stock-based compensation expense deduction limited by the Internal Revenue Code (IRC) Section 162(m). The effective rate for the three months ended September 30, 2023 was 61.9% primarily driven by the portion of the stock-based compensation expense deduction limited by the Internal Revenue Code (IRC) Section 162(m).

For the nine months ended September 30, 2024 and 2023, the Company recorded a provision for income taxes of $2,680,855 and $2,238,419, respectively. The effective tax rate is (83.1)% for the nine months ended September 30, 2024 primarily driven by the portion of the stock-based compensation expense deduction limited by the Internal Revenue Code (IRC) Section 162(m). The effective rate for the nine months ended September 30, 2023 was 12.7% due to the impact of the VIEs and by the portion of the stock-based compensation expense deduction limited by the Internal Revenue Code (IRC) Section 162(m).

The Company did not have any unrecognized tax benefits relating to uncertain tax positions at September 30, 2024 and December 31, 2023, and did not recognize any interest or penalties related to uncertain tax positions at September 30, 2024, and December 31, 2023. 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 (loss) income during 2024.

19. RELATED-PARTY TRANSACTIONS

As of September 30, 2024 and December 31, 2023, $— and $5,236, respectively, were due to affiliates. As of September 30, 2024 and December 31, 2023, $1,279,099 and $1,007,528, respectively, was due from affiliates. The majority of the due from affiliate amount as of September 30, 2024 and December 31, 2023 represents transaction costs incurred by the Company related to the formation of an investment fund being registered under the Investment Company Act of 1940 that will be reimbursed upon regulatory approval and effectiveness of the investment fund and subsequent sale of shares in the investment fund.

The SPV Purchase and Sale Note was paid off for $28,189,406 in early July 2024 and was a related party transaction given the transfer of cash and policies between the Company and the SPV, which is jointly owned by the Sponsor and former members of LMA and Abacus. The Sponsor PIK Note for $12,157,258 is also recorded as a related party transaction given the relationship between the Sponsor and the Company.

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 earns servicing revenue related to policy and administrative services performed for the 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 $56,539 and $168,899 in service revenue from the the Nova Funds for the three and months ended September 30, 2024 and 2023, respectively. The Company earned $362,394 and $711,975 in service revenue from the Nova Funds for the nine months ended September 30, 2024 and 2023, respectively. The Company may at times purchase policies it services for the Nova Funds for active management trading purposes. During 2024, the Company paid $65,900,029 to acquire policies from the Nova Funds.

After the Merger, 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. The Company earned $— and $254,517 in origination revenue from the Nova Funds for the three months ended September 30, 2024 and 2023, respectively. The Company earned $— and $254,517 in origination revenue related to the Nova Funds for the nine months ended September 30, 2024 and 2023, respectively. The Company incurred transition costs with the Nova funds of $430 and $7,981 for the three months ended September 30, 2024 and 2023, respectively. The Company incurred transition costs with the Nova funds of $2,568 and $7,981 for the nine months ended September 30, 2024 and 2023, respectively.

As of September 30, 2024, and December 31, 2023, there were $83,498 and $79,509, respectively, owed by the Nova Funds, which are included as related-party receivables in the consolidated balance sheets.

20. LEASES

During 2023, the Company amended its existing 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.

In February 2024, the Company added additional office space to the existing lease via an amendment. This amendment did not significantly change the overall terms of the amendment signed in 2023 and as a result was treated as a lease modification. The modification increased our right of use asset and liability by $359,352.

The Company's right-of-use assets and lease liabilities for its operating lease consisted of the following amounts as of September 30, 2024 and December 31, 2023:

	As of September 30, 2024	As of December 31, 2023
Assets:		
Operating lease right-of-use assets	$ 2,033,538	$ 1,893,659
Liabilities:		
Current operating lease liability	413,071	118,058
Non-current operating lease liability	1,860,736	1,796,727
Total lease liability	$ 2,273,807	$ 1,914,785

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 (loss) income. The Company's lease expense for the periods presented consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating lease cost	$ 128,607	$ 69,904	$ 379,047	$ 94,846
Variable lease cost	310,231	20,540	456,477	29,465
Total lease cost	$ 438,838	$ 90,444	$ 835,524	$ 124,311

The following table shows supplemental cash flow information related to lease activities for the periods presented:

	Nine Months Ended September 30,	
	2024	2023
Cash paid for amounts included in the measurement of the lease liability		
Operating cash flows from operating leases	$ 501,994	$ 96,891
ROU assets obtained in exchange for new lease liabilities	359,352	—

The table below shows a weighted-average analysis for lease terms and discount rates for all operating leases for the periods presented:

	Nine Months Ended September 30,	
	2024	2023
Weighted-average remaining lease term (in years)	5.25	0.80
Weighted-average discount rate	9.67 %	3.42 %

Future minimum noncancellable lease payments under the Company's operating leases on an undiscounted basis reconciled to the respective lease liability at September 30, 2024 are as follows:

	Operating leases
Remaining of 2024	$ —
2025	553,953
2026	570,602
2027	587,694
2028	605,268
Thereafter	623,490
Total operating lease payments (undiscounted)	2,941,007
Less: Imputed interest	(667,200)
Lease liability as of September 30, 2024	$ 2,273,807

21. EARNINGS (LOSS) PER SHARE

Basic earnings or (loss) per share represents net loss or income attributable 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. Diluted earnings or (loss) per common share attributable to common shareholders is calculated to give effect to all potentially dilutive common shares that were outstanding during the reporting period, except in periods when there is a loss because the inclusion of the potential common shares would have an anti-dilutive effect. The dilutive effect of outstanding equity-based compensation awards is reflected in diluted earnings or loss per common share applicable to common shareholders by application of the treasury stock method using average market prices during the period.

The shares issuable upon exercise of the Public Warrants, Private Placement Warrants, or stock options will not impact the total dilutive weighted average shares outstanding unless and until the price of our common stock exceeds the respective strike price. If and when the price of our common stock exceeds the respective strike price of any of the warrants or stock options, we will include the dilutive effect of the additional shares that may be issued upon exercise of the warrants in total dilutive weighted average shares outstanding, which we calculate using the treasury stock method.

The table below illustrates the reconciliation of the earnings or loss and number of shares used in our calculation of basic earnings or loss per share attributable to common stockholders:

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income (loss) attributable to common stockholders for basic earnings (loss) per share	$ (5,125,055)	$ 903,361	$ (5,703,817)	$ 15,739,009
Weighted average shares outstanding for basic earnings (loss) per share	74,694,319	63,349,823	66,984,401	54,632,826
Basic earnings (loss) per share	$ (0.07)	$ 0.01	$ (0.09)	$ 0.29

The table below illustrates the reconciliation of the earnings or loss and number of shares used in our calculation of diluted earnings or loss per share attributable to common stockholders:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income (loss) attributable to common stockholders for basic earnings (loss) per share	$ (5,125,055)	$ 903,361	$ (5,703,817)	$ 15,739,009
Numerator used to calculate diluted earnings (loss) per share	$ (5,125,055)	$ 903,361	$ (5,703,817)	$ 15,739,009
Weighted average shares outstanding for basic earnings (loss) per share	74,694,319	63,349,823	66,984,401	54,632,826
Weighted average shares for diluted earnings (loss) per share	74,694,319	63,349,823	66,984,401	54,632,826
Diluted earnings (loss) per share	$ (0.07)	$ 0.01	$ (0.09)	$ 0.29

22. 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. Based upon the review, management did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

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ABACUS SETTLEMENTS, LLC

UNAUDITED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
Origination revenue	$ 1,689,088	$ 3,252,738
Related party revenue	5,195,602	9,931,938
Total revenue	6,884,690	13,184,676
Cost of revenue	1,505,333	2,734,949
Related party cost of revenue	3,392,647	6,558,354
Total cost of revenue	4,897,980	9,293,303
Gross Profit	1,986,710	3,891,373
OPERATING EXPENSES:		
General and administrative expenses	2,297,577	4,848,580
Depreciation	2,561	5,597
Total operating expenses	2,300,138	4,854,177
Loss from operations	(313,428)	(962,804)
OTHER INCOME (EXPENSE):		
Interest income	1,193	1,917
Interest (expense)	(5,863)	(11,725)
Total other (expense)	(4,670)	(9,808)
Loss before provision for income taxes	(318,098)	(972,612)
Provision for income taxes	—	2,289
NET LOSS AND COMPREHENSIVE LOSS	$ (318,098)	$ (974,901)
WEIGHTED-AVERAGE UNITS USED IN COMPUTING NET LOSS PER UNIT:		
Basic and diluted	400	400
NET LOSS PER UNIT:		
Basic and diluted loss per unit	$ (795.25)	$ (2,437.25)

See accompanying condensed notes to unaudited financial statements.

ABACUS SETTLEMENTS, LLC

UNAUDITED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

	Common Units		Additional Paid-In Capital	Retained Earnings	Total
	Units	Amount			
BALANCE—December 31, 2022	400	$ 4,000	$ 80,000	$ 1,927,137	$ 2,011,137
Net loss	—	—	—	(656,803)	(656,803)
BALANCE—March 31, 2023	400	$ 4,000	$ 80,000	$ 1,270,334	$ 1,354,334
Net loss	—	—	—	(318,098)	(318,098)
Distributions	—	—	—	(442,283)	(442,283)
BALANCE—June 30, 2023	400	$ 4,000 $0	$ 80,000 $0	$ 509,953	$ 593,953

See accompanying condensed notes to unaudited financial statements.

ABACUS SETTLEMENTS, LLC

INTERIM UNAUDITED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (974,901)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation expense	19,157
Amortization expense	40,278
Amortization of deferred financing fees	11,725
Non-cash lease expense	1,210
Changes in operating assets and liabilities:	
Related party receivables	397,039
Other receivables	101,203
Prepaid expenses	(198,643)
Other current assets	(26,211)
Accrued payroll and other expenses	(17,466)
Contract liability—deposits on pending settlements	659,067
Accounts payable	(36,750)
Net cash used in operating activities	(24,292)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Capital expenditures	(108,394)
Due from members and affiliates	(74,134)
Net cash used in investing activities	(182,528)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Due to members	(1,411)
Distributions to members	(442,283)
Net cash used in financing activities	(443,694)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(650,514)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,458,740
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 808,226

See accompanying condensed notes to unaudited financial statements.

ABACUS SETTLEMENTS, LLC

CONDENSED NOTES TO UNAUDITED 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 "viatical 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 June 30, 2023 Abacus was acquired by LMA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying 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").

Unaudited Financial Statements—The financial statements have been prepared on a basis consistent with the audited annual financial statements as of and for the year ended December 31, 2022, and, in the opinion of management, reflect all adjustments, consisting solely of normal recurring adjustments, necessary for the fair presentation of Abacus' financial position as of June 30, 2023, and the results of its operations and comprehensive loss and cash flows for the three and six months ended June 30, 2023.

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.

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% of Abacus' revenues in the six months ended June 30, 2023. 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. 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 statements of operations and comprehensive loss. Advertising expense $367,418 for three months ended June 30, 2023. Advertising expense totaled $741,789 for six months ended June 30, 2023.

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 for three and six months ended June 30, 2023:

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
Agent	$ 3,334,402	$ 7,143,016
Broker	2,809,499	4,675,973
Client direct	740,789	1,365,687
Total	$ 6,884,690	$ 13,184,676

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 the company did not record provision for income taxes. For the six months ended June 30, 2023, Abacus recorded provision for income taxes of $2,289, which consist of state minimum taxes for state taxes that have been paid and settled during the period. The effective tax rate was approximately —% and (0.24)% for the three and six months ended June 30, 2023, respectively.

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 the three and six months ended June 30, 2023, 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 three months ended June 30, 2023, Abacus originated 38 policies, respectively, for the Nova Funds with a total value of $56,688,680, respectively. For the six months ended June 30, 2023, Abacus originated 72 policies, respectively, for the Nova Funds with a total value of $96,674,080, 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 and six months ended June 30, 2023, revenue earned, and contracts originated are as follows:

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
Origination fee revenue	$ 1,504,532	$ 2,952,837
Transaction reimbursement revenue	75,332	140,960
Total	$ 1,579,864	$ 3,093,797
Cost	$ 5,290,504	$ 11,656,637
Face value	$ 56,688,680	$ 96,674,080
Total policies	38	72
Average Age	76	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 investors was $3,615,738 and $6,838,141, of which $3,615,738 and $6,794,641 was related to LMA for the three and six months ended June 30, 2023, respectively. Total cost of sales related to the other affiliated investor was $2,623,201 and $5,020,603, of which $2,623,201 and $5,012,103 was related to LMA for three and six months ended June 30, 2023, respectively. In addition, there is a related party receivable due from LMA related to transaction expenses of $19,246 as of June 30, 2023.

8. SUBSEQUENT EVENT

On June 30, 2023, Abacus consummated the merger with LMA. Abacus has evaluated its subsequent events through November 7, 2024, the date that the financial statements were issued and determined that there were no events that occurred that required disclosure.

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

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

The statements contained in this Quarterly Report on Form 10-Q that are not purely historical are forward-looking statements within the meaning of Section27A 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 contains 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. 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 quarterly statement and in our 2023 Annual Report on Form 10-K. 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.

The following discussion and analysis provides information that management believes is relevant to an assessment and understanding of the Company's financial condition and results of operations. This discussion should be read in conjunction with the Company's financial statements and related notes thereto that appear elsewhere in this Quarterly Report on Form 10-Q and our 2023 Annual Report on Form 10-K.

Overview

The Company is composed of two principal operating subsidiaries. Abacus and LMA comprise a leading vertically integrated alternative asset manager specializing in investing in inforce life insurance products throughout the lifecycle of a life insurance policy. As an alternative asset manager, the Company focuses on originating, holding, and servicing life insurance policies. The Company purchases life insurance policies from consumers seeking liquidity and actively manages those policies over time (via trading, holding, and servicing).

As one of the leading buyers of life insurance policies in the U.S., we sit at the heart of the life settlements industry. We leverage our strong market position, highly efficient origination platform, and proprietary technology to drive our revenue and profitability. The Company and its executive team have deep experience in the life settlement industry. Using this experience, the Company has established policies and guidelines with respect to its purchase of universal life, whole life, and convertible term life insurance policies. Currently, the Company principally invests in non-variable universal life insurance policies, with most of the insurance policies, measured by face value, acquired by the Company being non-variable universal life policies, but may invest in whole life or convertible term life insurance policies in the future. These guidelines focus on the age of the insured, whether the insured is a man or a woman, 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. The Company's guidelines are designed to allow the Company to target the life insurance policies that it believes have the most upside potential to generate attractive risk-adjusted returns to the Company through either its hold or trade portfolio. Our policy origination process first locates policies and screens them for eligibility for a life settlement. This process includes verifying that the policy is in force, obtaining consents and disclosures and submitting cases for life expectancy estimates, which is a process known as origination services. We generate fees on the policies we originate, which are sourced from three channels: (i) a large and growing network of financial advisors and agents, (ii) an on-going direct-to-consumer marketing campaign and (iii) a number of traditional life settlements intermediaries that submit policies to us on behalf of an advisor or client. 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 fees as a percentage of the value of the policies. Our multi-faceted revenue model is made possible by sitting at the heart of the entire life settlements industry.

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. 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). Additionally, LMA provides fee-based services to identify tranches of policies available for sale, values the policies and negotiates terms with other institutional asset managers and insurance carriers. LMA is paid a fee by the acquiring institutional asset manager. These processes are categorized as "Active management revenue."

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, the Company provides consulting, valuation, actuarial services, and performs 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 face value ("Origination Revenue").

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 conducts business in 49 states and the District of Columbia. Abacus is not licensed to operate in Alaska and there are no current plans to procure a license in Alaska. The company holds viatical settlement and or life settlement provider licenses in 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.

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 its estimates and judgments on an ongoing basis. 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. We have discussed those policies and estimates that we believe are critical and require the use of complex judgment in their application in our most recent Annual Report on Form 10-K. Since the date of our most recent Annual Report on Form 10-K, there have been no material changes to our critical accounting policies or the methodologies or assumptions we apply under them other than any new policies described in Note 2, Summary of Significant Accounting Policies and Recent Accounting Standards, to our condensed notes to consolidated financial statements.

Recent Accounting Pronouncements

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

Performance Measures

NM = Not meaningful.

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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Portfolio servicing revenue				
Related party servicing revenue	$ 56,539	$ 168,899	$ 362,394	$ 711,975
Portfolio servicing revenue	59,847	55,670	176,815	102,651
Total portfolio servicing revenue	116,386	224,569	539,209	814,626
Active management revenue	26,967,575	18,926,144	73,778,331	39,921,061
Related Party origination revenue	—	254,517	—	254,517
Origination revenue	1,064,530	1,715,700	4,394,237	1,715,700
Origination revenue	1,064,530	1,970,217	4,394,237	1,970,217
Total revenues	28,148,491	21,120,930	78,711,777	42,705,904
Cost of revenue (excluding depreciation and amortization stated below)				
Cost of revenue (including stock-based compensation)	2,187,551	3,356,976	7,649,844	4,819,926
Related party cost of revenue	430	7,981	2,568	7,981
Total cost of revenue	2,187,981	3,364,957	7,652,412	4,827,907
Gross profit	25,960,510	17,755,973	71,059,365	37,877,997
Operating expenses				
Sales and marketing	2,169,197	1,704,154	6,651,942	3,116,999
General and administrative (including stock-based compensation)	15,489,503	9,838,951	41,396,346	11,113,382
Unrealized (gain) loss on equity securities, at fair value	(417,677)	306,800	(1,220,161)	(491,356)
Realized gain on equity securities, at fair value	—	—	(856,744)	—
Loss (gain) on change in fair value of debt	124,237	(2,088,797)	4,036,327	309,865
Depreciation and amortization expense	1,745,279	1,694,853	5,177,785	1,696,994
Total operating expenses	19,110,539	11,455,961	55,185,495	15,745,884
Operating income	6,849,971	6,300,012	15,873,870	22,132,113
Other income (expense)				
Loss on change in fair value of warrant liability	(8,766,500)	(943,400)	(8,487,040)	(943,400)
Other (expense) income	(9,832)	20,086	132,610	(1,565)
Interest expense	(4,218,314)	(2,679,237)	(12,417,946)	(3,620,695)
Interest income	609,496	63,826	1,670,828	71,283
Net income before provision for income taxes	(5,535,179)	2,761,287	(3,227,678)	17,637,736
Income tax (benefit) expense	(250,368)	1,710,315	2,680,855	2,238,419
NET (LOSS) INCOME	(5,284,811)	1,050,972	(5,908,533)	15,399,317
LESS: NET (LOSS) INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	(159,756)	147,611	(204,716)	(339,692)
NET (LOSS) INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (5,125,055)	$ 903,361	$ (5,703,817)	$ 15,739,009

Revenue

Related Party Services

	Three Months Ended September 30,			
	2024	2023	$ Change	% Change
Related party servicing revenue	$ 56,539	$ 168,899	$ (112,360)	(66.5)%

Related party servicing revenue decreased by $112,360, or 66.5%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The decrease is mainly due to a decrease in policies serviced for the Nova Funds.

	Nine Months Ended September 30,			
	2024	2023	$ Change	% Change
Related party servicing revenue	$ 362,394	$ 711,975	$ (349,581)	(49.1)%

Related party servicing revenue decreased by $349,581, or 49.1%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The decrease is mainly due to a decrease in policies serviced for the Nova Funds.

	Three Months Ended September 30,			
	2024	2023	$ Change	% Change
Portfolio servicing revenue	$ 59,847	$ 55,670	$ 4,177	7.5%

Portfolio servicing revenue increased by $4,177 or 7.5%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The increase is mainly due to an increase in policies serviced for external funds.

	Nine Months Ended September 30,			
	2024	2023	$ Change	% Change
Portfolio servicing revenue	$ 176,815	$ 102,651	$ 74,164	72.2%

Portfolio servicing revenue increased by $74,164 or 72.2%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The increase is mainly due to an increase in policies serviced for external funds.

Active management revenue

	Three Months Ended September 30,			
	2024	2023	$ Change	% Change
Active management revenue	$ 26,967,575	$ 18,926,144	$ 8,041,431	42.5%

Total active management revenue increased by $8,041,431, or 42.5%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The increase is mainly due to a net increase of $9,789,466 related to policies accounted for under the fair value method (comprised of $7,092,164 realized gains, $5,858,258 unrealized gains and offset by ($3,160,956) in premiums paid) and offset by a decrease of $(1,748,035) in trading activity related to policies accounted for under the investment method.

The aggregate face value of policies accounted for using the investment method is $2,225,000 as of September 30, 2024, with a corresponding carrying value of $1,071,172. Additional information regarding policies accounted for under the investment method is as follows:

	Three Months Ended September 30,	
	2024	2023
Investment method:		
Policies bought	—	—
Policies sold	1	34
Policies matured	—	—
Average realized gain (loss) on policies sold	43.2%	29.2%
Number of external counter parties that purchased policies	1	5
Realized gains	$69,729	$1,817,764
Revenue from maturities	$—	$—

The aggregate face value of policies held at fair value is $976,761,831 as of September 30, 2024 with a corresponding fair value of $273,249,493. Additional information regarding policies accounted for under the fair value method is as follows:

	Three Months Ended September 30,	
	2024	2023
Fair Value Method:		
Policies bought	233	149
Policies sold	148	78
Policies matured	9	—
Average realized gain (loss) on policies sold	25.6%	12.7%
Number of external counter parties that purchased policies	16	10
Realized gains, net of premiums paid	$ 10,099,512	$ 6,168,304
Revenue from maturities	$ 4,017,400	$ —

	Nine Months Ended September 30,			
	2024	2023	$ Change	% Change
Active management revenue	$ 73,778,331	$ 39,921,061	$ 33,857,270	84.8%

Total active management revenue increased by $33,857,270, or 84.8%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The increase is mainly due to a net increase of $44,794,472 related to policies accounted for under the fair value method (comprised of $28,742,680 realized gains, $23,880,373 unrealized gains and offset by ($7,828,581) in premiums paid) and $6,959,273 fee-based revenue, offset by a decrease of ($17,896,475) in trading activity related to policies accounted for under the investment method.

Additional information regarding policies accounted for under the investment method is as follows:

	Nine Months Ended September 30,	
	2024	2023
Investment method:		
Policies bought	—	165
Policies sold	3	161
Policies matured	1	2
Average realized gain (loss) on policies sold	47.1%	19.0%
Number of external counter parties that purchased policies	2	15
Realized gains	$ 577,122	$ 14,473,597
Revenue from maturities	$ 500,000	$ 4,000,000

Additional information regarding policies accounted for under the fair value method is as follows:

	Nine Months Ended September 30,	
	2024	2023
Fair Value Method:		
Policies bought	595	218
Policies sold	340	89
Policies matured	14	1
Average realized gain (loss) on policies sold	25.6%	12.5%
Number of external counter parties that purchased policies	21	10
Realized gains, net of premiums paid	$ 28,101,899	$ 7,187,799
Revenue from maturities	$ 5,382,504	$ 175,000

Origination Revenue

	Three Months Ended September 30,			
	2024	2023	$ Change	% Change
Origination Revenue	$ 1,064,530	$ 1,715,700	$ (651,170)	(38.0)%

Origination revenue decreased by ($651,170) from $1,715,700, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The decrease is mainly to due to Abacus Settlements focusing on procuring policies for the Company. The origination revenue is related to Abacus Settlements, which was acquired on June 30, 2023.

	Nine Months Ended September 30,			
	2024	2023	$ Change	% Change
Origination Revenue	$ 4,394,237	$ 1,715,700	$ 2,678,537	156.1%

Origination revenue increased by $2,678,537 from $1,715,700, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The origination revenue is related to Abacus Settlements, which was acquired on June 30, 2023.

Cost of Revenues (Excluding Depreciation and Amortization) and Gross Profit, Net of Intersegment Eliminations

	Three Months Ended September 30,			
	2024	2023	$ Change	% Change
Cost of revenue (excluding depreciation and amortization)	$ 2,187,551	$ 3,356,976	$ (1,169,425)	(34.8)%
Related party cost of revenue	430	7,981	(7,551)	(94.6)%

Cost of revenues (excluding depreciation and amortization) decreased by $(1,169,425), or (34.8)%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The decrease in cost of revenues is primarily due to $(1,345,873) decrease in consulting charges related to active management activity partially offset by an increase in non-cash stock-based compensation expense.

	Nine Months Ended September 30,			
	2024	2023	$ Change	% Change
Cost of revenue (excluding depreciation and amortization)	$ 7,649,844	$ 4,819,926	$ 2,829,918	58.7%
Related party cost of revenue	2,568	7,981	(5,413)	(67.8)%

Cost of revenues (excluding depreciation and amortization) increased by $2,829,918, or 58.7%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The increase in cost of revenues is primarily due to $1,954,072 increase in life expectancy fees, $1,417,790 increase of commissions for origination activity related to the increase in insurance policy purchase activity during 2024, and $967,820 non-cash stock-based compensation expense, partially offset by $(1,361,075) decrease in consulting charges related to active management activity.

	Three Months Ended September 30,			
	2024	2023	$ Change	% Change
Gross profit	$ 25,960,510	$ 17,755,973	$ 8,204,537	46.2%

Gross profit increased by $8,204,537, or 46.2%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The increase in gross profit is primarily due to an increase in active management revenue driven by an increase in policies purchased.

	Nine Months Ended September 30,			
	2024	2023	$ Change	% Change
Gross profit	$ 71,059,365	$ 37,877,997	$ 33,181,368	87.6%

Gross profit increased by $33,181,368, or 87.6%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The increase in gross profit is primarily due to an increase in active management revenue driven by an increase in policies purchased.

Operating Expenses

Sales and Marketing Expenses

	Three Months Ended September 30,			
	2024	2023	$ Change	% Change
Sales and marketing expenses	$ 2,169,197	$ 1,704,154	$ 465,043	27.3 %

Sales and marketing expenses increased by $465,043 or 27.3%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The increase was primarily related to an increase in advertising costs to support our origination and active management growth strategy.

	Nine Months Ended September 30,			
	2024	2023	$ Change	% Change
Sales and marketing expenses	$ 6,651,942	$ 3,116,999	$ 3,534,943	113.4 %

Sales and marketing expenses increased by $3,534,943 or 113.4%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The increase was primarily related to an increase in advertising costs to support our origination and active management growth strategy.

General, Administrative, and Other

	Three Months Ended September 30,			
	2024	2023	$ Change	% Change
General and administrative (including stock-based compensation)	$ 15,489,503	$ 9,838,951	$ 5,650,552	57.4 %

General, administrative, and other increased by $5,650,552, or 57.4%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The increase in general, administrative, and other expenses is primarily related to non-cash stock based compensation expense of $1,510,139, payroll expense of $2,703,485, and accounting and auditing fees of $221,873, legal and professional fees of $1,700,871, partially offset by a decrease in other expenses general and administrative expenses of ($485,816) to support the Company's public company compliance costs post the Merger.

	Nine Months Ended September 30,			
	2024	2023	$ Change	% Change
General and administrative (including stock-based compensation)	$ 41,396,346	$ 11,113,382	$ 30,282,964	272.5 %

General, administrative, and other increased by $30,282,964, or 272.5%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The increase in general, administrative, and other expenses is primarily related to non-cash stock based compensation expense of $13,123,756, payroll expense of $10,178,892, accounting and auditing fees of $2,759,900, legal and professional fees of $2,211,209, and an increase in other expenses general and administrative expenses of $2,009,207 to support the Company's public company compliance costs post the Merger.

Depreciation and amortization expense

	Three Months Ended September 30,			
	2024	2023	$ Change	% Change
Depreciation and amortization	$ 1,745,279	$ 1,694,853	$ 50,426	3.0 %

The increase of $50,426, or 3.0%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023 in depreciation and amortization expense is primarily related to the amortization of acquired Abacus intangible assets.

	Nine Months Ended September 30,			
	2024	2023	$ Change	% Change
Depreciation and amortization	$ 5,177,785	$ 1,696,994	$ 3,480,791	205.1 %

The increase of $3,480,791, or 205.1%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 in depreciation and amortization expense is primarily related to the amortization of acquired Abacus intangible assets.

Unrealized Loss (Gain) on Investments

	Three Months Ended September 30,			
	2024	2023	$ Change	% Change
Unrealized (gain) loss on equity securities, at fair value	$ (417,677)	$ 306,800	$ (724,477)	(236.1)%

Unrealized loss on investments decreased by $724,477 or 236.1% for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. The primary cause of this decrease pertains to the change in fair value of S&P 500 options.

	Nine Months Ended September 30,			
	2024	2023	$ Change	% Change
Unrealized (gain) loss on equity securities, at fair value	$ (1,220,161)	$ (491,356)	$ (728,805)	148.3 %

Unrealized gain on investments increased by $728,805 or 148.3% for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. The primary cause of this increase pertains to the change in fair value of S&P 500 options.

Realized Loss (Gain) on Investments

	Three Months Ended September 30,			
	2024	2023	$ Change	% Change
Realized gain on equity securities, at fair value	$ —	$ —	$ —	NM

Realized gain on investments increased by $— or NM for the three months ended September 30, 2024, compared to the three months ended September 30, 2023.

	Nine Months Ended September 30,			
	2024	2023	$ Change	% Change
Realized gain on equity securities, at fair value	$ (856,744)	$ —	$ (856,744)	NM

Realized gain on investments increased by $856,744 or NM for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. The increase is related to the sale of S&P 500 options in connection with the LMATT Growth 2.2024 and LMATT Growth and Income 1.2026 market-indexed notes paid off during the quarter.

(Gain) Loss on Change in Fair Value of Debt

	Three Months Ended September 30,			
	2024	2023	$ Change	% Change
Loss (gain) on change in fair value of debt	$ 124,237	$ (2,088,797)	$ 2,213,034	(105.9)%

Loss in the fair value of debt increased by $2,213,034, or 105.9% for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The increase is primarily attributable to changes in the risk-free fair value of our market-indexed notes.

	Nine Months Ended September 30,			
	2024	2023	$ Change	% Change
Loss (gain) on change in fair value of debt	$ 4,036,327	$ 309,865	$ 3,726,462	1202.6 %

Loss in the fair value of debt increased by $3,726,462, or 1202.6% for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The increase is primarily attributable to changes in the risk-free fair value of our market-indexed notes.

Other Income (Expense)

	Three Months Ended September 30,			
	2024	2023	$ Change	% Change
Other (expense) income	$ (9,832)	$ 20,086	$ (29,918)	(148.9)%
Interest expense	(4,218,314)	(2,679,237)	(1,539,077)	57.4 %
Interest income	609,496	63,826	545,670	854.9 %
Loss on change in fair value of warrant liability	(8,766,500)	(943,400)	(7,823,100)	829.2 %

Other expense increased by $29,918, or 148.9%, for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. The decrease is primarily related to other expense activities.

Interest expense was $4,218,314 for the three months ended September 30, 2024, compared to $2,679,237 for the three months ended September 30, 2023. The increase in interest expense is primarily related to the Fixed Rate Senior Unsecured Notes interest expense of $1,622,890, the LMA Income Series II LP interest expense of $1,068,012, the LMA Income Series LP interest expense of $358,778, the Sponsor PIK Note non-cash interest of $357,543, and the SPV Purchase and Sale Note non-cash interest expense $19,080, partially offset by decrease of $(1,873,522) related to the Owl Rock Credit Facility paid off in 2023.

Interest income was 609,496, for the three months ended September 30, 2024, compared to $63,826 for the three months ended September 30, 2023. The increase in interest income is related to interest earned on our bank deposits.

Loss on change in fair value of warrant liability was $(8,766,500) for the three months ended September 30, 2024, compared to $(943,400) for the three months ended September 30, 2023. The change is primarily attributable to the change in the price for the public warrants, which is a determining factor for measuring the fair value of the private warrants.

	Nine Months Ended September 30, 2024	2023	$ Change	% Change
Other (expense) income	$ 132,610	$ (1,565)	$ 134,175	(8573.5)%
Interest expense	(12,417,946)	(3,620,695)	(8,797,251)	243.0 %
Interest income	1,670,828	71,283	1,599,545	2243.9 %
Loss on change in fair value of warrant liability	(8,487,040)	(943,400)	(7,543,640)	799.6 %

Other income increased by $134,175, or 8573.5%, for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. The increase is primarily related to other income activities.

Interest expense was $12,417,946 for the nine months ended September 30, 2024, compared to $3,620,695 for the nine months ended September 30, 2023. The increase in interest expense is primarily related to the Fixed Rate Senior Unsecured Notes interest expense of $2,541,654, the LMA Income Series II LP interest expense of $2,892,618, the LMA Income Series LP interest expense of $377,391, the SPV Purchase and Sale Note non-cash interest expense $3,189,406, and the Sponsor PIK Note non-cash interest of $1,685,610, partially offset by decrease of $(1,873,522) related to the Owl Rock Credit Facility paid off in 2023.

Interest income was $1,670,828, for the nine months ended September 30, 2024, compared to $71,283 for the nine months ended September 30, 2023. The increase in interest income is related to interest earned on our bank deposits.

Loss on change in fair value of warrant liability was $(8,487,040) for the nine months ended September 30, 2024, compared to $(943,400) for the nine months ended September 30, 2023. The change is primarily attributable to the change in the price for the public warrants, which is a determining factor for measuring the fair value of the private warrants.

Income Tax Expense

	Three Months Ended September 30, 2024	2023	$ Change	% Change
Income tax (benefit) expense	$ (250,368)	$ 1,710,315	$ (1,960,683)	(114.6)%

Income tax expense decreased by $1,960,683, or 114.6% for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. Our effective income tax rate for the three months ended September 30, 2024 and three months September 30, 2023, was 4.5% and 61.9%, respectively. The decrease was primarily driven by the decrease in income before income taxes partially offset by the portion of the stock-based compensation expense deduction limited by IRC Section 162(m).

	Nine Months Ended September 30, 2024	2023	$ Change	% Change
Income tax expense	$ 2,680,855	$ 2,238,419	$ 442,436	19.8 %

Income tax expense increased by $442,436, or 19.8% for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. Our effective income tax rate for the nine months ended September 30, 2024 and for the nine months September 30, 2023, was (83.1)% and 12.7%, respectively. The increase was primarily driven by the portion of the stock-based compensation expense deduction limited by IRC Section 162(m).

Results of Operations—Segment Results, Net of Intersegment Eliminations

Portfolio Servicing

	Three Months Ended September 30,			
	2024	2023	$ Change	% Change
Total revenue	$ 116,386	$ 224,569	$ (108,183)	(48.2)%
Gross loss	(285,107)	(626,045)	340,938	(54.5)%

Total revenue for the portfolio servicing segment decreased by $108,183, or 48.2%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The decrease in portfolio servicing revenue is primarily attributable to a decrease in policies serviced.

Gross loss from our portfolio servicing segment decreased by $340,938 or (54.5)%, for the three months ended September 30, 2024, compared to the three months ended September 30, 2023, primarily due to decrease in servicing costs.

	Nine Months Ended September 30,			
	2024	2023	$ Change	% Change
Total revenue	$ 539,209	$ 814,626	$ (275,417)	(33.8)%
Gross loss	(393,347)	(792,173)	398,826	(50.3)%

Total revenue for the portfolio servicing segment decreased by $275,417, or 33.8%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The decrease in portfolio servicing revenue is primarily attributable to a net decrease in policies serviced.

Gross loss from our portfolio servicing segment decreased by $398,826 or 50.3%, for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, primarily due to a net decrease in policies serviced.

Active Management

	Three Months Ended September 30,			
	2024	2023	$ Change	% Change
Total revenue	$ 26,967,575	$ 18,926,144	$ 8,041,431	42.5%
Gross profit	26,254,825	17,557,563	8,697,262	49.5%

Total revenue for the active management segment increased by $8,041,431, or 42.5% for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. Gross profit from our active management segment increased by $8,697,262, or 49.5% for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. The increase in active management revenue and gross profit was primarily attributable to growth in the active management revenue as described in the Results of Operations section and a decrease in cost of revenue from 7.2% of revenue for the three months ended September 30, 2023 to 2.6% of revenue for the three months ended September 30, 2024.

	Nine Months Ended September 30,			
	2024	2023	$ Change	% Change
Total revenue	$ 73,778,331	$ 39,921,061	$ 33,857,270	84.8%
Gross profit	71,254,691	37,845,715	33,408,976	88.3%

Total revenue for the active management segment increased by $33,857,270, or 84.8% for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. Gross profit from our active management segment increased by $33,408,976, or 88.3% for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. The increase in active management revenue and gross profit was primarily attributable to growth in the active management revenue as described in the Results of Operations section and an increase of cost of revenue from 5.2% of revenue for the nine months ended September 30, 2023 to 3.4% of revenue for the nine months ended September 30, 2024.

Originations

	Three Months Ended September 30,			
	2024	2023	$ Change	% Change
Total revenue	$ 1,064,530	$ 1,970,217	$ (905,687)	(46)%
Gross (loss) profit	(9,208)	824,455	(833,663)	(101)%

Total revenue for the originations segment decreased by $(905,687) for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. No originations revenue was recorded prior to the June 30, 2023 Business Combination.

Gross profit from our originations segment decreased by $(833,663), for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. No originations revenue was recorded prior to the June 30, 2023 Business Combination.

	Nine Months Ended September 30,			
	2024	2023	$ Change	% Change
Total revenue	$ 4,394,237	$ 1,970,217	$ 2,424,020	123%
Gross profit	198,021	824,455	(626,434)	(76)%

Total revenue for the originations segment increased by $2,424,020 for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. No originations revenue was recorded prior to the June 30, 2023 Business Combination.

Gross profit from our originations segment decreased by $(626,434), for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. No originations revenue was recorded prior to the June 30, 2023 Business Combination.

Key Business Metrics and Non-GAAP Financial Measures

The consolidated financial statements of the Company 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 common stockholders 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 common stockholders (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 common stockholders, earnings (loss) per share or other consolidated statements of operations and comprehensive (loss) 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 common stockholders adjusted for 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 common stockholders and Adjusted EPS to the most comparable GAAP financial measure, earnings per share, on a historical basis for the periods indicated below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
NET (LOSS) INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (5,125,055)	$ 903,361	$ (5,703,817)	$ 15,739,009
Amortization expense	1,698,983	1,682,083	5,072,125	1,682,083
Stock-based compensation	6,416,378	4,583,632	18,675,208	4,583,632
Business acquisition costs	1,948,118	—	3,273,118	—
Loss on change in fair value of warrant liability	8,766,500	943,400	8,487,040	943,400
Tax impact [1]	1,174,328	908,271	3,518,782	908,271
Adjusted Net Income	$ 14,879,252	$ 9,020,747	$ 33,322,456	$ 23,856,395
Weighted-average shares of Class A common stock outstanding - basic [2]	74,694,319	63,349,823	66,984,401	54,632,826
Weighted-average shares of Class A common stock outstanding - diluted [2]	74,694,319	63,349,823	66,984,401	54,632,826
Adjusted EPS - basic	$0.20	$0.14	$0.50	$0.44
Adjusted EPS - diluted	$0.20	$0.14	$0.50	$0.44

[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 2023 number of shares outstanding have been retrospectively recast for prior period presented to reflect the outstanding stock of Abacus Life, Inc. as a result of the Business Combination.

The change in adjusted net Income was primarily a result of the factors described in connection with operating revenues and operating expenses and the items listed above.

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 other special 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 the Company'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 other special 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.

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 other special items 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 three months ended September 30, 2024, and 2023 indicated below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
NET (LOSS) INCOME	$ (5,284,811)	$ 1,050,972	$ (5,908,533)	$ 15,399,317
Depreciation and amortization expense	1,745,279	1,694,853	5,177,785	1,696,994
Income tax (benefit) expense	(250,368)	1,710,315	2,680,855	2,238,419
Interest expense	4,218,314	2,679,237	12,417,946	3,620,695
Other (income) expense	9,832	(20,086)	(132,610)	1,565
Interest income	(609,496)	(63,826)	(1,670,828)	(71,283)
Loss on change in fair value of warrant liability	8,766,500	943,400	8,487,040	943,400
Stock-based compensation	6,416,378	4,583,632	18,675,208	4,583,632
Business acquisition costs	1,948,118	—	3,273,118	—
Unrealized (gain) loss on equity securities, at fair value	(417,677)	306,800	(1,220,161)	(491,356)
Realized gain on equity securities, at fair value	—	—	(856,744)	—
Loss (gain) on change in fair value of debt	124,237	(2,088,797)	4,036,327	309,865
Adjusted EBITDA	$ 16,666,306	$ 10,796,500	$ 44,959,403	$ 28,231,248
Adjusted EBITDA margin	59.2%	51.1%	57.1%	66.1%
Net (loss) income margin	(18.8)%	5.0%	(7.5)%	36.1%

The change in adjusted EBITDA was primarily a result of the factors described in connection with operating revenues and operating expenses and the items listed above.

We monitor the following key business metrics for active management revenue: (i) policies sold and purchased, (ii) realized gains on sold and matured policies, (iii) unrealized gains on held policies, and (iv) face value of policies held. The number of policies sold and purchased helps us measure the level of active management activity for the period that leads to realized and unrealized gains, respectively. Realized gains on sold and matured policies is used to measure the level of profit optimization. Unrealized gains on held policies is used to measure our policy optimization. The face value or net death benefit of policies represents the maximum potential revenue realization on policies held. Refer to the Results from Operations section above for a summary of active management key business metrics for investment and fair value method policies.

We monitor the following key business metrics for servicing revenue: (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.

We monitor the following key business metric for origination revenue: 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 number of policy originations.

Our key business metrics are summarized below for servicing and origination revenue:

	Nine Months Ended September 30,			
	2024	**2023**	**Change**	**% Change**
Key business metric:				
Number of policies serviced [1]	1,210	1,539	(329)	(21.4)%
Value of policies serviced ($) [1]	$ 2,306,003,622	$ 3,290,222,030	$ (984,218,408)	(29.9)%
Total invested dollars ($) [1]	$ 682,483,526	$ 1,193,481,436	$ (510,997,910)	(42.8)%
Number of policy originations to external parties	91	34	57	167.6%
Number of policy originations to related parties	—	7	(7)	(100.0)%
Number of policy originations to subsidiaries eliminated in consolidation	329	150	179	119.3%

[1] For the nine months ended September 30, 2024, LMA and LMA subsidiaries comprised 530 of the policies serviced, $974,986,831 value of the policies serviced, and $221,368,597 of the total invested dollars. For the nine months ended September 30, 2023, LMA and LMA subsidiaries comprised 236 of the policies serviced, $308,852,605 value of the policies serviced, and $77,251,214 of the total invested dollars. All servicing revenues related to LMA or LMA subsidiaries are eliminated in consolidation.

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 and originating policies while also effectively utilizing cash and other sources of liquidity to purchase additional life settlement policies.

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

In December 2023, the Company's board of directors approved a $15,000,000 share repurchase plan that will expire in May 2025. As of September 30, 2024, $2,974,863 remains available for repurchases under the approved plan. Refer to Note 15, Stockholders' Equity, to the Interim Financial Statements for additional information.

We believe that our current cash and cash equivalents as well as planned life settlement policy trading activity will be sufficient to support our operating and debt service needs for the 12 months following the filing of this Quarterly Report on From 10-Q.

Cash Flows from our Operations

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

	Nine Months Ended September 30,		
	2024	**2023**	**Change**
Net cash used in operating activities	$ (116,827,478)	$ (50,232,674)	$ (66,594,804)
Net cash (used in) provided by investing activities	(1,167,166)	2,569,437	(3,736,603)
Net cash provided by financing activities	111,815,591	54,259,604	57,555,987
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	$ (6,179,053)	$ 6,596,367	$ (12,775,420)

Operating Activities

During the nine months ended September 30, 2024, our operating activities used $(116,827,478) of net cash as compared to $(50,232,674) of net cash used from operating activities during the nine months ended September 30, 2023. The increase of $66,594,804 in net cash used from operating activities was primarily due to $47,958,758 increase in net life settlement purchases, $(23,880,373) increase in unrealized gains on life settlement policies, at fair value, $(21,307,850) decrease in net income, partially offset by $14,091,576 increase in stock-compensation expense, $7,543,640 change in the fair market value of warrant liability, and $3,726,462 change in the fair value of debt.

Investing Activities

During the nine months ended September 30, 2024, investing activities used $(1,167,166) of net cash as compared to $2,569,437 net cash provided during the nine months ended September 30, 2023. The decrease of $(3,736,603) in net cash provided in investing activities was primarily related to the decrease of $(3,287,729) in due from affiliates.

Financing Activities

During the nine months ended September 30, 2024, financing activities provided $111,815,591 of net cash as compared to $54,259,604 of net cash provided during the nine months ended September 30, 2023. The increase of $57,555,987 in net cash provided by financing activities is primarily due to net proceeds received from our follow-on stock issuance of $84,786,373, decrease in amounts due to former owners of $23,786,386, decrease in transaction costs paid related to the Merger Agreement of $10,358,100, and $6,852,207 in cash received from public warrant conversions, partially offset by $(28,189,406) repayment of related party debt, $(22,680,583) decrease in net debt issuance proceeds, $(10,742,075) in share repurchases, and $(4,040,758) repayment of market-indexed notes.

Contractual Obligations and Commitments

Refer to the following notes in our Interim Financial Statements for a list of contractual obligations and commitments:

- Note 12, Commitments and Contingencies, for a list of commitments and contingencies.
- Note 14, Long-Term Debt, for a list of outstanding debt, related interest rates, and maturity dates.
- Note 20, Leases, for our outstanding lease obligations.

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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 financial statements and related notes thereto that appear elsewhere in this Quarterly Report on Form 10-Q.

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 heading "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 and in the Company's 2023 Annual Report on Form 10-K. Unless the context otherwise requires, references in this "Abacus Settlements, LLC Management's Discussion and Analysis of Financial Condition and Results of Operations" to "we," "us," "our," and "Abacus" are intended to mean the business and operations of Abacus Settlements, LLC.

Critical Accounting Policies and Estimates

Refer to the Company's management's discussion and analysis of financial condition and results of operations.

Recent Accounting Pronouncements

Refer to the Company's management's discussion and analysis of financial condition and results of operations.

Overview

Abacus originates life insurance policy settlement contracts as a licensed life settlement provider on 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").

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 conducts business in 49 states and the District of Columbia. Abacus is not licensed to operate in Alaska and there are no current plans to procure a license in Alaska. The company holds viatical settlement and or life settlement provider licenses in 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.

Results of Operations

The following tables set forth our results of operations for each of the period indicated, and we presented and expressed the relationship of certain line items as a percentage of revenue for the period presented. The financial results are not necessarily indicative of future results.

	Three Months Ended June 30,	Six Months Ended June 30,
	2023	2023
Origination revenue	$ 1,689,088	$ 3,252,738
Related-party revenue	5,195,602	9,931,938
Total revenue	6,884,690	13,184,676
Cost of revenue	1,505,333	2,734,949
Related party cost of revenue	3,392,647	6,558,354
Gross profit	1,986,710	3,891,373
Operating expenses		
General and administrative expenses	2,297,577	4,848,580
Depreciation expense	2,561	5,597
Total operating expenses	2,300,138	4,854,177
Loss from operations	(313,428)	(962,804)
Other income (expense)		
Interest income	1,193	1,917
Interest expense	(5,863)	(11,725)
Total other (expense)	(4,670)	(9,808)
Loss before income taxes	(318,098)	(972,612)
Provision for income taxes	—	2,289
Net loss and comprehensive loss	$ (318,098)	$ (974,901)

Origination Revenue

	Three Months Ended June 30,
	2023
Origination revenue	$ 1,689,088

Revenue for the three months ended June 30, 2023 $1,689,088, and is comprised of sales commission, origination fees revenue, services revenue, and transaction fees reimbursements.

	Six Months Ended June 30,
	2023
Origination revenue	$ 3,252,738

Revenue for the six months ended June 30, 2023 $3,252,738, and is comprised of sales commission, origination fees revenue, services revenue, and transaction fees reimbursements.

Related Party Revenue

	Three Months Ended June 30,
	2023
Related Party Revenue	$ 5,195,602

Related Party Revenue for the three months ended June 30, 2023 was $5,195,602. For the three months ended June 30, 2023, Abacus had originated 38 for the Nova funds with a total value of $56,688,680 that generated $1,579,864 in revenue and also comprised of $3,615,738 in origination services to LMA and transaction fees reimbursed by the related party. Further, Abacus originated 69 policies for LMA with a total value of $114,999,768 for the three months ended June 30, 2023.

	Six Months Ended June 30,
	2023
Related Party Revenue	$ 9,931,938

Related Party Revenue for the six months ended June 30, 2023 was $9,931,938. For the six months ended June 30, 2023, Abacus had originated 72 for the Nova funds with a total value of $96,674,080 that generated $3,093,797 in revenues and also comprised of $6,794,641 in origination services to LMA and transaction fees reimbursed by the related party. Further, Abacus originated 103 policies for LMA with a total value of $192,685,578 for the six months ended June 30, 2023.

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

	Three Months Ended June 30,
	2023
Cost of revenue	$ 1,505,333
Related party cost of revenue	3,392,647
Gross Profit	1,986,710
Gross Margin	29 %

Cost of revenue for the three months ended June 30, 2023 was $1,505,333, and is comprised of sales agent commission, professional and consulting fees.

Related party cost of revenue for the three months ended June 30, 2023 was $3,392,647 and is comprised of $2,623,201 in LMA agent commission expenses and originations of policies sold to Nova Funds.

Gross profit for the three months ended June 30, 2023 was $1,986,710. Gross margin for the three months ended June 30, 2023 was 29%.

	Six Months Ended June 30,
	2023
Cost of revenue	$ 2,734,949
Related party cost of revenue	6,558,354
Gross Profit	3,891,373
Gross Margin	30 %

Cost of revenue for the six months ended June 30, 2023 was $2,734,949, and is comprised of sales agent commission, professional and consulting fees.

Related party cost of revenue for the six months ended June 30, 2023 was $6,558,354 and is comprised of $5,012,103 in LMA agent commission expenses and originations of policies sold to Nova Funds.

Gross profit for the six months ended June 30, 2023 was $3,891,373. Gross margin for the six months ended June 30, 2023 was 30%.

Operating Expenses

		Three Months Ended June 30,
		2023
General and administrative expenses	$	2,297,577
Depreciation expense		2,561

General and administrative expenses for the three months ended June 30, 2023 was $2,297,577 and is comprised of payroll expenses for administration support and for sales departments, marketing expenses, sponsorship costs, rent costs, office expenses, escrow fees, professional fees, and legal fees.

Depreciation expense for the three months ended June 30, 2023 was $2,561. The depreciation expense for both the periods were computed on property and equipment (i.e., computer equipment, office furniture, and leasehold improvements).

		Six Months Ended June 30,
		2023
General and administrative expenses	$	4,848,580
Depreciation expense		5,597

General and administrative expenses for the six months ended June 30, 2023 was $4,848,580 and is comprised of payroll expenses for administration support and for sales departments, marketing expenses, sponsorship costs, rent costs, office expenses, escrow fees, professional fees, and legal fees.

Depreciation expense for the six months ended June 30, 2023 was $5,597. 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)

		Three Months Ended June 30,
		2023
Interest income	$	1,193
Interest (expense)		(5,863)

Interest income for the three months ended June 30, 2023 was $1,193. The interest income represents interest earned on Abacus certificate of deposit.

Interest expense for the three months ended June 30, 2023 was $(5,863) and is comprised of amortization of the deferred financing fees and certificate of deposit fees.

		Six Months Ended June 30,
		2023
Interest income	$	1,917
Interest (expense)		(11,725)

Interest income for the six months ended June 30, 2023 was $1,917. The interest income represents interest earned on Abacus certificate of deposit.

Interest expense for the six months ended June 30, 2023 was $(11,725) and is comprised of amortization of the deferred financing fees and certificate of deposit fees.

Provision for Income Taxes

	Three Months Ended June 30,
	2023
Provision for income taxes	$ —

Provision for income taxes for the three months ended June 30, 2023 was $—.

	Six Months Ended June 30,
	2023
Provision for income taxes	$ 2,289

Provision for income taxes for the six months ended June 30, 2023 was $2,289. This amount is primarily attributable to 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 other special 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 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 other special items 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 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 illustrates the reconciliations from net income to adjusted EBITDA:

	Three Months Ended June 30,	Six Months Ended June 30,
	2023	2023
Net loss and comprehensive loss	$ (318,098)	$ (974,901)
Depreciation expense	2,561	5,597
Provision for income taxes	—	2,289
Interest income	(1,193)	(1,917)
Interest expense	5,863	11,725
Adjusted EBITDA	$ (310,867)	$ (957,207)

The adjusted EBITDA was primarily a result of the factors described in connection with operating revenues and operating expenses and the items listed above.

We monitor the following key business metrics such as 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 number of policy originations.

	Three Months Ended June 30,	Six Months Ended June 30,
	2023	2023
Number of Policy Originations	141	253

Liquidity and Capital Resources

We have financed operations since our inception primarily through customer payments and net proceeds from equity financing in the form of capital contributions from our members. Our principal uses of cash and cash equivalents in recent periods have been funding our operations. As of June 30, 2023, our principal sources of liquidity were cash and cash equivalents of $808,226.

Cash Flows

The following table summarizes our cash flows:

	Six Months Ended June 30,
	2023
Net cash used in operating activities	$ (24,292)
Net cash used in investing activities	(182,528)
Net cash used in financing activities	(443,694)

Operating Activities

During the three months ended June 30, 2023, our operating activities used $24,292, primarily due to net loss partially offset by cash received from contract deposits and repayment of related party receivables.

Investing Activities

During the three months ended June 30, 2023, our investing activities used $182,528, primarily due to purchases of equipment.

Financing Activities

During the three months ended June 30, 2023, our financial activities used $443,694, primarily related to the distribution to former members.

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 less than one year and $12,648 due within one to three years, which are comprised of the minimum commitments for our office space.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company, as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended, and are not required to provide the information required under this item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) or Rule 15d-15(b) promulgated by the SEC under the Securities Exchange Act of 1934, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on the foregoing, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during the three months ended September 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, the Company is involved in various civil actions as part of its normal course of business. 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 period ended September 30, 2024.

Item 1A. Risk Factors

Factors that could cause our actual results to differ materially from those in this report include the risk factors described in our 2023 Annual Report on Form 10-K filed with the SEC on March 21, 2024, as amended by that Amendment No. 1 on Form 10-K/A, filed with the SEC on May 30, 2024, and as amended by that Amendment No. 2 on Form 10-K/A, filed with the SEC on June 12, 2024. As of the date of this Report, there have been no material changes to the risk factors disclosed in our 2023 Annual Report other than what is disclosed below.

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). The Company utilizes a multitude of inputs to determine the fair value of the policies it holds, which may include life expectancy reports generated by a company in which the Company holds a minority ownership interest. The Company uses its own underwriting practices, origination protocols, and proprietary technology. 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.

Risks Related to the Carlisle Acquisition

The Company may not realize the anticipated benefits of the Carlisle Acquisition, which may adversely affect the Company's business results and negatively impact the value of the Company's Common Stock.

An inability to realize the full extent of the anticipated benefits of the Carlisle Acquisition, as well as any future delays encountered in the integration process, could have an adverse effect upon the revenues, level of expenses and operating results of the Company, which may adversely affect the value of the Company's Common Stock.

The Company and Carlisle will operate independently until the completion of the Carlisle Acquisition. There can be no assurances that the Carlisle Acquisition will be completed or that our businesses can be fully integrated successfully. It is possible that the integration process could ultimately result in the loss of key the Company or Carlisle employees, the loss of customers, the disruption of either company's or both companies' ongoing businesses, inconsistencies in standards, controls (including internal controls over financial reporting), procedures and policies, unexpected integration issues, higher than expected integration costs and an overall post-completion integration process that takes longer than originally anticipated. We expect to face numerous challenges as we integrate the operations of the Company and Carlisle in order to realize the anticipated benefits of the Carlisle Acquisition, including:

- combining the business of the Company and Carlisle and meeting the capital requirements, in a manner that permits the combined company achieve any cost savings or other synergies, the failure of which would result in the anticipated benefits of the Carlisle Acquisition not being realized in the time frame currently anticipated or at all;

- integrating and unifying the offerings and services available to customers;

- adopting mechanisms to address and comply with new regulatory and legal requirements associated with a new business line of the Company in a highly regulated industry;

- identifying and eliminating redundant and underperforming functions and assets;

- maintaining existing agreements with customers, suppliers, distributors and vendors, avoiding delays in entering into new agreements with prospective customers, suppliers, distributors and vendors, and leveraging relationships with such third parties for the benefit of the combined company; and

- consolidating the companies information technology infrastructure.

In addition, at times the attention of certain members of the Company's management and respective resources may in the future be focused on the integration of the businesses and diverted from day-to-day business operations or other opportunities that may have been beneficial to such company, which may disrupt the business of the Company.

We will be subject to business uncertainties and contractual restrictions while the Carlisle Acquisition is pending.

Uncertainty about the effect of the Carlisle Acquisition on employees, vendors and customers may have an adverse effect on us and consequently on the combined company after the Closing. These uncertainties may impair our ability to retain and motivate key personnel and could cause customers and others that deal with us to defer or decline entering into contracts with us or making other decisions concerning our company or seek to change existing business relationships with us. In addition, if key employees depart because of uncertainty about their future roles and the potential complexities of the Carlisle Acquisition, our businesses could be harmed. Furthermore, the Share Purchase Agreement places certain restrictions on the operation of our business prior to the Closing, which may delay or prevent us from undertaking certain actions or business opportunities that may arise prior to the consummation of the Carlisle Acquisition.

Third parties may terminate or alter existing contracts or relationships with Carlisle.

We have contracts with customers, vendors and other business partners which may require us to obtain consents from these other parties in connection with the Carlisle Acquisition. We are also required to obtain consent from certain investors under our investment management agreements in connection with the Carlisle Acquisition. If such consents cannot be obtained, the counterparties to these contracts and other third parties with which we currently have relationships may have the ability to terminate, reduce the scope of or otherwise materially adversely alter their relationships with us in anticipation of the Carlisle Acquisition, or with the combined company following the Carlisle Acquisition. The pursuit of such rights may result in us suffering a loss of potential future revenue, incurring liabilities in connection with a breach of such agreements or losing rights that are material to their businesses. Any such disruptions could limit the combined company's ability to achieve the anticipated benefits of the Carlisle Acquisition. The adverse effect of such disruptions could also be exacerbated by a delay in the completion of the Carlisle Acquisition or the termination of the Carlisle Acquisition.

In order to consummate the Carlisle Acquisition, we and Carlisle must obtain certain regulatory approvals and satisfy closing conditions, and if such approvals are not granted or are granted untimely and/or with conditions, and if closing conditions are not satisfied, consummation of the Carlisle Acquisition may be jeopardized or the anticipated benefits of the Carlisle Acquisition may not be realized.

The consummation of the Carlisle Acquisition remains subject to the receipt of certain regulatory approvals and the satisfaction of certain closing conditions. Subject to limited exceptions, we or Carlisle may terminate the Share Purchase Agreement if the Carlisle Acquisition is not consummated on or before May 18, 2025, subject to one extension of up to three months each in certain circumstances, including to obtain required regulatory approvals.

The Share Purchase Agreement limits our ability to pursue alternatives to the Carlisle Acquisition.

The Share Purchase Agreement contains provisions that make it more difficult for us to enter into alternative transactions. The Share Purchase Agreement contains certain provisions that restrict our ability to solicit or facilitate proposals from third parties with respect to transactions involving the financing or sale of Carlisle, or provide non-public information to, or otherwise participate or engage in discussions or negotiations with, third parties or take certain other actions that would reasonably be expected to lead to a third-party acquisition proposal.

While we believe these provisions are reasonable, customary and not preclusive of other opportunities, the provisions might discourage a third party that has an interest in combining or merging with us from considering or proposing such an acquisition, even if we were prepared to pay the necessary consideration or if we were prepared to enter into an agreement that may be more favorable to us or our stockholders.

The lack of a public market for Carlisle shares makes it difficult to determine the fair market value of the Carlisle shares, and we may pay more than the fair market value of the Carlisle shares.

Carlisle is privately held and its capital stock is not traded in any public market. The lack of a public market makes it extremely difficult to determine Carlisle's fair market value. As a result, it is possible that we may pay more than the aggregate fair market value for Carlisle in connection with the Carlisle Acquisition.

Risks Related to the FCF Acquisition

The Company may not realize the anticipated benefits of the FCF Acquisition, which may adversely affect the Company's business results and negatively impact the value of the Company's Common Stock.

An inability to realize the full extent of the anticipated benefits of the FCF Acquisition, as well as any future delays encountered in the integration process, could have an adverse effect upon the revenues, level of expenses and operating results of the Company, which may adversely affect the value of the Company's Common Stock.

The Company and FCF will operate independently until the completion of the FCF Acquisition. There can be no assurances that the FCF Acquisition will be completed or that our businesses can be fully integrated successfully. It is possible that the integration process could ultimately result in the loss of key the Company or FCF employees, the loss of customers, the disruption of either company's or both companies' ongoing businesses, inconsistencies in standards, controls (including internal controls over financial reporting), procedures and policies, unexpected integration issues, higher than expected integration costs and an overall post-completion integration process that takes longer than originally anticipated. We expect to face numerous challenges as we integrate the operations of the Company and FCF in order to realize the anticipated benefits of the FCF Acquisition, including:

- combining the business of the Company and FCF and meeting the capital requirements, in a manner that permits the combined company achieve any cost savings or other synergies, the failure of which would result in the anticipated benefits of the FCF Acquisition not being realized in the time frame currently anticipated or at all;
- integrating and unifying the offerings and services available to customers;
- adopting mechanisms to address and comply with new regulatory and legal requirements associated with a new business line of the Company in a highly regulated industry;
- identifying and eliminating redundant and underperforming functions and assets;
- maintaining existing agreements with customers, suppliers, distributors and vendors, avoiding delays in entering into new agreements with prospective customers, suppliers, distributors and vendors, and leveraging relationships with such third parties for the benefit of the combined company; and
- consolidating the companies information technology infrastructure.

In addition, at times the attention of certain members of the Company's management and respective resources may in the future be focused on the integration of the businesses and diverted from day-to-day business operations or other opportunities that may have been beneficial to such company, which may disrupt the business of the Company.

We will be subject to business uncertainties and contractual restrictions while the FCF Acquisition is pending.

Uncertainty about the effect of the FCF Acquisition on employees, vendors and customers may have an adverse effect on us and consequently on the combined company after the Closing. Additionally, we have investment management agreements with certain investors that require those investors' consent in connection with the FCF Acquisition. These uncertainties may impair our ability to retain and motivate key personnel and could cause customers and others that deal with us to defer or decline entering into contracts with us or making other decisions concerning our company or seek to change existing business relationships with us. In addition, if key employees depart because of uncertainty about their future roles and the potential complexities of the FCF Acquisition, our businesses could be harmed. Furthermore, the FCF Agreement places certain restrictions on the operation of our business prior to the Closing, which may delay or prevent us from undertaking certain actions or business opportunities that may arise prior to the consummation of the FCF Acquisition.

Third parties may terminate or alter existing contracts or relationships with FCF.

We have contracts with customers, vendors and other business partners which may require us to obtain consents from these other parties in connection with the FCF Acquisition. We are also required to obtain consent from certain investors under our investment management agreements in connection with the FCF Acquisition. If such consents cannot be obtained, the counterparties to these contracts and other third parties with which we currently have relationships may have the ability to terminate, reduce the scope of or otherwise materially adversely alter their relationships with us in anticipation of the FCF Acquisition, or with the combined company following the FCF Acquisition. The pursuit of such rights may result in us suffering a loss of potential future revenue, incurring liabilities in connection with a breach of such agreements or losing rights that are material to their businesses. Any such disruptions could limit the combined company's ability to achieve the anticipated benefits of the FCF Acquisition. The adverse effect of such disruptions could also be exacerbated by a delay in the completion of the FCF Acquisition or the termination of the FCF Acquisition.

The FCF Agreement limits our ability to pursue alternatives to the FCF Acquisition.

The FCF Agreement contains provisions that make it more difficult for us to enter into alternative transactions. The FCF Agreement contains certain provisions that restrict our ability to solicit or facilitate proposals from third parties with respect to transactions involving the financing or sale of FCF, or provide non-public information to, or otherwise participate or engage in discussions or negotiations with, third parties or take certain other actions that would reasonably be expected to lead to a third-party acquisition proposal.

While we believe these provisions are reasonable, customary and not preclusive of other opportunities, the provisions might discourage a third party that has an interest in combining or merging with us from considering or proposing such an acquisition, even if we were prepared to pay the necessary consideration or if we were prepared to enter into an agreement that may be more favorable to us or our stockholders.

The lack of a public market for FCF shares makes it difficult to determine the fair market value of the FCF shares, and we may pay more than the fair market value of the FCF shares.

FCF is privately held and its capital stock is not traded in any public market. The lack of a public market makes it extremely difficult to determine FCF's fair market value. As a result, it is possible that we may pay more than the aggregate fair market value for FCF's in connection with the FCF Acquisition.

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

Purchases of equity securities by the issuer

See Note 15, Stockholders' Equity, to the consolidated Interim Financial Statements for further discussion of our stock repurchase program and repurchases made during the nine months ended September 30, 2024.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

None

Item 5. Other Information

During the third quarter of 2024, none of the Company's officers or directors adopted or terminated any "Rule 10b5-1 trading arrangement" or any "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

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.

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

Exhibit Number	Description
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 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.
2.4	Share Purchase Agreement, by and among Abacus Life, Inc., Carlisle Management Company S.C.A., Carlisle Investment Group S.A.R.L., the Sellers party thereto, Jose Eseteban Casares Garcia, Manorhaven Holdings, LLC, Pacific Current Group Limited, certain equityholders of CMC Vehicle, LLC and Pillo Portsmouth Holding Company, LLC, in its capacity as the Sellers' Representative thereunder, dated as of July 18, 2024 incorporated by reference from the Company's 8-K filed July 18, 2024.
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 polices 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 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.

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

Exhibit Number	Description
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.
10.5.1	Amended and Restated Abacus Life, Inc. 2024 Long-Term Equity Incentive Plan, incorporated by reference to the Definitive Proxy Statement on Schedule 14A of Abacus Life, Inc. filed on April 29, 2024.
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, Ganovsky incorporated by reference from the Company's 8-K filed December 29, 2023.
10.11	Restriction agreement, entered into on June 30, 2023, between the Company and Jay Jackson, in the form included as Annex I to the Company's Definitive Proxy Statement on Schedule 14A as filed with the SEC on June 5, 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.
23.1	Consent of Grant Thornton LLP.
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.
97.1	Clawback policy.
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*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Label Linkbase Document.
101.PRE*	XBRL Taxonomy Presentation Linkbase Document.
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

** Furnished herewith

Signatures

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

ABACUS LIFE, INC.

By: /s/ Jay Jackson
Jay Jackson
Chairman of the Board,
President and Chief Executive Officer

Date: November 7, 2024

By: /s/ William McCauley
William McCauley
Chief Financial Officer
(Principal Accounting and Financial Officer)

Date: November 7, 2024

Abacus Life, Inc.

Subsidiaries

Subsidiaries	State of Incorporation or Organization
Longevity Market Assets, LLC Entity also does business under the name: • ABL Tech • ABL Technologies	Delaware
Abacus Settlements, LLC Entity also does business under the name: • Abacus Life	Delaware
ABL Technologies, LLC	Florida
Longevity Market Admin, LLC	Florida
Longevity Market Advisors, LLC	Delaware
Regional Investment Services, Inc.	Ohio
ABL Wealth Advisors, LLC	Delaware
LMX Series, LLC	Florida
LMATT Series 2024, Inc.	Delaware
LMA Series, LLC	Florida
LMATT Growth Series 2.2024, Inc.	Delaware
LMATT Growth and Income Series 1.2026, Inc.	Delaware
LMA Income Series GP, LLC	Delaware
LMA Income Series LP	Delaware
LMA Income Series II GP, LLC	Delaware
LMA Income Series II LP	Delaware

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 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, Jay Jackson, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended September 30, 2024 of 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)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, 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 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) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2024

/s/ Jay Jackson
Jay Jackson
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 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, William McCauley, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended September 30, 2024 of 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)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, 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 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) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2024

/s/ William McCauley
William McCauley
Chief Financial Officer
(Principal Accounting and Financial Officer)

EXHIBIT 32.1

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 Quarterly Report of Abacus Life, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2024, as filed with the Securities and Exchange Commission (the "Report"), I, Jay Jackson, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

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

Dated: November 7, 2024

/s/ Jay Jackson
Jay Jackson
Chief Executive Officer
(Principal Executive Officer)

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 Quarterly Report of Abacus Life, Inc. (the “Company”) on Form 10-Q for the quarterly period ended September 30, 2024, as filed with the Securities and Exchange Commission (the “Report”), I, William McCauley, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

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

Dated: November 7, 2024

/s/ William McCauley
William McCauley
Chief Financial Officer
(Principal Accounting and Financial Officer)