

PROSPECTUS SUPPLEMENT NO. 1
(to Prospectus dated May 5, 2023)

FOXO Technologies Inc.

**Up to 10,062,500 Shares of
Class A Common Stock Issuable Upon
Exercise of Public Warrants**

**Up to 316,250 Shares of
Class A Common Stock Issuable Upon
Exercise of Private Warrants**

**Up to 1,905,853 Shares of
Class A Common Stock Issuable Upon
Exercise of Assumed Warrants**

Up to 5,288,364 Shares of Class A Common Stock

**Up to 316,250 Private Warrants to
Purchase Shares of Class A Common Stock**

This prospectus supplement is being filed to update and supplement the information contained in the prospectus, dated May 5, 2023 (the “**Prospectus**”), which forms a part of our registration statement on Form S-1 (File No. 333-271475) with the information contained in our quarterly report on Form 10-Q for the quarterly period ended March 31, 2023, filed with the Securities and Exchange Commission on May 11, 2023 (the “**Quarterly Report**”). Accordingly, we have attached the Quarterly Report to this prospectus supplement.

The Prospectus and this prospectus supplement relate to the issuance by us of up to (i) 10,062,500 shares of our Class A common stock, \$0.0001 par value per share (the “**Class A Common Stock**”), issuable upon the exercise of 10,062,500 publicly-traded warrants with an exercise price of \$11.50 per share (the “**Public Warrants**”), which were originally issued by Delwinds (as defined in the Prospectus) as part of its initial public offering of units at a price of \$10.00 per unit, with each unit consisting of one share of Class A Common Stock and one-half of one redeemable warrant, (ii) 316,250 shares of our Class A Common Stock issuable upon the exercise of 316,250 private warrants (the “**Private Warrants**”) with an exercise price of \$11.50 per share, which were originally issued to DIAC Sponsor LLC (the “**Sponsor**”) (and such securities were subsequently distributed for no additional consideration to the members of the Sponsor, upon the Sponsor’s dissolution and distribution of all of its assets, including these securities) in a private placement of units at a purchase price of \$10.00 per unit, with each unit consisting of one share of Class A Common Stock and one-half of one redeemable warrant, and (iii) 1,905,853 shares of Class A Common Stock issuable upon the exercise of 1,905,853 warrants at an exercise price of \$6.21 per share, which were originally issued to accredited investors by Legacy FOXO (as defined in the Prospectus) in a private placement of convertible debentures and warrants and assumed by us pursuant to the Business Combination (as defined in the Prospectus).

The Prospectus and this prospectus supplement also relate to the potential offer and resale from time to time by the selling securityholders named in the Prospectus or their permitted transferees (the “**Selling Securityholders**”) of (a) up to 5,288,364 shares of Class A Common Stock, which consists of (i) 4,039,614 shares of Class A Common Stock, which were originally issued to the Sponsor in the form of Founder Shares (as defined in the Prospectus) (and such securities were subsequently distributed for no additional consideration to the members of the Sponsor, upon the Sponsor’s dissolution and distribution of all of its assets, including these securities) at an initial purchase price of approximately \$0.004 per share, (ii) 632,500 shares of Class A Common Stock, which were originally issued to the Sponsor (and subsequently distributed to the permitted transferees of the Sponsor) in a private placement of units at a price of \$10.00 per unit, with each unit consisting of one share of Class A Common Stock and one-half of one redeemable warrant, (iii) up to 316,250 shares of our Class A Common Stock issuable upon exercise of 316,250 Private Warrants held by the members of the Sponsor at an exercise price of \$11.50 per share, and (iv) 300,000 shares of Class A Common Stock issued to J.V.B. Financial Group, LLC (“**JVB**”), acting through its Cohen & Company Capital Markets division, in connection with the transactions contemplated by that certain Amendment and Termination Agreement, dated as of September 15, 2022, which shares are being registered pursuant to a general release agreement entered into between the Company and JVB, providing for a general release, effective upon effectiveness of this registration statement, of any and all claims by JVB against the Company in exchange for the registration of JVB’s shares of Class A Common Stock for resale; and (b) up to 316,250 Private Warrants held by the members of the Sponsor to purchase up to 316,250 shares of Class A Common Stock at an exercise price of \$11.50 per share. We will not receive any proceeds from the sale of shares of Class A Common Stock or Warrants by the Selling Securityholders.

Our Class A Common Stock and Public Warrants are currently listed on the NYSE American LLC under the symbols “FOXO” and “FOXO WS,” respectively. On May 11, 2023, the closing price of our Class A Common Stock was \$0.35 and the closing price for our Public Warrants was \$0.01.

This prospectus supplement updates and supplements the information in the Prospectus and is not complete without, and may not be delivered or utilized except in combination with, the Prospectus, including any amendments or supplements thereto. This prospectus supplement should be read in conjunction with the Prospectus and if there is any inconsistency between the information in the Prospectus and this prospectus supplement, you should rely on the information in this prospectus supplement.

We are an “emerging growth company” as the term is used in the Jumpstart Our Business Startups Act of 2012 and will be subject to reduced public company reporting standards. As such, we have elected to comply with certain reduced public company reporting requirements for this and future filings.

INVESTING IN OUR SECURITIES INVOLVES A HIGH DEGREE OF RISKS THAT ARE DESCRIBED IN THE “RISK FACTORS” SECTION BEGINNING ON PAGE 10 OF THE PROSPECTUS.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if the Prospectus or this prospectus supplement is accurate or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is May 11, 2023.

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 March 31, 2023

or

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

For the transition period from _____ to _____

Commission File Number: 001-39783

FOXO TECHNOLOGIES INC.
(Exact name of registrant as specified in its charter)

Delaware	85-1050265
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
729 N. Washington Ave., Suite 600 Minneapolis, MN	55401
(Address of principal executive offices)	(Zip Code)

(612) 562-9447
(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:
Class A Common Stock, par value \$0.0001	FOXO	NYSE American
Warrant, each whole warrant exercisable for one share of Class A Common Stock for \$11.50 per share	FOXO.WS	NYSE American

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.

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 ☒

As of May 11, 2023, there were 27,168,069 shares of Class A common stock, par value \$0.0001 per share (the "Class A Common Stock") of the registrant issued and outstanding.

FOXO TECHNOLOGIES INC.
FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2023

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND OTHER INFORMATION CONTAINED IN THIS REPORT

This Quarterly Report on Form 10-Q, or this Report, and the documents incorporated herein by reference contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which include, without limitation, Statements regarding estimates and forecasts of financial and performance metrics, projections of market opportunity and market share, potential benefits and the commercial attractiveness to its customers of our products and services, the potential success of our marketing and expansion strategies, realization of the potential benefits of the Business Combination (including with respect to stockholder value and other aspects of our business identified in this Report), as well as other reports that we file from time to time with the Securities and Exchange Commission. Any statements about our business, financial results, financial condition and operations contained in this Report that are not statements of historical fact may be deemed to be forward-looking statements. These forward-looking statements represent our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors including, without limitation, the direct and indirect effects of coronavirus disease 2019, or COVID-19, and related issues that may arise therefrom.

Without limiting the foregoing, the words “believes,” “anticipates,” “expects,” “intends,” “plans,” “projects,” or similar expressions are intended to identify forward-looking statements. We undertake no obligation to update publicly any forward-looking statements for any reason, except as required by law, even as new information becomes available or other events occur in the future. Our actual results could differ materially from those expressed or implied by these forward-looking statements as a result of various factors, including the risk factors described in Part I, Item 1A, “Risk Factors,” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, which was filed the Securities and Exchange Commission (the “SEC”) on March 31, 2023, and elsewhere in this Report such as, but not limited to:

- we have a history of losses and it may not achieve or maintain profitability in the future;
- our independent registered public accounting firm has included an explanatory paragraph relating to our ability to continue as a going concern, which could limit our ability to raise additional capital;
- we will require additional capital to commercialize our product and service offerings and grow our business, which may not be available on terms acceptable to us or at all;
- the loss of the services of our current executives or other key employees, or failure to attract additional key employees;
- the strength of our brands and our ability to develop, maintain and enhance our brands and our ability to develop and expand our customer base;
- access to the substantial resources to continue the development of new products and services;
- our ability to integrate molecular biotechnology into the life insurance industry;
- our ability to commercialize our technology enabled products and services with a high level of service at a competitive price, achieve sufficient sales volumes to realize economies of scale and create innovative new products and services to offer to our customers;
- our ability to effectively and in a cost-feasible manner acquire, maintain and engage with our targeted customers;
- the impact on our business of security incidents or real or perceived errors, failures or bugs in our systems and/or websites
- the impact of changes in the general economic conditions;
- our plans to expand operations abroad, through planned partnerships with international life insurance carriers;
- our success and ability to establish and grow our epigenetic testing service and the development of epigenetic biomarkers for use in life insurance underwriting;
- our ability to apply the relatively new field of epigenetics to life insurance underwriting;
- our ability to validate and improve the results of our 2019 Pilot Study;
- the impact of competition in the personal health and wellness testing market;
- our ability to procure materials and services from third-party suppliers for our epigenetic testing services;
- our ability to maintain compliance now or in the future to laws and regulations relating to laboratory testing, our underwriting technology and consumer engagement services and our use of saliva-based epigenetic biomarkers;
- our ability to maintain focus on our main business line initiatives, while providing ancillary product and service offerings that support our baseline technology;
- our ability to satisfy the regulatory conditions that our life insurance business operates in;

- the ability to contract or maintain relationships related to selling life insurance products underwritten and issued by third-party carriers;
- our success and ability to establish and grow our MGA Model (as described below);
- the impact of an overall decline in life insurance product sales;
- competition in the life insurance industry;
- our ability to underwrite risks accurately and charge competitive yet profitable premium rates;
- the dependence on search engines, social media platforms, content-based online advertising and other online sources to attract customers to our website;
- our ability to comply with customer privacy and data privacy and security laws and regulations;
- our ability to prevent or address the misappropriation of our data;
- our ability to comply with current and changes to the extensive insurance industry regulations in each state that we operate;
- the impact of new legislation or legal requirements affecting how we communicate with our customers;
- our ability to retain our license for patent pending methods of identifying epigenetic biomarkers and identifying saliva-based epigenetic biomarkers or intellectual property in general;
- our ability to obtain sufficiently broad protection of our intellectual property throughout the world;
- the impact of changes in trademark or patent law in the United States and other jurisdictions;
- the impact of claims that our employees, consultants or independent contractors have wrongfully used or disclosed confidential information of third parties or that our employees have wrongfully used or disclosed alleged trade secret of their former employees;
- our ability to successfully register and enforce our trademarks;
- the impact of claims challenging the inventorship of our patents and other intellectual property;
- the adequacy of our patent terms to protect our competitive position; and
- the risks to our proprietary software and source code from our use of open source software.

Unless expressly indicated or the context requires otherwise, the terms “FOXO,” the “Company,” “we,” “us” or “our” in this Report refer to FOXO Technologies Inc., a Delaware corporation, and, where appropriate, its subsidiaries.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FOXO TECHNOLOGIES INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share data)

	March 31, 2023 (unaudited)	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 2,155	\$ 5,515
Supplies	1,302	1,313
Prepaid expenses	2,117	2,686
Prepaid consulting fees	595	2,676
Other current assets	107	114
Total current assets	6,276	12,304
Intangible assets	1,863	2,043
Reinsurance recoverables	-	18,573
Cloud computing arrangements	1,483	2,225
Other assets	251	263
Total assets	\$ 9,873	\$ 35,408
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 2,977	\$ 3,466
Related party payable	500	500
Senior PIK Notes	3,368	1,409
Accrued severance	1,212	1,045
Accrued and other liabilities	528	493
Total current liabilities	8,585	6,913
Warrant liability	311	311
Senior PIK Notes	-	1,730
Policy reserves	-	18,573
Other liabilities	1,007	1,173
Total liabilities	9,903	28,700
Commitments and contingencies (Note 13)		
Stockholders' equity (deficit)		
Preferred stock, \$0.0001 par value; 10,000,000 shares authorized, none issued or outstanding as of March 31, 2023 and December 31, 2022	-	-
Class A common stock, \$0.0001 par value, 500,000,000 shares authorized, 29,558,830 and 29,669,830 issued, and 27,418,069 and 27,529,069 outstanding as of March 31, 2023 and December 31, 2022, respectively	3	3
Treasury stock, at cost, 2,140,761 as of March 31, 2023 and December 31, 2022	-	-
Additional paid-in capital	154,837	153,936
Accumulated deficit	(154,870)	(147,231)
Total stockholders' equity (deficit)	(30)	6,708
Total liabilities and stockholders' equity (deficit)	\$ 9,873	\$ 35,408

See accompanying Notes to Unaudited Consolidated Financial Statements

FOXO TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per share data)
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
Total revenue	\$ 13	\$ 40
Operating expenses:		
Research and development	309	601
Management contingent share plan	764	-
Selling, general and administrative	6,332	4,002
Total operating expenses	7,405	4,603
Loss from operations	(7,392)	(4,563)
Non-cash change in fair value of convertible debentures	-	(7,432)
Interest expense	(225)	(322)
Other expense	(22)	(50)
Total non-operating expense	(247)	(7,804)
Loss before income taxes	(7,639)	(12,367)
Provision for income taxes	-	-
Net loss	\$ (7,639)	\$ (12,367)
Net loss per share of Class A common stock, basic and diluted	\$ (0.33)	\$ (2.12)

See accompanying Notes to Unaudited Consolidated Financial Statements

FOXO TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(Dollars in thousands)
(Unaudited)

	FOXO Technologies Operating Company						FOXO Technologies Inc.			Additional Paid-in- Capital	Accumulated Deficit	Total
	Series A Preferred Stock		Common Stock (Class A)		Common Stock (Class B)		Common Stock (Class A)		Treasury Stock			
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares			
Balance, December 31, 2021	8,000,000	\$ 21,854	30,208	\$ -	2,000,000	\$ -	-	\$ -	-	\$ 4,902	\$ (51,976)	\$ (25,220)
Net loss	-	-	-	-	-	-	-	-	-	-	(12,367)	(12,367)
Lease contributions	-	-	-	-	-	-	-	-	-	136	-	136
Stock based compensation	-	-	-	-	-	-	-	-	-	251	-	251
Issuance of shares for exercised stock options	-	-	14,946	-	-	-	-	-	-	-	-	-
Balance, March 31, 2022	8,000,000	\$ 21,854	45,154	\$ -	2,000,000	\$ -	-	\$ -	-	\$ 5,289	\$ (64,343)	\$ (37,200)
Balance, December 31, 2022	-	\$ -	-	\$ -	-	\$ -	29,669,830	\$ 3	(2,140,761)	\$ 153,936	\$ (147,231)	\$ 6,708
Net loss	-	-	-	-	-	-	-	-	-	-	(7,639)	(7,639)
Stock based compensation	-	-	-	-	-	-	(111,000)	-	-	901	-	901
Balance, March 31, 2023	-	\$ -	-	\$ -	-	\$ -	29,558,830	\$ 3	(2,140,761)	\$ 154,837	\$ (154,870)	\$ (30)

See accompanying Notes to Unaudited Consolidated Financial Statements

FOXO TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (7,639)	\$ (12,367)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	929	31
Stock-based compensation	901	231
Amortization of consulting fees paid in common stock	1,725	-
Change in fair value of convertible debentures	-	7,432
PIK interest	135	-
Amortization of debt issuance costs	94	-
Contributions in the form of rent payments	-	136
Recognition of prepaid offering costs upon election of fair value option	-	107
Other	6	-
Changes in operating assets and liabilities:		
Supplies	11	57
Prepaid expenses and consulting fees	925	(132)
Other current assets	7	-
Cloud computing arrangements	-	(621)
Accounts payable	(489)	(2,209)
Accrued and other liabilities	35	149
Net cash used in operating activities	(3,360)	(7,186)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(39)
Development of internal use software	-	(519)
Net cash used in investing activities	-	(558)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of convertible debentures	-	22,500
Deferred offering costs	-	(19)
Net cash provided by financing activities	-	22,481
Net increase (decrease) in cash and cash equivalents	(3,360)	14,737
Cash and cash equivalents at beginning of period	5,515	6,856
Cash and cash equivalents at end of period	\$ 2,155	\$ 21,593

See accompanying Notes to Unaudited Consolidated Financial Statements

Note 1 DESCRIPTION OF BUSINESS

FOXO Technologies Inc. (“FOXO” or the “Company”), formerly known as Delwinds Insurance Acquisition Corp. (“Delwinds”), a Delaware corporation, was originally formed in April 2020 as a publicly traded special purpose company for the purpose of effecting a merger, capital stock exchange, asset acquisition, reorganization, or similar business combination involving one or more businesses. FOXO is a leader in commercializing epigenetic biomarker technology to support groundbreaking scientific research and disruptive next-generation business initiatives. The Company applies automated machine learning and artificial intelligence technologies to discover epigenetic biomarkers of human health, wellness and aging. The Company has been building a life insurance business to support the commercial applications of its epigenetic biomarker underwriting technology and consumer engagement platform service business.

The Company manages and reports results of operations for two reportable business segments: FOXO Life, the Company’s life insurance business operations, and FOXO Labs, the Company’s epigenetic biomarker technology business operations.

The Business Combination

On February 24, 2022, Delwinds entered into a definitive Agreement and Plan of Merger, dated as of February 24, 2022, as amended on April 26, 2022, July 6, 2022 and August 12, 2022 (the “Merger Agreement”), with FOXO Technologies Inc., now known as FOXO Technologies Operating Company (“FOXO Technologies Operating Company”), DWIN Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of Delwinds (“Merger Sub”), and DIAC Sponsor LLC (the “Sponsor”), in its capacity as the representative of the stockholders of Delwinds from and after the closing (the “Closing”) of the transactions contemplated by the Merger Agreement (collectively, the “Transaction” or the “Business Combination”).

The Business Combination was approved by Delwinds’ stockholders on September 14, 2022 and closed on September 15, 2022 (the “Closing Date”) whereby Merger Sub merged into FOXO Technologies Operating Company, with FOXO Technologies Operating Company surviving the merger as a wholly owned subsidiary of the Company (the “Combined Company”), and with FOXO Technologies Operating Company security holders becoming security holders of the Combined Company. Immediately upon the Closing, the name of Delwinds was changed to FOXO Technologies Inc.

Following the Closing, FOXO is a holding company whose wholly-owned subsidiary, FOXO Technologies Operating Company, conducts all of the core business operations. FOXO Technologies Operating Company maintains its two wholly-owned subsidiaries, FOXO Labs Inc. and FOXO Life, LLC. FOXO Labs maintains a wholly-owned subsidiary, Scientific Testing Partners, LLC, while FOXO Life Insurance Company was a wholly-owned subsidiary of FOXO Life, LLC. See Note 10 for more information on FOXO Life Insurance Company. References to “FOXO” and the “Company” in these consolidated financial statements refer to FOXO Technologies Operating Company and its wholly-owned subsidiaries prior to the Closing and FOXO Technologies Inc. following the Closing.

Note 2 LIQUIDITY AND MANAGEMENT’S PLAN

The Company’s history of losses requires management to critically assess its ability to continue operating as a going concern. For the quarter ended March 31, 2023, the Company incurred a net loss of \$7,639. As of March 31, 2023, the Company had an accumulated deficit of \$154,870. Cash used in operating activities for the three months ended March 31, 2023 was \$3,360. As of March 31, 2023, the Company had \$2,155 of available cash and cash equivalents.

The Company’s ability to continue as a going concern is dependent on generating revenue, raising additional equity or debt capital, reducing losses and improving future cash flows. The Company will continue ongoing capital raise initiatives and has demonstrated previous success in raising capital to support its operations. For instance, in the first and second quarters of 2022, the Company issued convertible debentures for \$28,000 that subsequently converted to equity. The Company also completed its transaction with Delwinds that was initially intended to provide up to \$300,000 of capital to the Company. An equity line of credit agreement, a backstop agreement, and forward purchase agreement were also part of the Business Combination and were intended to provide capital. Ultimately, the series of transactions associated with the Business Combination did not result in any net proceeds for the Company. Additionally, we are unlikely to receive proceeds from the exercise of outstanding warrants as a result of the difference between our current trading price of the Company’s Class A Common Stock and the exercise price of the various warrants.

FOXO TECHNOLOGIES INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)

During the first quarter of 2023, the Company completed the sale FOXO Life Insurance Company in order to gain access to the cash held as statutory capital and surplus at FOXO Life Insurance Company. See Note 10 for more information. The Company intends to use the cash previously held at FOXO Life Insurance Capital to fund its operation as it continues to (i) pursue additional avenues to capitalize the Company and (ii) commercialize its products to generate revenue. See Note 13 for additional information on an Exchange Offer and PIK Note Offer to Amend that are structured to allow the Company to more easily raise capital.

However, the Company can provide no assurance that these actions will be successful or that additional sources of financing will be available on favorable terms, if at all. As such, until additional equity or debt capital is secured and the Company begins generating sufficient revenue, there is substantial doubt about the Company's ability to continue as a going concern for the one-year period following the issuance of these consolidated financial statements.

Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and the instructions to Form10-Q and Article 10 of Regulation S-X of the SEC. Certain information or footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting, and thus the accompanying unaudited consolidated financial statements do not include all information and footnotes necessary for a complete presentation of financial position, results of operations or cash flows. The unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements as of and for the year ended December 31, 2022 and the notes thereto. The consolidated balance sheet data as of December 31, 2022 was derived from the audited consolidated financial statements as of that date but does not include all disclosures required by U.S. GAAP. In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments of a normal or recurring nature, which are necessary for a fair presentation of financial position, operating results and cash flows for the periods presented. Operating results for the three months ended March 31, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023.

The unaudited consolidated financial statements include the accounts of FOXO and its wholly-owned subsidiaries. All intercompany balances and transactions are eliminated in consolidation.

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as modified by the Jumpstart Our Business Startups Act of 2012, and it thus may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies.

The preparation of the unaudited consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. For further information regarding the Company's basis of presentation and use of estimates, refer to the audited consolidated financial statements as of and for the year ended December 31, 2022. The policies and estimates described in that report are used for preparing the Company's quarterly unaudited consolidated financial statements.

Note 4 INTANGIBLE ASSETS AND CLOUD COMPUTING ARRANGEMENTS

The components of intangible assets and cloud computing arrangements as of March 31, 2023 and December 31, 2022 were as follows:

	March 31, 2023	December 31, 2022
Epigenetics pipeline	\$ 592	\$ 592
Underwriting API	840	840
Longevity API	717	717
Less: accumulated amortization	(286)	(106)
Intangible assets	\$ 1,863	\$ 2,043
	March 31, 2023	December 31, 2022
Digital insurance platform	\$ 2,966	\$ 2,966
Less: accumulated amortization	(1,483)	(741)
Cloud computing arrangements	\$ 1,483	\$ 2,225

Amortization of the Company's intangible assets and cloud computing arrangements is recorded on a straight-line basis within selling, general and administrative expenses. The Company recognized amortization expense of \$922 for the three months ended March 31, 2023.

Note 5 DEBT

On September 20, 2022, the Company entered into separate Securities Purchase Agreements with accredited investors pursuant to which the Company issued its 15% Senior PIK Notes (the "Senior PIK Notes") in the aggregate principal amount of \$3,458. The Company received net proceeds of \$2,918, after deducting fees and expenses of \$540.

The Senior PIK Notes bear interest at 15% per annum, paid in arrears quarterly by payment in kind through the issuance of additional Senior PIK Notes ("PIK Interest"). The Senior PIK Notes mature on April 1, 2024 (the "Maturity Date"). Commencing on November 1, 2023, the Company is required to pay the holders of the Senior PIK Notes and on each one month anniversary thereof an equal amount until the outstanding principal balance has been paid in full on the Maturity Date. If the Senior PIK Notes are prepaid in the first year, the Company is required to pay the holders the outstanding principal balance, excluding any increases as a result of PIK Interest, multiplied by 1.15.

The Company has agreed to not obtain additional equity or debt financing, without the consent of a majority of the holders of the Senior PIK Notes, other than if a financing pays amounts owed on the Senior PIK Notes. The Company shall not incur other indebtedness, except for certain exempt indebtedness, until such time the Senior PIK Notes are repaid in full; however, the Senior PIK Notes are unsecured.

As of March 31, 2023, the Company has recorded \$3,368 balance as current liabilities based on the monthly installments payment schedule. For the three months ended March 31, 2023 the Company recognized \$135 of contractual interest expense on the Senior PIK Notes and \$94 related to the amortization of debt issuance costs on the Senior PIK Notes.

Note 6 RELATED PARTY TRANSACTIONS

Office Space

The Company subleased its office space from an investor through May of 2022. The investor paid all lease costs, including common area maintenance and other property management fees, on the Company's behalf. These payments were treated as additional capital contributions.

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Sponsor Loan

In order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor loaned Delwinds funds for working capital. As of March 31, 2023, \$500 was remaining due to the Sponsor and is shown as a related party payable in the consolidated balance sheet.

Consulting Agreement

In April 2022, the Company executed a consulting agreement with an individual (the “Consultant”) considered to be a related party of the Company as a result of his investment in the 2021 Bridge Debentures. The agreement has a term of twelve months, over which the Consultant is to provide services that include, but are not limited to, advisory services relating to the implementation and completion of the Business Combination. Following the execution of the agreement, as compensation for such services to be rendered as well as related expenses over the term of the contract, the Consultant was paid a cash fee of \$1,425. The consulting agreement also calls for the payment of an equity fee as compensation for such services. The Company issued 1,500,000 shares of legacy FOXO Class A Common Stock to the Consultant during the second quarter of 2022 to satisfy the equity fee that converted into 871,256 shares of Class A Common Stock. The Company has determined that all compensation costs related to the consulting agreement, including both cash fees and the equity fee, represent remuneration for services to be rendered evenly over the contract term. Thus, all such costs were initially recorded at fair value as prepaid consulting fees in the consolidated balance sheet and are being recognized as selling, general and administrative expenses in the consolidated statement of operations on a straight-line basis over the term of the contract. For the three months ended March 31, 2023, \$2,081 in expenses were recognized related to the consulting agreement.

Contractor Agreement

In October 2021, FOXO entered into a Contractor Agreement with Dr. Murdoc Khaleghi, one of its directors, under which Dr. Khaleghi serves as FOXO’s Chief Medical Officer. The Company paid Dr. Khaleghi \$0 and \$27 for the three months ended March 31, 2023 and 2022, respectively. Additionally, Dr. Khaleghi received 80,000 shares under the Management Contingent Share Plan related to his service under the Contractor Agreement with the Company recognizing \$15 of expense during the three months ended March 31, 2023. During the fourth quarter of 2022, Dr. Khaleghi and the Company paused services and payments under this arrangement.

Note 7 STOCKHOLDERS’ EQUITY

In connection with the Business Combination, the Company adopted the second amended and restated certificate of incorporation (the “Amended and Restated Company Charter”) to, among other things, increase the total number of authorized shares of all capital stock, par value \$0.0001 per share, to 510,000,000 shares, consisting of (i) 500,000,000 shares of Class A Common Stock and (ii) 10,000,000 shares of preferred stock.

Preferred Stock

The Amended and Restated Company Charter authorizes the Company to issue 10,000,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Company’s board of directors. As of March 31, 2023, there were no shares of preferred stock issued or outstanding.

Warrants

Public Warrants and Private Placement Warrants

The Company issued 10,062,500 common stock warrants in connection with Delwinds’ initial public offering (the “IPO”) (the “Public Warrants”). Simultaneously with the closing of the IPO, Delwinds consummated the private placement of 316,250 common stock warrants (the “Private Placement Warrants”).

Public Warrants may only be exercised for a whole number of shares. No fractional warrants will be issued upon separation of the Units and only whole warrants will trade. Each Public Warrant entitles the holder to purchase one share of Class A Common Stock at a price of \$11.50 per share, subject to adjustment. The Public Warrants became exercisable 30 days after the completion of a Business Combination. The Public Warrants will expire five years after the completion of a Business Combination or earlier upon redemption or liquidation.

The Company may redeem the Public Warrants:

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon not less than 30 days' prior written notice of redemption given after the warrants become exercisable; and
- if, and only if, the reported last sale price of the Company's Class A Common Stock equals or exceeds \$18.00 per share for any 20 trading days within a 30-trading day period commencing once the warrants become exercisable and ending three business days before the Company sends the notice of redemption to the warrant holders.

If and when the warrants become redeemable by the Company, the Company may not exercise its redemption right if the issuance of shares of common stock upon exercise of the warrants is not exempt from registration or qualification under applicable state blue sky laws or the Company is unable to effect such registration or qualification.

If the Company calls the Public Warrants for redemption, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a "cashless basis". The exercise price and number of shares of Class A common stock issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a stock dividend, or recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for issuance of Class A Common Stock at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the warrants.

The Private Placement Warrants are identical to the Public Warrants, except that the Private Placement Warrants and the Class A Common Stock issuable upon the exercise of the Private Placement Warrants were not transferable, assignable or salable until 30 days after the Business Combination was completed, subject to certain limited exceptions. Additionally, the Private Placement Warrants are exercisable on a cashless basis and are non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

Assumed Warrants

At Closing of the Business Combination, the Company assumed common stock warrants to purchase FOXO Class A Common Stock ("Assumed Warrants") and exchanged such Assumed Warrants for common stock warrants to purchase 1,905,853 shares of the Company's Class A Common Stock. Each Assumed Warrant entitles the holder to purchase one share of Class A Common Stock at a price of \$6.21 per share, subject to adjustment. The Assumed Warrants are exercisable over a three-year period from the date of issuance. The Assumed Warrants include a down round provision that should the Company issue common stock for a consideration of less than \$6.21 per share then the exercise price shall be lowered to the new consideration amount on a per share basis with a simultaneous and corresponding increase to the number of warrants.

Note 8 NET LOSS PER SHARE

The Business Combination was accounted for as a reverse recapitalization by which FOXO Technologies Operating Company issued equity for the net assets of Delwinds accompanied by a recapitalization. Earnings per share has been recast for all historical periods to reflect the Company's capital structure for all comparative periods.

The Company excluded the effect of the 4,237,000 Management Contingent Shares outstanding and not vested as of March 31, 2023 from the computation of basic net loss per share for the three months ended March 31, 2023, as the conditions to trigger the vesting of the Management Contingent Shares had not been satisfied as of March 31, 2023. Shares issued to the Company's former CEO pursuant to the Management Contingent Share Plan which are under review to determine if such shares should be forfeited in accordance with such plan are included in net loss per share. See Note 12 for additional information.

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The Company excluded the effect of the Public Warrants, the Private Placement Warrants, the Assumed Options, and Assumed Warrants from the computation of diluted net loss per share for the three months ended March 31, 2023 as their inclusion would have been anti-dilutive because the Company was in a loss position for such periods. The Assumed Options, the Assumed Warrants, and Bridge Debentures were excluded from the three months ended March 31, 2022 as their inclusion would have been anti-dilutive.

The following table sets forth the calculation of basic and diluted earnings per share for the periods indicated based on the weighted average number of shares outstanding during the respective periods:

	Three Months Ended March 31,	
	2023	2022
Net loss available to common shares	\$ (7,639)	\$ (12,367)
Basic and diluted weighted average number of Class A Common Stock	23,181	5,827
Basic and diluted net loss per share available to Class A Common Stock	\$ (0.33)	\$ (2.12)

The following Class A common stock equivalents have been excluded from the computation of diluted net loss per common share as the effect would be antidilutive and reduce the net loss per common stock (shares in actuals):

	Three Months Ended March 31,	
	2023	2022
Series A preferred stock	-	4,646,698
2021 Bridge Debentures	-	6,759,642
2022 Bridge Debentures	-	7,810,509
Public and private warrants	10,378,750	-
Assumed warrants	1,905,853	1,905,853
Assumed options	2,273,099	2,965,500
Total antidilutive shares	14,557,702	24,088,202

Note 9 FAIR VALUE MEASUREMENTS

The following table presents information about the Company's assets and liabilities that are measured on a recurring basis as of March 31, 2023 and December 31, 2022 and indicates the fair value hierarchy of the valuation techniques that the Company utilized to determine such fair value.

March 31, 2023	Fair Value Measurements Using Inputs Considered as:			
	Fair Value	Level 1	Level 2	Level 3
Liabilities:				
Warrant liability	\$ 311	\$ 302	\$ 9	\$ -
Total liabilities	\$ 311	\$ 302	\$ 9	\$ -

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December 31, 2022	Fair Value Measurements Using Inputs Considered as:			
	Fair Value	Level 1	Level 2	Level 3
Liabilities:				
Warrant liability	\$ 311	\$ 302	\$ 9	\$ -
Total liabilities	\$ 311	\$ 302	\$ 9	\$ -

Warrant Liability

The Public Warrants and Private Placement Warrants are accounted for as liabilities in accordance with ASC 815-40 and are presented within warrant liability on the Company's balance sheet. The warrant liability is measured at fair value on a recurring basis, with any changes, if applicable, in the fair value presented as change in fair value of warrant liability in the Company's statement of operations. The measurement of the Public Warrants is classified as Level 1 due to the use of an observable market quote in an active market under ticker FOXO-WT. As the transfer of the Private Placement Warrants to anyone outside of a small group of individuals who are permitted transferees would result in the Private Placement Warrants having substantially the same terms as the Public Warrants, the Company determined the fair value of each Private Placement Warrant is equivalent to that of each Public Warrant, with an insignificant adjustment for short-term marketability restrictions. As such, the Private Placement Warrants are classified as Level 2.

Bridge Debentures

The Company elected the fair value option on both the 2021 and 2022 Bridge Debentures that converted to shares of FOXO Class A Common Stock as part of the Business Combination. Changes in the Company's prior fair value measurements are recorded as non-cash change in fair value of convertible debentures in the consolidated statements of operations.

Note 10 FOXO LIFE INSURANCE COMPANY

On February 3, 2023, the Company consummated the previously announced sale of FOXO Life Insurance Company to Security National Life Insurance Company (the "Buyer"). At closing, all of the FOXO Life Insurance Company's shares were cancelled and retired and ceased to exist in exchange for the assignment to the Company of FOXO Life Insurance Company's statutory capital and surplus amount of \$5,002, as of the closing date, minus \$200 (the "Merger Consideration"). Pursuant to the transaction, at the closing, the Company paid the Buyer's third-party out-of-pocket costs and expenses of \$51 resulting in a total loss of \$251 that was recognized within selling, general and administrative expense on the consolidated statements of operations. After the Merger Consideration and Buyer's third party expenses, the transaction resulted in the Company gaining access to \$4,751 that was previously held as statutory capital and surplus pursuant to the Arkansas Insurance Code.

Note 11 BUSINESS SEGMENT

The Company manages and classifies its business into two reportable business segments:

- FOXO Labs is commercializing proprietary epigenetic biomarker technology to be used for underwriting risk classification in the global life insurance industry. The Company's innovative biomarker technology enables the adoption of new saliva-based health and wellness biomarker solutions for underwriting and risk assessment. The Company's research demonstrates that epigenetic biomarkers, collected from saliva, provide measures of individual health and wellness for the factors used in life insurance underwriting traditionally obtained through blood and urine specimens.
- FOXO Life is redefining the relationship between consumers and insurer by combining life insurance with a dynamic molecular health and wellness platform. FOXO Life seeks to transform the value proposition of the life insurance carrier from a provider of mortality risk protection products to a partner supporting its customers' healthy longevity. FOXO Life's multi-omic health and wellness platform will provide life insurance consumers with valuable information and insights about their individual health and wellness to support longevity.

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FOXO Labs generates revenue through performing epigenetic biomarker services and by collecting epigenetic services royalties. FOXO Life generates revenue from the sale of life insurance products. Asset information is not used by the Chief Operating Decision Maker (“CODM”) or included in the information provided to the CODM to make decisions and allocate resources.

The primary income measure used for assessing segment performance and making operating decisions is earnings before interest, income taxes, depreciation, amortization, and stock-based compensation (“Segment Earnings”). The segment measure of profitability also excludes corporate and other costs, including management, IT, overhead costs and certain other non-cash charges or benefits, such as any non-cash changes in fair value.

Summarized below is information about the Company’s operations for the three months ended March 31, 2023 and 2022 by business segment:

	Three Months Ended March 31,			
	Revenue		Earnings	
	2023	2022	2023	2022
FOXO Labs	\$ 7	\$ 32	\$ (290)	\$ (504)
FOXO Life	6	8	(647)	(803)
	13	40	(937)	(1,307)
Corporate and other (a)			(6,477)	(10,738)
Interest expense			(225)	(322)
Total	\$ 13	\$ 40	\$ (7,639)	\$ (12,367)

(a) Corporate and other includes stock-based compensation, including the consulting agreement, expense of \$2,626 and depreciation and amortization expense of \$929 for the three months ended March 31, 2023. For the three months ended March 31, 2022 corporate and other included stock-based compensation, depreciation, and changes in fair value of the convertible debentures of \$231, \$31, and \$7,432 respectively. See Notes 4, 6, and 9 for additional information.

Note 12 COMMITMENTS AND CONTINGENCIES

The Company is a party to various vendor and license agreements and sponsored research arrangements in the normal course of business that create commitments and contractual obligations.

License Agreements

In April 2017, the Company entered into a license agreement with The Regents of University of California (the “Regents”) to develop and commercialize the DNA Methylation Based Predictor of Mortality. The agreement remains in effect through the life of the Regents’ patents related to this license agreement. The Company is required to pay license maintenance fees on each anniversary date of agreement execution. The Company is liable to the Regents for an earned royalty of net sales of licensed products or licensed methods.

In February 2021, the Company entered into another license agreement with the Regents for GrimAge and PhenoAge technology. The agreement remains in effect through the life of the Regents’ patents related to this license agreement. In consideration of the license and rights granted under the license agreement, the Company made a one-time cash payment and will make maintenance payments on each anniversary of the Agreement. The Company will pay the Regents for each assay internally used and a royalty on external net sales. Additionally, the contract includes development milestones and fees related to achieving commercial sales and a comparative longitudinal study of health outcomes.

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Supplier and Other Commitments

The Company made a 10,000 unit purchase commitment for supplies of which 3,000 remain outstanding as of March 31, 2023. Additionally, the Company has a \$92 commitment for sample processing within one year from the order. Collectively, the Company has a commitment of \$146 remaining in 2023 related to these commitments.

Additionally, the Company has committed to pay \$238, primarily related to an advisor fee, of which the advisor fee is due no later than June 30, 2023.

Legal Proceedings

On November 18, 2022, Smithline Family Trust II (“Smithline”) filed a complaint against the Company and Jon Sabes, the Company’s former Chief Executive Officer and a former member of the Company’s board of directors, in the Supreme Court of the State of New York, County of New York, Index 0654430/2022. The complaint asserts claims for breach of contract, unjust enrichment and fraud, alleging that (i) the Company breached its obligations to Smithline pursuant to that certain Securities Purchase Agreement, dated January 25, 2021, between FOXO Technologies Operating Company and Smithline, an accompanying 12.5% Original Issue Discount Convertible Debenture, due February 23, 2022, and Warrant to purchase shares of FOXO common stock until February 23, 2024 (collectively, including any amendment or other document entered into in connection therewith, the “Financing Documents”), (ii) the Company and Mr. Sabes were unjustly enriched as a result of their alleged actions and omissions in connection with the Financing Documents, and (iii) the Company and Mr. Sabes made materially false statements or omitted material information in connection with the Financing Documents. The complaint claims damages in excess of a minimum of \$6,207 on each of the three causes of action, plus attorneys’ fees and costs.

On December 23, 2022, FOXO removed this action from the Supreme Court of the State of New York, County of New York to the United States District Court for the Southern District of New York, Case 1:22-cv-10858-VEC. The action was assigned to Judge Valerie E. Caproni.

On February 1, 2023, defendant Jon Sabes moved to dismiss the complaint pursuant to Fed. R. Civ. P. 12(b)(2) and 12(b)(6). On February 22, 2023, Smithline filed an Amended Complaint. The Company filed its Answer to the Amended Complaint on March 8, 2023.

This action is at an early stage in the litigation process and the Company is unable to determine the outcome. The Company intends to contest this case vigorously.

The Company accrues for costs associated with certain contingencies, including, but not limited to, settlement of legal proceedings, regulatory compliance matters and self-insurance exposures when such costs are probable and reasonably estimable. In addition, the Company accrues for legal fees incurred in defense of asserted litigation and regulatory matters as such legal fees are incurred. To the extent it is probable under our existing insurance coverage that we are able to recover losses and legal fees related to contingencies, we record such recoveries concurrently with the accrual of the related loss or legal fees. Significant management judgment is required to estimate the amounts of such contingent liabilities and the related insurance recoveries. In our determination of the probability and ability to estimate contingent liabilities and related insurance recoveries we consider the following: litigation exposure based on currently available information, consultations with external legal counsel, adequacy and applicability of existing insurance coverage and other pertinent facts and circumstances regarding the contingency. Liabilities established to provide for contingencies are adjusted as further information develops, circumstances change, or contingencies are resolved; and such changes are recorded in the consolidated statements of operations during the period of the change and appropriately reflected in the consolidated balance sheets. As of March 31, 2023 and December 31, 2022 the Company does not have any accruals related to the settlement of legal proceedings.

The Company is also party to various other legal proceedings, claims, and regulatory, tax or government inquiries and investigations that arise in the ordinary course of business, and we may in the future be subject to additional legal proceedings and disputes.

Former CEO Severance

As of March 31, 2023, the Board has yet to complete its review into whether the former CEO was terminated with or without cause. Accordingly, the Company has yet to make a determination on its obligations under the former CEO's employment agreement. The Company has accrued for his severance and has recognized expenses related to his stock-based compensation per the terms of his contract while the matter remains under review.

Should the review conclude that the former CEO was terminated without cause then the former CEO will receive thirty-six months of severance based on his base salary, his options granted immediately vest, and his Management Contingent Share Plan related to performance-based conditions that have been met become fully vested. \$696 of severance is recorded within accrued severance and the remaining \$879 recorded within other liabilities on the consolidated balance sheets. The corresponding expense was recognized within selling, general and administrative expense on the consolidated statements of operations at the time of his termination during the fourth quarter of 2022.

Should the review conclude the former CEO was terminated with cause then no severance or continued benefits are due and the Company will account for the forfeiture of the shares issued pursuant to the Management Contingent Share Plan as well as reverse the accrual and corresponding expense related to his severance. The forfeiture of the shares issued pursuant to the Management Contingent Share Plan would result in the Company reversing \$9,130 of expense previously recognized related to the performance condition that has been met and based on his service prior to his termination as well as the vesting upon his termination.

Additionally, the Company cancelled the shares issued pursuant to the Management Contingent Share Plan related to performance based conditions that were not met as of the termination date.

Note 13 SUBSEQUENT EVENTS

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to May 11, 2023, the date that the unaudited consolidated financial statements were issued. Other than as described below, the Company did not identify any subsequent events that would have required adjustment or disclosure in the accompanying financial statements.

Digital Insurance Platform

In April of 2023 and as part of the Company's planning, the Company finalized its objectives and key results ("OKRs") for the second quarter of 2023. As part of the OKR process the Company's goals to support the digital insurance platform indicated that the manner in which the digital insurance platform is used and corresponding cash flows would no longer support the asset. Accordingly, the Company recognized a \$1,425 impairment loss in April of 2023 representing the remaining unamortized balance of the digital insurance platform at the date of impairment.

Exchange Offer and PIK Note Offer to Amend

References herein to "Common Stock Equivalents" shall have the meaning given to such term in the Original Securities Purchase Agreement and/or the PIK Note Purchase Agreement, as the context requires. On April 27, 2023, the Company commenced an exchange offer (the "Exchange Offer"), whereby holders of the Assumed Warrants may exchange such Assumed Warrants for shares of Class A Common Stock at a rate of 4.83 shares for each Assumed Warrant. As part of the Exchange Offer, the Company is also soliciting consents from holders of Assumed Warrants to amend and restate the Original Securities Purchase Agreement to provide that the issuance of shares of Class A Common Stock and certain issuances of Common Stock Equivalents, including in connection with certain private placements and public financings, the Exchange Offer, the PIK Note Amendment, the 2022 Debenture Release, and as Private Placement Additional Consideration (each as defined below), do not trigger, and cannot be deemed to have triggered, any anti-dilution adjustments in the securities issued pursuant to the Original Securities Purchase Agreement, including the Assumed Warrants.

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If all outstanding Assumed Warrants are tendered in the Exchange Offer and assuming all required approvals, including stockholder approval, are obtained, the Company's obligation to issue 1,905,853 shares of Class A Common Stock under the Assumed Warrants would be eliminated and approximately 9,205,270 shares of Class A Common Stock would be issued to the Assumed Warrant holders in exchange for the Assumed Warrants.

Concurrently with the Exchange Offer, the Company is soliciting approval from the holders of the Company's Senior PIK Notes in exchange for shares of Class A Common Stock at a rate of 1.25 shares of Class A Common Stock for every \$1.00 of the original principal amount of their Senior PIK Notes (the "PIK Note Offer to Amend") to amend the PIK Note Purchase Agreement to permit certain issuances by the Company of Class A Common Stock and Common Stock Equivalents without prepaying the Senior PIK Notes, in connection with certain private placements and public financings, the Exchange Offer, the PIK Note Offer to Amend, the 2022 Debenture Release (as defined below), and as Private Placement Additional Consideration (as defined below) (collectively, the "PIK Note Amendment").

Assuming the Company receives consents from all Senior PIK Note holders and all required approvals, including stockholder approval, are obtained, the Company will issue on a pro rata basis to the holders of the PIK Notes approximately 4,321,875 shares of Class A Common Stock in consideration for the PIK Note Amendment.

If the Company conducts a Private Placement because the PIK Note Amendment has been approved, each investor who participates in the Private Placement who was a holder of Assumed Warrants or Senior PIK Notes as of the commencement of the Exchange Offer or the PIK Note Offer to Amend, as applicable, and each former holder of 2022 Debentures, may receive additional shares of Class A Common Stock or Common Stock Equivalents in addition to the other terms of such Private Placement offered to all investors, whether or not such holder participated in the Exchange Offer or the PIK Note Offer to Amend, as applicable (the "Private Placement Additional Consideration").

The Board has also authorized the Company to offer Class A Common Stock or Common Stock Equivalents in exchange for a general release by the former holders of 2022 Bridge Debentures, subject to stockholder approval and other conditions to be determined by the Company, at a future date to be determined by the Company (the "2022 Debenture Release"). As currently contemplated, each former holder of the 2022 Bridge Debentures that executes such general release would receive approximately 0.67 shares of Class A Common Stock for every \$1.00 of original principal amount of its 2022 Bridge Debentures, and if all former holders of 2022 Bridge Debentures execute such general release, up to 18,760,000 shares of Class A Common Stock would be issued by the Company to such former holders of the 2022 Bridge Debentures.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

References to the "Company," "us," "our" or "we" refer to FOXO Technologies Inc. and its consolidated subsidiaries. The following discussion and analysis summarizes the significant factors affecting the consolidated operating results, financial condition, liquidity, capital resources and cash flows of our Company as of and for the periods presented below. You should read the following discussion of our financial condition and results of operations in conjunction with the consolidated financial statements and the related notes included elsewhere in this Form 10-Q and with our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the SEC. In addition to our historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Form 10-Q, particularly in Part II, Item 1A, "Risk Factors." We undertake no obligation to update publicly any forward-looking statements for any reason, except as required by law, even as new information becomes available or events occur in the future.

Overview

FOXO seeks to modernize the life insurance industry through the application of longevity and epigenetic science. With our insurance partners, we will endeavor to improve and optimize human health span and lifespan through unique and dynamic product offerings tailored to insurance underwriters and consumers.

The convergence of two cutting-edge technologies: DNA sequencing and automated machine learning, has created what we believe is an unprecedented opportunity to reinvent the life insurance industry through modern molecular biotechnology. DNA sequencing advances now allow for the cost-effective collection of genomic and epigenomic data, while automated machine learning can identify sophisticated patterns within this data, as well as phenotypic data. These patterns are known as epigenetic signatures and will provide valuable insights to insurers that will inform their underwriting and product development.

By harnessing the power of epigenetic science, we believe we can revolutionize how life insurance companies sell and underwrite their products. Our insights into consumers' health and lifestyle choices will help insurers tailor their offerings to meet their clients' needs and provide insurers with data to plan for their client's future financial needs.

We have two core product offerings: the "Underwriting Report," and the "Longevity Report™." The Underwriting Report allows us to leverage a single assay testing process to generate a panel of impairment scores that can be applied by life insurance underwriters to more accurately assess clients during the underwriting process and provide a more personalized risk assessment. The Longevity Report is a consumer-facing companion product that provides actionable insights to consumers based on their biological age and other epigenetic measures of health and wellness. It can also be sold separately. We believe the combination of these two reports provides a valuable win for our insurance carrier partners as well as their customers.

FOXO is operationalizing a sales and distribution platform focused on recruiting independent life insurance agents to sell life insurance with our Longevity Report. FOXO currently markets and sells life insurance products underwritten and issued by third-party carriers through distribution relationships. This distribution model (the "MGA Model") allows FOXO to appoint sales agents and producers to sell insurance products for specific carriers and earn commissions on subsequent policy sales. Depending on the terms of the agreement between FOXO and the carrier, the Longevity Report may be included at the time of the policy purchase at no charge or may be available at an additional cost to the consumer. We believe the Longevity Report will make longevity science a core aspect to the relationship between life insurance and consumers.

The life insurance industry is ripe for disruption by a new underwriting protocol. Historically, when a single carrier has adopted even a single new underwriting test, others tend to follow quickly. Some examples include prescription data, smoking tests, and specimen samples. If other insurance companies do not follow quickly, they may suffer from adverse selection, and get a disproportionate number of mispriced risks. FOXO intends to leverage the combination of the Underwriting Report and the Longevity Report to revolutionize the life insurance sales and underwriting experience to the betterment of consumers and carriers alike.

Business Trends

- **Life Insurance Demand.** According to the 2023 Insurance Barometer Study, co-authored by nonprofit industry trade associations Life Insurance Marketing and Research Association and Life Happens, there are significant increases in consumer interest and demand for life insurance, with 39% of consumers surveyed reporting that they are likely to purchase life insurance in the next year. In addition, the study reported that only 52% of American adults owned life insurance, and 41% of Americans, both insured and uninsured, believe they need more coverage. While two-thirds of Americans report their lives have largely returned to normal following the pandemic, the 2023 Insurance Barometer Study indicated Americans' intent to purchase life insurance is at an all-time high, with Gen Z adults and Millennials having the highest intent at 44%, and 50%, respectively.
- **Product Innovation.** As life insurance carriers and distributors look to engage consumers' renewed interest in life insurance coverage, industry analysts suggest that life insurance can succeed by adopting technology to (i) personalize every aspect of the consumer experience, transition from a traditional "assess and service" model toward a customer-centric "prescribe and prevent" model of health management; and (ii) develop innovative product solutions that place emphasis on product flexibility and innovation, including value-added services and nonmonetary benefits to attract consumers. Other analysts point to the need to reduce sales friction for both consumers and agents that stems from long underwriting timelines as a result of invasive blood and urine specimen collection.

Segments

We manage and classify our business into two reportable business segments:

(i) FOXO Labs

FOXO Labs is commercializing proprietary epigenetic biomarker technology to be used for mortality underwriting risk classification in the global life insurance industry. Our innovative biomarker technology enables the adoption of new saliva-based health and wellness biomarker solutions for underwriting and risk assessment. Our research demonstrates that epigenetic biomarkers, collected from saliva, provide measures of individual health and wellness factors used in life insurance underwriting traditionally obtained through blood and urine specimens. FOXO Labs anticipates recognizing revenue related to sales of the Underwriting Report and Longevity Report.

FOXO Labs currently recognizes revenue from providing epigenetic testing services and collecting a royalty from Illumina, Inc. related to the sales of the Infinium Mouse Methylation Array. The Company's saliva-based health and wellness testing solutions for underwriting and risk classification are expected to be its largest source of revenue. FOXO Labs conducts research and development and such costs are recorded within research and development expenses on the consolidated statements of operations.

(ii) FOXO Life

FOXO Life is redefining the relationship between consumers and insurer by combining life insurance with healthy longevity. FOXO Life seeks to transform the value proposition of the life insurance carrier from a provider of mortality risk protection products to a promoter of its customers' health and wellness. The distribution of insurance products with FOXO's Longevity Report strives to provide life insurance consumers with valuable information and insights about their individual health and wellness.

FOXO Life currently has residual commission revenues from its legacy insurance agency business. FOXO Life has begun receiving insurance commission from the distribution and sale of life insurance policies based on the size and type of policies sold to customers. FOXO Life costs are recorded within selling, general and administrative expenses on the consolidated statements of operations.

FOXO Life Insurance Company

Due to market conditions, our capitalization following the Business Combination did not materialize in the way the Company anticipated, and did not possess the funding that we believed would be required to satisfy state regulations and regulatory bodies to issue new life insurance policies through FOXO Life Insurance Company. As such, we decided to not move forward with the launch of FOXO Life Insurance Company.

On January 10, 2023, we entered into a merger agreement (the “**Security National Merger Agreement**”) with Security National Life Insurance Company, a Utah corporation (the “**Security National**”), FOXO Life, LLC, a Delaware limited liability company and wholly-owned subsidiary of the Company (“**FOXO Life**”), and FOXO Life Insurance Company (fka Memorial Insurance Company of America (“**MICOA**”), an Arkansas corporation and wholly-owned subsidiary of the Seller, pursuant to which, subject to the terms and conditions of the Security National Merger Agreement, the Company agreed to sell FOXO Life Insurance Company to Security National. Specifically, pursuant to the Security National Merger Agreement, FOXO Life Insurance Company merged with and into the Security National, with Security National continuing as the surviving corporation.

On February 3, 2023 (the “**Closing Date**”), we consummated the sale of FOXO Life Insurance Company to Security National pursuant to the Security National Merger Agreement. As a result of the merger, the Company is no longer required to hold cash and cash equivalents required to be held as statutory capital and surplus, as required under the Arkansas Insurance Code (the “**Arkansas Code**”).

At the closing, all of FOXO Life Insurance’s shares were cancelled and retired and ceased to exist in exchange of an amount equal to FOXO Life Insurance’s statutory capital and surplus amount of \$5,002 as of the Closing Date, minus \$200 (the “**Merger Consideration**”).

After the Merger Consideration and Security National’s third party expenses, the transaction resulted in the Company gaining access to \$4,751 that was previously held as statutory capital and surplus pursuant to the Arkansas Code.

Comparability of Financial Results

On September 15, 2022, we consummated the transactions contemplated by the Merger Agreement. Immediately upon the Closing, the name of the combined company was changed to FOXO Technologies Inc.

FOXO Technologies Operating Company (“**Legacy FOXO**”) was determined to be the accounting acquirer in the Business Combination. Accordingly, the acquisition of Legacy FOXO by the Company was accounted for as a reverse recapitalization. Under this method of accounting, the Company was treated as the acquiree for financial reporting purposes. The net assets of the Company were stated at their historical cost, with no goodwill or other separately identifiable intangible assets recorded. The balance sheet, results of operations and cash flows prior to the Business Combination are those of Legacy FOXO.

In accordance with the terms of the Merger Agreement, at Closing, the Company (i) acquired 100% of the issued and outstanding Legacy FOXO Class A common stock (the “**FOXO Class A Common Stock**”) in exchange for equity consideration in the form of the Company’s Class A Common Stock, (ii) acquired 100% of the issued and outstanding shares of Legacy FOXO Class B common stock (the “**FOXO Class B Common Stock**”) in exchange for equity consideration in the form of the Company’s Class A Common Stock.

Immediately prior to the Closing, the following transactions occurred:

- 8,000,000 shares of Legacy FOXO Series A preferred stock (the “**FOXO Preferred Stock**”) were exchanged for 8,000,000 shares of FOXO Class A Common Stock.
- The 2021 Bridge Debentures in the principal amount, together with accrued and unpaid interest, of \$24,402 were converted into 6,759,642 shares of FOXO Class A Common Stock.
- The holders of the 2022 Bridge Debentures in the principal amount, together with accrued and unpaid interest, of \$34,496 were converted into 7,810,509 shares of FOXO Class A Common Stock.

As a result of and upon the Closing, among other things, (1) all outstanding shares of FOXO Class A Common Stock (after giving effect to the conversion of the FOXO Preferred Stock into shares of FOXO Class A Common Stock) and FOXO Class B Common Stock were converted into 15,518,705 shares of the Company's Class A Common Stock, (2) all FOXO options and FOXO warrants outstanding immediately before the Closing ("**Assumed Options**" and "**Assumed Warrants**", as applicable) were assumed and converted, subject to adjustment pursuant to the terms of the Merger Agreement, into options and warrants, respectively, of the Company, exercisable for share of the Company's Class A Common Stock and (3) other than the Assumed Options and Assumed Warrants, all other convertible securities and other rights to purchase capital stock Legacy FOXO were retired and terminated, if they were not converted, exchanged or exercised for Legacy FOXO stock immediately prior the Closing.

Recent Developments

Exchange Offer and PIK Note Offer to Amend

References herein to "Common Stock Equivalents" shall have the meaning given to such term in the Original Securities Purchase Agreement and/or the PIK Note Purchase Agreement, as the context requires. On April 27, 2023, the Company commenced an exchange offer (the "**Exchange Offer**"), whereby holders of the Assumed Warrants may exchange such Assumed Warrants for shares of Class A Common Stock at a rate of 4.83 shares for each Assumed Warrant. As part of the Exchange Offer, the Company is also soliciting consents from holders of Assumed Warrants to amend and restate the Original Securities Purchase Agreement to provide that the issuance of shares of Class A Common Stock and certain issuances of Common Stock Equivalents, including in connection with certain private placements and public financings, the Exchange Offer, the PIK Note Amendment, the 2022 Debenture Release, and as Private Placement Additional Consideration (each as defined below), do not trigger, and cannot be deemed to have triggered, any anti-dilution adjustments in the securities issued pursuant to the Original Securities Purchase Agreement, including the Assumed Warrants.

If all outstanding Assumed Warrants are tendered in the Exchange Offer and assuming all required approvals, including stockholder approval, are obtained, the Company's obligation to issue 1,905,853 shares of Class A Common Stock under the Assumed Warrants would be eliminated and approximately 9,205,270 shares of Class A Common Stock would be issued to the Assumed Warrant holders in exchange for the Assumed Warrants.

Concurrently with the Exchange Offer, the Company is soliciting approval from the holders of the Company's Senior PIK Notes in exchange for shares of Class A Common Stock at a rate of 1.25 shares of Class A Common Stock for every \$1.00 of the original principal amount of their Senior PIK Notes (the "**PIK Note Offer to Amend**") to amend the PIK Note Purchase Agreement to permit certain issuances by the Company of Class A Common Stock and Common Stock Equivalents without prepaying the Senior PIK Notes, in connection with certain private placements and public financings, the Exchange Offer, the PIK Note Offer to Amend, the 2022 Debenture Release (as defined below), and as Private Placement Additional Consideration (as defined below) (collectively, the "**PIK Note Amendment**").

Assuming the Company receives consents from all Senior PIK Note holders and all required approvals, including stockholder approval, are obtained, the Company will issue on a pro rata basis to the holders of the PIK Notes approximately 4,321,875 shares of Class A Common Stock in consideration for the PIK Note Amendment.

If the Company conducts a Private Placement because the PIK Note Amendment has been approved, each investor who participates in the Private Placement who was a holder of Assumed Warrants or Senior PIK Notes as of the commencement of the Exchange Offer or the PIK Note Offer to Amend, as applicable, and each former holder of 2022 Debentures, may receive additional shares of Class A Common Stock or Common Stock Equivalents in addition to the other terms of such Private Placement offered to all investors, whether or not such holder participated in the Exchange Offer or the PIK Note Offer to Amend, as applicable (the "**Private Placement Additional Consideration**").

The Board has also authorized the Company to offer Class A Common Stock or Common Stock Equivalents in exchange for a general release by the former holders of 2022 Bridge Debentures, subject to stockholder approval and other conditions to be determined by the Company, at a future date to be determined by the Company (the "**2022 Debenture Release**"). As currently contemplated, each former holder of the 2022 Bridge Debentures that executes such general release would receive approximately 0.67 shares of Class A Common Stock for every \$1.00 of original principal amount of its 2022 Bridge Debentures, and if all former holders of 2022 Bridge Debentures execute such general release, up to 18,760,000 shares of Class A Common Stock would be issued by the Company to such former holders of the 2022 Bridge Debentures.

Non-GAAP Financial Measures

To supplement our financial information presented in accordance with U.S. GAAP, management periodically uses certain “non-GAAP financial measures,” as such term is defined under the rules of the SEC, to clarify and enhance understanding of past performance and prospects for the future. Generally, a non-GAAP financial measure is a numerical measure of a company’s operating performance, financial position or cash flows that excludes or includes amounts that are included in or excluded from the most directly comparable measure calculated and presented in accordance with U.S. GAAP. For example, non-GAAP measures may exclude the impact of certain items such as acquisitions, divestitures, gains, losses and impairments, or items outside of management’s control. Management believes that the following non-GAAP financial measure provides investors and analysts useful insight into our financial position and operating performance. Any non-GAAP measure provided should be viewed in addition to, and not as an alternative to, the most directly comparable measure determined in accordance with U.S. GAAP. Further, the calculation of these non-GAAP financial measures may differ from the calculation of similarly titled financial measures presented by other companies and therefore may not be comparable among companies.

Adjusted EBITDA provides additional insight into our underlying, ongoing operating performance and facilitates period-to-period comparisons by excluding the earnings impact of interest, tax, depreciation and amortization, non-cash change in fair value of convertible debentures, and stock-based compensation. Management believes that presenting Adjusted EBITDA is more representative of our operational performance and may be more useful for investors. Adjusted EBITDA along with a reconciliation to net loss is shown in Other Operating Data within the Results of Operations below.

Results of Operations

Upon closing of the Business Combination, we changed our name to FOXO Technologies Inc. Results of operations included within this Report pertaining to periods ending prior to the Closing of the Business Combination on September 15, 2022 are those of Legacy FOXO.

Three Months Ended March 31, 2023 and 2022

(Dollars in thousands)

	2023	2022	Change in \$	Change in %
Total revenue	\$ 13	\$ 40	\$ (27)	(68)%
Operating expenses:				
Research and development	309	601	(292)	(49)%
Management contingent share plan	764	-	764	N/A%
Selling, general and administrative	6,332	4,002	2,330	58%
Total operating expenses	7,405	4,603	2,802	61%
Loss from operations	(7,392)	(4,563)	(2,829)	62%
Non-operating expense	(247)	(7,804)	7,557	(97)%
Net loss	\$ (7,639)	\$ (12,367)	\$ 4,728	(38)%

Revenues. Total revenues were \$13 for the three months ended March 31, 2023, compared to \$40 for the three months ended March 31, 2022. The decrease in revenue was primarily driven by lower royalty revenue of \$25 in the three months ended March 31, 2023 compared to the prior period related to a reduction of the royalty rate on Illumina, Inc.’s license to manufacture and sell Infinium Mouse Methylation Arrays using our epigenetic research. The remaining decrease relates to life insurance commissions earned as we ceased placing policies from our legacy agency business.

Research and Development. Research and development expenses were \$309 for the three months ended March 31, 2023, compared to \$601 for the three months ended March 31, 2022. The decrease of \$292, or 49%, was primarily driven by lower employee-related expenses and professional services to reduce our cost structure following the closing of the Business Combination. Additionally, there were an incremental \$81 of research and development expenses in the three months ended March 31, 2022 related to a sponsored research agreement with the Children’s Hospital of Philadelphia (“CHOP”) and other research that is no longer ongoing.

Management Contingent Share Plan. Management contingent share plan expenses were \$764 for the three months ended March 31, 2023, as a result of issuing awards as part of the Business Combination. We began recognizing expense related to the performance condition for entering into a commercial research collaboration agreement.

Selling, General and Administrative. Selling, general and administrative expenses were \$6,332 for the three months ended March 31, 2023 compared to \$4,002 for the three months ended March 31, 2022. The increase of \$2,330, or 58%, was primarily due to costs incurred in the three months ended March 31, 2023 that did not occur in the prior period including (i) amortization of \$2,081 of compensation costs associated with the Consulting Agreement (ii) amortization expense of \$922 related to our cloud computing arrangements and intangible assets, (iii) a loss of \$251 on the sale of FOXO Life Insurance Company, and (iv) incremental costs of being a public company. These increases were offset by lower employee-related expenses and professional services to reduce our cost structure following the closing of the Business Combination.

Non-operating expense. Non-operating expense was \$247 for the three months ended March 31, 2023, compared to \$7,804 for the three months ended March 31, 2022. The decrease in non-operating expense primarily related to the conversion of our 2021 Bridge Debentures and 2022 Bridge Debentures as part of the Business Combination. For the three months ended March 31, 2022 we recognized \$7,432 of expense related to measuring the Bridge Debentures at fair value. We also recognized lower interest expense of \$97 for the three months March 31, 2023 compared to the prior period as a result of having less outstanding debt.

Net Loss. Net loss was \$7,639 for the three months ended March 31, 2023, a decrease of \$4,728 or 38% compared to \$12,367 in the prior comparable period. The decrease in net loss was primarily related to the conversion of our Bridge Debentures that was partially offset by increases in non-cash charges including the Management Contingent Share Plan, Consulting Agreement, and amortization expense.

Analysis of Segment Results:

The following is an analysis of our results by reportable segment for the three months ended March 31, 2023 compared to the three months ended March 31, 2022. The primary income measure used for assessing reportable segment performance is earnings before interest, income taxes, depreciation, amortization, and stock-based compensation. Segment Earnings by reportable segment also excludes corporate and other costs, including management, IT, and overhead costs. For further information regarding our reportable business segments, please refer to our consolidated financial statements and related notes included elsewhere in this report.

FOXO Labs

(Dollars in thousands)

	2023	2022	Change in \$	Change in %
Total revenue	\$ 7	\$ 32	\$ (25)	(78)%
Research and development expenses	297	536	(239)	(45)%
Segment Earnings	<u>\$ (290)</u>	<u>\$ (504)</u>	<u>\$ 214</u>	<u>(42)%</u>

Revenues. Total revenues were \$7 and \$32 for the three months ended March 31, 2023 and 2022, respectively. The decrease in revenue was driven by lower royalty revenue of \$25 in the three months ended March 31, 2023 compared to the prior period related to a reduction of the royalty rate on Illumina, Inc.’s license to manufacture and sell Infinium Mouse Methylation Arrays using our epigenetic research.

Segment Earnings. Segment Earnings increased from (\$504) for the three months ended March 31, 2022 to (\$290) for the three months ended March 31, 2023. The increase of \$214 was primarily driven by lower employee-related expenses and professional services to reduce our cost structure following the closing of the Business Combination. Additionally, there were an incremental \$81 of research and development expenses in the three months ended March 31, 2022 related to a sponsored research agreement with the Children’s Hospital of Philadelphia (“CHOP”) and other research that is no longer ongoing.

FOXO Life

(Dollars in thousands)

	2022	2021	Change in \$	Change in %
Total revenue	\$ 6	\$ 8	\$ (2)	(25)%
Selling, general and administrative expenses	653	811	(158)	(19)%
Segment Earnings	<u>\$ (647)</u>	<u>\$ (803)</u>	<u>\$ 156</u>	<u>(19)%</u>

Revenues. Total revenues were \$6 for the three months ended March 31, 2023 compared to \$8 for the three months ended March 31, 2022. The decrease was due to reduced life insurance commissions earned as we ceased placing policies from our legacy agency business.

Segment Earnings. Segment Earnings increased from (\$803) for the three months ended March 31, 2022 to (\$647) for the three months ended March 31, 2023. The increase was driven by lower employee-related expenses and professional services to reduce our cost structure following the closing of the Business Combination partially offset by a \$251 loss on the sale of FOXO Life Insurance Company.

Other Operating Data:

We use Adjusted EBITDA to evaluate our operating performance. Adjusted EBITDA does not represent and should not be considered an alternative to net income as determined by U.S. GAAP, and our calculations thereof may not be comparable to those reported by other companies. We believe Adjusted EBITDA is an important measure of operating performance and provides useful information to investors because it highlights trends in our business that may not otherwise be apparent when relying solely on U.S. GAAP measures and because it eliminates items that have less bearing on our operating performance. Adjusted EBITDA, as presented herein, is a supplemental measure of our performance that is not required by, or presented in accordance with, U.S. GAAP. We use non-GAAP financial measures as supplements to our U.S. GAAP results in order to provide a more complete understanding of the factors and trends affecting our business. Adjusted EBITDA is a measure of operating performance that is not defined by U.S. GAAP and should not be considered a substitute for net (loss) income as determined in accordance with U.S. GAAP.

We reconcile our non-GAAP financial measure to our net loss, which is its most directly comparable financial measure calculated and presented in accordance with U.S. GAAP. Our management uses Adjusted EBITDA as a financial measure to evaluate the profitability and efficiency of our business model. Adjusted EBITDA is not presented in accordance with U.S. GAAP. Adjusted EBITDA includes adjustments for provision for income taxes, as applicable, interest income and expense, depreciation and amortization, stock-based compensation, and certain other infrequent and/or unpredictable non-cash charges or benefits, such as changes in fair value of convertible debentures.

	For the three months ended March 31,	
	2023	2022
(Dollars in thousands)		
Net loss	\$ (7,639)	\$ (12,367)
Add: Depreciation and amortization	929	31
Add: Interest expense	225	322
Add: Stock-based compensation ⁽¹⁾	2,626	231
Add: Non-cash change in fair value of convertible debentures	-	7,432
Adjusted EBITDA	<u>\$ (3,859)</u>	<u>\$ (4,351)</u>

(1) Includes expense recognized related to the shares issued to the consulting agreement. See Note 6 of the unaudited consolidated financial statements.

Liquidity and Capital Resources

Sources of Liquidity and Capital

We had cash and cash equivalents of \$2,155 and \$5,515 as of March 31, 2023 and December 31, 2022, respectively. Excluding amounts required to be held as statutory capital and surplus at FOXO Life Insurance Company we had cash and cash equivalents of \$2,155 and \$513 as of March 31, 2023 and December 31, 2022, respectively. We have incurred net losses since our inception. For the three months ended March 31, 2023 and 2022, we incurred net losses of \$7,639 and \$12,367, respectively. We had an accumulated deficit of \$154,870 and \$147,231, respectively, as of March 31, 2023, and December 31, 2022. We have generated limited revenue to date and expect to incur additional losses in future periods.

As part of the Business Combination, we entered into a Forward Purchase Agreement and ELOC Agreement to fund our business; however, these agreements have since been terminated as a result of the performance of our stock. The Business Combination ultimately resulted in a significant number of redemptions limiting our proceeds. Additionally, we are unlikely to receive proceeds from the exercise of outstanding Warrants as a result of the difference between our current trading price of our Class A Common Stock and the exercise price of the various Warrants, as further discussed below. Our current revenue is not adequate to fund our operations in the next twelve months, as further described under “Liquidity Update” below, and requires us to fund our business through other avenues until the time we achieve adequate scale. Securing additional capital is necessary to execute on our business strategy.

FOXO Life Insurance Company Sale

As discussed above under “FOXO Life Insurance Company,” we consummated the sale of FOXO Life Insurance Company to Security National pursuant to the Security National Merger Agreement. After the Merger Consideration and Security National’s third party expenses, the transaction resulted in the Company gaining access to \$4,751 that was previously held as statutory capital and surplus pursuant to the Arkansas Code.

Prior Financings

Prior to the closing of the Business Combination, we financed our business through a combination of equity and debt, consisting of proceeds from a subscription receivable and proceeds from convertible debenture offerings. The subscription receivable initially totaled \$20,000, with the last installment being received during the third quarter of 2021.

During the first quarter of 2021, we entered into separate securities purchase agreements with the 2021 Bridge Investors, pursuant to which we issued convertible debentures for \$11,812 in aggregate principal. After an original issue discount of 12.5% we received cash proceeds of \$10,500 for this issuance. Additionally, we incurred an incremental \$888 of fees and expenses related to the offering. The 2021 Bridge Debentures were issued in three tranches, on January 25, 2021, February 23, 2021, and March 4, 2021.

Additionally, during the first quarter of 2022, we entered into separate securities purchase agreements with the 2022 Bridge Investors, pursuant to which we issued the 2022 Bridge Debentures for \$24,750 in aggregate principal. After an original issue discount of 10.0% we received cash proceeds of \$22,500 for this issuance. In the second quarter of 2022, we issued additional 2022 Bridge Debentures pursuant to which we raised an additional \$5,500 in cash proceeds or \$6,050 in aggregate principal amount under the same terms as the issuance of the 2022 Bridge Debentures in the first quarter of 2022, resulting in total cash proceeds of \$28,000 from the issuance of the 2022 Bridge Debentures.

Immediately prior to the Closing, the 2021 Bridge Debentures and 2022 Bridge Debentures were converted into 6,759,642 and 7,810,509, respectively, shares of FOXO Class A Common Stock and were subsequently exchanged for shares of the Company's Class A Common Stock at the Closing of the Business Combination.

During the third quarter of 2022, we entered into separate securities purchase agreements pursuant to which we issued our Senior PIK Notes in the aggregate principal of \$3,458. We received net proceeds of \$2,918, after deducting fees and expenses of \$540.

Exchange Offer and PIK Note Offer to Amend

As discussed above, we initiated an Exchange Offer whereby holders of the Assumed Warrants will be able to exchange such Assumed Warrants for shares of Class A Common Stock. Additionally, we are seeking to amend our PIK Notes to permit certain issuances of Class A Common Stock and Common Stock Equivalents (as defined in the PIK Note Purchase Agreement), without prepaying the PIK Notes as required by the terms of the PIK Note Purchase Agreement. Both the Exchange Offer and PIK Note Amendment are designed to facilitate future capital raises.

Going Concern

Our primary uses of cash are to fund our operations as we continue to grow our business. We expect to continue to incur operating losses in the near term to support the growth of our business. Capital expenditures have historically not been material to our consolidated operations, and we do not anticipate making material capital expenditures in 2023 or beyond. We expect that our liquidity requirements will continue to consist of working capital and general corporate expenses associated with the growth of our business. Based on our current planned operations, we do not have sufficient capital to fund our operations for at least 12 months from the date hereof. We expect to address our liquidity needs through the pursuit of additional funding through a combination of equity or debt financings to enable us to fund our operations.

Based on our cash position as of March 31, 2023 we expect the proceeds from the FOXO Life Insurance Company sale to be sufficient to fund our operations until June or July 2023. In the event we are unable to secure financing by that time, we may be forced to sell the company, suspend our operations, and possibly even liquidate our assets and wind-up and dissolve our Company. As such, until additional equity or debt capital is secured and the Company begins generating sufficient revenue, there is substantial doubt about the Company's ability to continue as a going concern.

We have based our estimates as to how long we expect we will be able to fund our operations on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect, in which case we would be required to obtain additional financing sooner than currently projected, which may not be available to us on acceptable terms, or at all. Our failure to raise capital as and when needed would have a negative impact on our financial condition and our ability to pursue our business strategy. We may raise additional capital through equity offerings, debt financings or other capital sources. If we do raise additional capital through public or private equity offerings, or convertible debt offerings, the ownership interest of our existing stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely impact our existing stockholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take certain actions. As discussed above under "Recent Developments – Memorandum Regarding Assumed Warrants and PIK Note" the Company is pursuing amendments to existing agreements to help it raise additional capital.

Liquidity Update

In connection with the evaluation of the Business Combination, our management prepared and provided to our Board of Directors and Delwinds' financial advisor unaudited prospective financial information. The prospective financial information was prepared using a number of assumptions, including assumptions with respect to general business, economic, market, regulatory and financial conditions and various other factors, all of which are difficult to predict and many of which are beyond FOXO's control. Due to several factors including but not limited to the timing and lack of funding from the Business Combination that has caused us to limit our expenditures and initiatives, we do not expect to achieve the projected revenue for 2023. As a result, we never sold policies through FOXO Life Insurance Company and some research activities that were previously anticipated have not been conducted or have been postponed which has impacted our ability to offer our underwriting services in 2023. We launched our MGA model, but have not been able to provide it with the resources previously anticipated. We also assumed that with sufficient scale we would reduce the costs of our testing. We have yet to achieve these cost savings that would make our offerings more attractive to consumers. Given the already mentioned leadership changes and that the prospective financial information was prepared prior to the Business Combination, we believe such projections should not be used as a frame of reference by investors.

Cash Flows

Three Months Ended March 31, 2023 and 2022

The following table summarizes our cash flow data for the three months ended March 31, 2023 and 2022 (dollars in thousands):

Three Months Ended March 31,	Cash Provided by / (Used in)	
	2022	2021
Operating Activities	\$ (3,360)	\$ (7,186)
Investing Activities	\$ -	\$ (558)
Financing Activities	\$ -	\$ 22,481

Operating Activities

Net cash used for operating activities in the three months ended March 31, 2023 was \$3,360 compared to \$7,186 in the three months ended March 31, 2022. Operating cash flow increased \$3,826, or 53%, from the three months ended March 31, 2023 to the three months ended March 31, 2022. The increase was the result of a lower net loss, driven by non-cash items, as well as less cash used for working capital purposes.

Investing Activities

Net cash used for investing activities in the three months ended March 31, 2023 was \$0 compared to \$558 in the three months ended March 31, 2022. This investing cash flow increase of \$558 was due to the completion of the development of our internal use software.

Financing Activities

Net cash provided by financing activities in the three months ended March 31, 2023 was \$0 compared to \$22,481 in the three months ended March 31, 2022. This financing cash flow decrease was the result of non-recurring debt financing that occurred in the three months ended March 31, 2022.

Off-Balance Sheet Financing Arrangements

We have no obligations, assets or liabilities which would be considered off-balance sheet arrangements. We do not participate in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements.

We have not entered into any off-balance sheet financing arrangements, established any special purpose entities, guaranteed any debt or commitments of other entities, or entered into any non-financial assets.

Contractual Obligations

Our contractual obligations as of March 31, 2023 include:

(Dollars in thousands)	Amounts Due by Period				
	Less than 1 Year	1 - 3 years	3 - 5 years	More than 5 years	Total
License agreements (a)	\$ 40	80	80	-	\$ 200
Senior PIK Notes (b)	3,722	-	-	-	3,722
Supplier and other commitments (c)	384	-	-	-	384
Total	\$ 4,146	80	80	-	\$ 4,306

- (a) License agreements remain in place until the licensor's patents expire or are abandoned. Amounts do not include development milestones that have not been reached as of March 31, 2023.
- (b) Represents the principal balance as of March 31, 2023. The Senior PIK Notes are subject to prepayment penalties and interest is paid through the issuance of additional Senior PIK Notes. The ultimate amount required to settle the Senior PIK Note will vary depending on when it is settled. See Note 5 of the unaudited consolidated financial statements.
- (c) The Company has supplier and other commitments comprising the balance shown. See Note 12 of the unaudited consolidated financial statements.

Critical Accounting Policies

The preparation of the unaudited consolidated financial statements and related notes included under "Item 1. Financial Statements" and related disclosures in conformity with GAAP. The preparation of these consolidated financial statements requires the selection of the appropriate accounting principles to be applied and the judgments and assumptions on which to base accounting estimates, which affect the reported amounts of assets and liabilities as of the date of the balance sheets, the reported amounts of revenue and expenses during the reporting periods, and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances at the time such estimates are made. Actual results and outcomes may differ materially from our estimates, judgments, and assumptions. We periodically review our estimates in light of changes in circumstances, facts, and experience. The effects of material revisions in estimates are reflected in the consolidated financial statements prospectively from the date of the change in estimate.

We define our critical accounting policies and estimates as those that require us to make subjective judgments about matters that are uncertain and are likely to have a material impact on our financial condition and results of operations as well as the specific manner in which we apply those principles. We believe the critical accounting policies used in the preparation of our financial statements which require significant estimates and judgments are as follows:

Going Concern

On a quarterly basis, we assess going concern uncertainty for our consolidated financial statements to determine if we have sufficient cash and cash equivalents on hand and working capital to operate for a period of at least one year from the date our consolidated financial statements are issued or are available to be issued (the "look-forward period"). Based on conditions that are known and reasonably knowable to us, we consider various scenarios, forecasts, projections, and estimates, and we make certain key assumptions, including the timing and nature of projected cash expenditures or programs, among other factors, and our ability to delay or curtail those expenditures or programs within the look-forward period, if necessary. Until additional equity or debt capital is secured and the Company begins generating sufficient revenue, there is substantial doubt about the Company's ability to continue as a going concern.

Recent Accounting Pronouncements

None.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our principal executive officer and our principal financial officer (the "Certifying Officers"), or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Certifying Officers, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on the foregoing, our Certifying Officers concluded that our disclosure controls and procedures were effective as of March 31, 2023.

Changes in Internal Control over Financial Reporting

As discussed elsewhere in this Report on Form 10-Q, we completed the Business Combination on September 15, 2022. Delwinds was a special purpose acquisition company formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or other similar business combination with one or more target businesses, and FOXO Technologies Operating Company was a privately held company.

The Company's operations prior to the Business Combination were materially different compared to the Company post- Business Combination. The design and implementation of internal controls over financial reporting for the post-Business Combination Company has required and will continue to require significant time and resources from management and other personnel.

Limitations on Effectiveness of Controls and Procedures

We do not expect that our disclosure controls and procedures will prevent all errors and all instances of fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs. Because of the inherent limitations in all disclosure controls and procedures, no evaluation of disclosure controls and procedures can provide absolute assurance that we have detected all our control deficiencies and instances of fraud, if any. The design of disclosure controls and procedures also is based partly on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Please refer to “Item 3. Legal Proceedings” in our Annual Report on Form 10-K for the year ended December 31, 2022 for information regarding material pending legal proceedings. Except as set forth therein and below, there have been no new material legal proceedings and no material developments in the legal proceedings previously disclosed.

Delaware 205 Petition

As previously disclosed, on March 30, 2023, the Company filed a petition in the Court of Chancery pursuant to Section 205 of the Delaware General Corporation Law seeking validation of the Company’s Second Amended and Restated Certificate of Incorporation (the “Certificate of Incorporation”), which included a 464,000,000 share increase in the number of authorized shares of Class A common stock (the “2022 Class A Increase Amendment”), and all shares of Class A Common Stock issued at or after the filing of the Certificate of Incorporation, to resolve any uncertainty with respect to those matters (captioned *In re FOXO Technologies Inc., C.A. No. 2023-0379-LWW* (Del. Ch.), the “Section 205 Action”). The same day the Section 205 Action was filed, the Company also moved that the Court’s consideration of the Section 205 Action be expedited.

On April 13, 2023, the Court of Chancery held a hearing in the Section 205 Action and issued an order in the Section 205 Action granting the Company’s petition validating the 2022 Class A Increase Amendment and the Certificate of Incorporation, and all shares of capital stock of the Company issued in reliance on the effectiveness of the 2022 Class A Increase Amendment and the Certificate of Incorporation.

ITEM 1A. RISK FACTORS

We face many significant risks in our business, some of which are unknown to us and not presently foreseen. These risks could have a material adverse impact on our business, financial condition and results of operations in the future. There have been no material changes with respect to the risk factors disclosed under Item 1A of our annual report on Form 10-K for the year ended December 31, 2022, which we filed with the SEC on March 31, 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are filed as part of, or incorporated by reference into, this Report.

Exhibit Number	Description of Exhibit
2.1	Merger Agreement, dated January 10, 2023, by and between (i) FOXO Technologies Inc., (ii) FOXO Life Insurance Company (fka Memorial Insurance Company of America), (iii) FOXO Life, LLC and (iv) Security National Life Insurance Company.(1)
31.1*	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of the Company's Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS*	Inline XBRL Instance Document.*
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.*
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.*
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.*
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).*

* Filed herewith.

** Furnished herewith.

(1) Incorporated by reference to the Company's Current Report on form 8-K, filed with the SEC on January 12, 2023.

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.

FOXO TECHNOLOGIES INC.

Date: May 11, 2023

/s/ Tyler Danielson

Name: Tyler Danielson

Title: Interim Chief Executive Officer
(Principal Executive Officer)

Date: May 11, 2023

/s/ Robert Potashnick

Name: Robert Potashnick

Title: Chief Financial Officer
(Principal Financial and Accounting Officer)