

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

**FORM 10-Q/A
(Amendment No. 1)**

(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, 2025

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.)
477 South Rosemary Avenue Suite 224 West Palm Beach, FL	33401
(Address of principal executive offices)	(Zip Code)

(612) 800-0059
(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

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 16, 2025, there were 3,321,429 shares of Class A common stock, par value \$0.0001 per share (the "Class A Common Stock") of the registrant issued and outstanding.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-Q/A (the “Amendment”) amends the Quarterly Report on Form 10-Q of FOXO Technologies Inc. (the “Company”) for the three months ended March 31, 2025 filed with the Securities and Exchange Commission on May 20, 2025 (the “Original 10-Q”). On August 14, 2025, after review and consideration of the errors described below, the Board of Directors of the Company (the “Board”) concluded that the Company’s financial statements for the three months ended March 31, 2025 (the “March 31, 2025 Financial Statements”) could no longer be relied upon as being in compliance with generally accepted accounting principles. Accordingly, the Company is restating the March 31, 2025 Financial Statements.

On August 14, 2025, the Board concluded that the March 31, 2025 Financial Statements should no longer be relied upon because of an error in those financial statements relating to the Company’s accounting for measurement-period purchase price consideration owed in connection with the Company’s acquisition on September 10, 2024 of Rennova Community Health, Inc. (“RCHI”) from Rennova Health, Inc. (“RHI”). In connection with the preparation of the Company’s Quarterly Report on Form 10-Q for the six months ended June 30, 2025, the Company determined that certain measurement-period purchase price consideration that had been settled as of March 31, 2025, should have been recorded in its financial statements at March 31, 2025 under the terms of the purchase agreement as follows:

On June 10, 2024, the Company entered into a stock exchange agreement dated June 10, 2024, (the “RCHI Agreement”), as amended and restated on September 10, 2024 (the “RCHI SEA”), which provided for RHI to exchange all of the outstanding shares of its subsidiary RCHI, including RCHI’s subsidiary Scott County Community Hospital, Inc. (“SCCH”), for a combination of equity and debt of the Company.

Per the terms of the RCHI SEA, in the event that the Company at any time after June 10, 2024 and during the twelve months thereafter, entered into any agreement or settlement agreement with any pre-existing holder of debt or other liability owed by the Company above \$5.0 million (cumulative) then the consideration payable to RHI shall increase on a dollar-for-dollar basis for the aggregate settlement amount above \$5.0 million. As of the September 10, 2024 acquisition date, the full scope of the Company’s obligations to pre-existing debt holders or other creditors was not determinable, as negotiations with creditors and debt holders remained open and unresolved. However, as of March 31, 2025, the Company had fully settled \$5.1 million of cumulative debts and liabilities above \$5.0 million, so the Company should have recorded the additional purchase price consideration of \$5.1 million for those completed settlements as a liability in its financial statements at March 31, 2025.

Accounting Standards Codification 805-10-25-13 through 25-20, states a business combination allows for a measurement period of up to one year following the acquisition date to adjust provisional amounts based on new information about facts and circumstances that existed as of the acquisition date. The obligation to increase the purchase price consideration based on settlements with pre-acquisition debt holders and creditors represents a contingent liability that:

1. Existed as of the acquisition date- as the debts were pre-existing and known in general terms.
2. The total liability payable could not be reasonably estimated at the time of acquisition due to ongoing negotiations, an expectation that the numbers payable would change and lack of final payment or settlement. In fact, the liability only materialized at the time of settlement/payment as has been demonstrated by several adjustments at that point for some of the qualifying liabilities.
3. It was based on terms outlined in the acquisition agreement, which anticipated measurement at one-year post-acquisition. It was expected that all matters could be resolved and finalized in one year, but that time frame has proved ambitious with a number of identified items remaining open past the one-year timeframe.
4. Was resolved within the measurement period via settlement agreements that reflected facts and circumstances that existed as of the acquisition date but often reflected an adjustment (to the advantage of the Company) from the liability in our records.

Based on the accounting guidance noted above, the Company is amending this Quarterly Report on Form 10-Q for the three months ended March 31, 2025 to record the portion of the provisional purchase price obligation that was settled as of March 31, 2025. The settlement amount of \$5.1 million has been recorded at March 31, 2025 as an increase in goodwill and a payable to RHI for the purchase of RCHI.

The correction of the error impacted the unaudited condensed consolidated balance sheet, the acquisition footnote, the related parties’ payables and accrued expenses footnote, the supplemental disclosure of cash flow information and the disclosure of working capital deficit in the footnotes and in Management Discussion and Analysis at March 31, 2025. The correction of the error did not impact the statement of operations, stockholders’ equity, total cash flows, net loss or comprehensive loss.

The effect of the restatement on the Company's unaudited condensed consolidated balance sheet as of March 31, 2025 is as follows:

Unaudited Condensed Consolidated Balance Sheets Data

	As Previously Reported March 31, 2025	Correction	As Restated March 31, 2025
Assets			
Total current assets	\$ 3,194,691	\$ -	\$ 3,194,691
Goodwill	25,463,948	5,132,928	30,596,876
Other long terms assets	13,219,813		13,219,813
Total assets	\$ 41,878,452	\$ 5,132,928	\$ 47,011,380
Liabilities and Stockholders' Equity			
Current liabilities			
Related parties' payables and accrued expenses	\$ 1,841,883	5,132,928	\$ 6,974,811
Other current liabilities	26,815,782	-	26,815,782
Total current liabilities	28,657,665	5,132,928	33,790,593
Noncurrent liabilities	3,567,941	-	3,567,941
Total liabilities	32,225,606	5,132,928	37,358,534
Commitments and contingencies			
Stockholders' equity			
Total stockholders' equity	9,652,846	-	9,652,846
Total liabilities and stockholders' equity	\$ 41,878,452	\$ 5,132,928	\$ 47,011,380

The Effect on the Acquisition Footnote is as Follows:

Acquisition of RCHI

	As Previously Reported at March 31, 2025	Correction	As Restated at March 31, 2025
Initial purchase price	\$ 22,000,100	\$ -	\$ 22,000,100
Additional purchase price	-	5,132,928	5,132,928
Total purchase price	\$ 22,000,100	\$ 5,132,928	\$ 27,133,028
Tangible and intangible assets acquired, net of liabilities assumed at fair value:			
Tangible and intangible assets acquired	\$ 14,274,919	\$ -	\$ 14,274,919
Liabilities assumed	(15,864,997)	-	(15,864,997)
Assets acquired, net of liabilities assumed	(1,590,078)	-	(1,590,078)
Goodwill	\$ 23,590,178	\$ 5,132,928	\$ 28,723,106

The Effect on the Related Parties' Payables and Accrued Expenses Footnote is as Follows:

	As Previously Reported at March 31, 2025	Correction	As Restated at March 31, 2025
Payable to RHI for purchase of RCHI	\$ -	\$ 5,132,928	\$ 5,132,928
Total other related parties' payable and accrued expenses	1,841,883	-	1,841,883
Total related parties' payables and accrued expenses	\$ 1,841,883	\$ 5,132,928	\$ 6,974,811

Correction of Supplement Cash Flow Information:

	As Previously Reported March 31, 2025	Correction	As Restated March 31, 2025
Purchase of RCHI	\$ -	\$ 5,132,928	\$ 5,132,928
Payable to RHI for purchase of RCHI	\$ -	\$ 5,132,928	\$ 5,132,928

Revision to Working Capital Deficit Disclosure:

Working capital deficit	\$ (25,462,974)	\$ (5,132,928)	\$ (30,595,902)
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In addition, due to a scrivener's error, the line items for notes payable and the notes payable related parties amounts were inadvertently switched on the unaudited condensed consolidated balance sheet in the Original 10-Q. The amount reflected on the notes payable line item of \$2,945,950 should have been \$2,587,513 and the amount reflected on the notes payable related party line item of \$2,587,513 should have been \$2,945,950. The error has been corrected on the March 31, 2025 unaudited condensed consolidated balance sheet included herein.

As a result of the correction of the errors, changes have been made to Part I, Item 1 (Financial Statements) and Item 2 (Management's Discussion and Analysis of Financial Condition and Results of Operations). As required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended, the Company's Chief Executive Officer and Interim Chief Financial Officer is providing currently dated certifications, set forth in Exhibits 31.1, 31.2 and 32.1 to this Amendment. Thus, the Company hereby amends Part I, Items 1 and 2 of the Original Filing and adds such currently dated certificates and updated XBRL as Exhibits.

Except as disclosed above and as noted below regarding the July 27, 2025 reverse stock split, the Amendment does not modify or update the disclosures presented in, or exhibits to, the Original 10-Q.

Reverse Stock Split

As more fully described in Note 3, the Company effected a 1-for-10 reverse stock split on April 28, 2025 such that every 10 shares of the Company's Class A Common Stock were combined into one share of the Company's Class A Common Stock. Subsequent to filing the Original 10-Q, on July 17, 2025, the Company's board of directors (pursuant to previously-obtained shareholder approval) approved the implementation of a 1-for-1.99 reverse stock split, such that every 1.99 shares of the Company's Class A Common Stock will be combined into one issued and outstanding share of the Company's Class A Common Stock, with no change in the \$0.0001 par value per share. The 1-for-1.99 reverse stock split was effected on July 27, 2025.

All share information included in the Original 10-Q reflected the April 28, 2025 reverse stock split as if it had occurred at the earliest period presented. All share information included in this Amendment No. 1 has been updated to reflect the July 27, 2025 reverse stock split as if it occurred as of the earliest period presented.

FOXO TECHNOLOGIES INC.
FORM 10-Q/A FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2025

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

This Quarterly Report on Form 10-Q/A, 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 value of 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.

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, 2024, which was filed with the U.S. Securities and Exchange Commission (the “SEC”) on April 15, 2025.

Unless expressly indicated or the context requires otherwise, the terms “FOXO,” the “Company,” “we,” “us” or “our” in this Quarterly 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

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2025	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	\$ 16,907	\$ 68,268
Accounts receivable, net	2,654,901	2,270,957
Supplies	188,387	161,466
Prepaid expenses	188,866	291,011
Other current assets	145,630	89,564
Total current assets	3,194,691	2,881,266
Property and equipment, net	328,030	364,481
Intangible assets, net	9,011,897	9,015,556
Goodwill	30,596,876	25,463,948
Right-of-use assets	3,879,886	3,982,820
Total assets	\$ 47,011,380	\$ 41,708,071
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 7,315,741	\$ 6,677,281
Accrued expenses	13,101,897	13,521,416
Notes payable	2,587,513	7,279,724
Related parties' notes payable	2,945,950	2,671,924
Related parties' payables and accrued expenses	6,974,811	1,941,385
Other loans	467,458	268,257
Right-of-use lease obligations	397,223	367,474
Total current liabilities	33,790,593	32,727,461
Warrant liabilities	9,652	41,246
Right-of-use lease obligations, non-current	3,558,289	3,667,553
Total liabilities	37,358,534	36,436,260
Commitments and contingencies (Note 14)		
Stockholders' equity		
Series A Preferred Stock, \$0.0001 par value and \$1,000 stated value per share; 35,000 shares authorized, 22,232 and 22,540 issued and outstanding as of March 31, 2025 and December 31, 2024, respectively	2	2
Series B Preferred Stock, \$0.0001 par value and \$1,000 stated value per share; 7,500 shares authorized, 3,308 and 0 issued and outstanding as of March 31, 2025 and December 31, 2024, respectively	-	-
Series C Preferred Stock, \$0.0001 par value and \$1,000 stated value per share; 5,000 shares authorized, 405 and 120 issued and outstanding as of March 31, 2025 and December 31, 2024, respectively	-	-
Series D Preferred Stock, \$0.0001 par value and \$1,000 stated value per share; 10,000 shares authorized, 4,312 and 4,312 issued and outstanding as of March 31, 2025 and December 31, 2024, respectively	1	1
Class A Common Stock, \$0.0001 par value, 500,000,000 shares authorized, 1,720,330 and 1,183,942 shares issued and outstanding as of March 31, 2025 and December 31, 2024, respectively	173	119
Additional paid-in capital	201,038,611	195,864,697
Accumulated deficit	(191,329,650)	(190,541,067)
Total FOXO stockholders' equity	9,709,137	5,323,752
Noncontrolling interest	(56,291)	(51,941)
Total stockholders' equity	9,652,846	5,271,811
Total liabilities and stockholders' equity	\$ 47,011,380	\$ 41,708,071

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

FOXO TECHNOLOGIES INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2025	2024
Net revenues	\$ 3,169,920	\$ 7,180
Operating expenses:		
Direct costs of revenue	1,903,936	-
Research and development	30,000	165,360
Management contingent share plan	18,878	32,551
Selling, general and administrative	2,764,086	987,937
Total operating expenses	4,716,900	1,185,848
Loss from operations	(1,546,980)	(1,178,668)
Change in fair value of warrant liabilities	31,594	9,090
Interest expense	(889,792)	(301,912)
Gain from extinguishment of Senior PIK Notes	1,863,834	-
Other non-operating expense, net	(79,464)	(32,500)
Total non-operating income (expense), net	926,172	(325,322)
Loss before income taxes	(620,808)	(1,503,990)
Provision for income taxes	-	-
Net loss, including noncontrolling interest	(620,808)	(1,503,990)
Noncontrolling interest	4,350	-
Net loss attributable to FOXO	(616,458)	(1,503,990)
Deemed dividends from the issuances of preferred stock and the triggers of down round provisions and extension of Assumed Warrants	(172,125)	(656,164)
Net loss to common stockholders	(788,583)	(2,160,154)
Preferred stock dividends – undeclared	(314,909)	-
Net loss to common stockholders, net of preferred stock dividends – undeclared	\$ (1,103,492)	\$ (2,160,154)
Net loss per share of Class A Common Stock, basic and diluted	\$ (0.73)	\$ (4.82)
Weighted average number of shares of Class A Common Stock, basic and diluted	1,506,959	448,117

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

FOXO TECHNOLOGIES INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

	<u>Preferred Stock</u>		<u>Class A Common Stock</u>		<u>Additional Paid-In-Capital</u>	<u>Accumulated Deficit</u>	<u>Total FOXO Stockholders' Equity</u>	<u>Noncontrolling Interest</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>					
Balance, December 31, 2024	26,972	\$ 3	1,183,942	\$ 119	\$195,864,697	\$(190,541,067)	\$ 5,323,752	\$ (51,941)	\$ 5,271,811
Net loss to common stockholders	-	-	-	-	-	(788,583)	(788,583)	-	(788,583)
Noncontrolling interest	-	-	-	-	-	-	-	(4,350)	(4,350)
Stock-based compensation	-	-	-	-	27,716	-	27,716	-	27,716
Common stock issued for conversions of Series A Preferred Stock	(308)	-	73,374	7	(7)	-	-	-	-
Issuances of Series B Preferred Stock in exchange for Senior PIK Notes, net of finder's fees	3,457	-	-	-	3,282,500	-	3,282,500	-	3,282,500
Issuance of Series C Preferred Stock for cash investment, net of finder's fees	60	-	-	-	44,825	-	44,825	-	44,825
Exchanges of Series B Preferred Stock for Series C Preferred Stock	75	-	-	-	-	-	-	-	-
Common stock issued for conversions and exchanges of notes payable	-	-	217,302	22	828,452	-	828,474	-	828,474
Common stock issued under terms of notes payable	-	-	30,752	3	38,247	-	38,250	-	38,250
Common stock issuable under terms of notes payable	-	-	-	-	68,225	-	68,225	-	68,225
Common stock issued and issuable for finder's fees	-	-	11,494	1	141,189	-	141,190	-	141,190
Shares issued under Corporate Development and Advisory Agreement	-	-	39,389	4	(4)	-	-	-	-
Common stock issued for legal settlement	-	-	165,077	17	570,646	-	570,663	-	570,663
Deemed dividends from issuances of preferred stock and triggers of down round provisions of Assumed Warrants	-	-	-	-	172,125	-	172,125	-	172,125
Balance, March 31, 2025	<u>30,256</u>	<u>\$ 3</u>	<u>1,720,330</u>	<u>\$ 173</u>	<u>\$ 201,038,611</u>	<u>\$(191,329,650)</u>	<u>\$ 9,709,137</u>	<u>\$ (56,291)</u>	<u>\$ 9,652,846</u>

	<u>Preferred Stock</u>		<u>Common Stock (Class A)</u>		<u>Additional Paid-In-Capital</u>	<u>Accumulated Deficit</u>	<u>Noncontrolling Interest</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
Balance, December 31, 2023	-	\$ -	384,223	\$ 38	\$ 162,960,438	\$(177,060,285)	\$ -	\$(14,099,809)
Net loss to common stockholders	-	-	-	-	-	(2,160,154)	-	(2,160,154)
Stock-based compensation	-	-	(34)	-	102,533	-	-	102,533
Common Stock issued to KR8 under License Agreement	-	-	65,327	7	378,033	-	-	378,040
Common Stock issued under Corporate Development and Advisory Agreement	-	-	22,613	2	152,998	-	-	153,000
Common Stock issued to MSK under Shares for Services Agreement	-	-	25,680	3	48	-	-	51
Common Stock Issued to employee	-	-	2,674	-	15,694	-	-	15,694
Warrants issued for finder's fee	-	-	-	-	17,147	-	-	17,147
Deemed dividends from trigger of down round provisions and extension of Assumed Warrants	-	-	-	-	656,164	-	-	656,164
Balance, March 31, 2024	<u>-</u>	<u>\$ -</u>	<u>500,483</u>	<u>\$ 50</u>	<u>\$ 164,283,055</u>	<u>\$(179,220,439)</u>	<u>\$ -</u>	<u>\$(14,937,334)</u>

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

FOXO TECHNOLOGIES INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss, including noncontrolling interest	\$ (620,808)	\$ (1,503,990)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	143,044	260,324
Gain from extinguishment of Senior PIK Notes	(1,863,834)	-
Equity-based compensation, net of forfeitures	27,716	118,222
Amortization of consulting fees paid in common stock	96,904	25,500
Change in fair value of warrants	(31,594)	(8,091)
Senior PIK Notes interest	70,593	258,263
Amortization of debt discounts and debt issuance costs	353,157	32,575
Non-cash interest expense on right-of-use lease obligations	220,486	-
Non-cash interest on other loans	141,000	-
Changes in operating assets and liabilities:		
Accounts receivable	(383,944)	-
Supplies	(26,921)	-
Prepaid expenses	5,241	58,574
Other current assets	(56,066)	5,132
Accounts payable	638,460	982,533
Accrued and other liabilities, including related parties' payables	239,476	(635,344)
Other liabilities	9,500	-
Right-of-use lease obligations	(300,001)	-
Net cash used in operating activities	(1,337,591)	(406,302)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash from investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuances of notes payable, net of issuance costs	965,000	370,720
Proceeds from other loans	279,000	-
Borrowings under note payable to RHI	274,026	-
Payments on notes payable	(46,322)	-
Payments on other loans	(230,299)	-
Proceeds from issuance of Series C Preferred Stock, net of issuance costs	44,825	-
Net cash provided by financing activities	1,286,230	370,720
Net change in cash and cash equivalents	(51,361)	(35,582)
Cash and cash equivalents at beginning of period	68,268	38,116
Cash and cash equivalents at end of period	\$ 16,907	\$ 2,534

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

FOXO TECHNOLOGIES INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED 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 commercializing epigenetic biomarker technology to support groundbreaking scientific research and disruptive next-generation business initiatives. The Company applies automated machine learning and artificial intelligence (“AI”) technologies to discover epigenetic biomarkers of human health, wellness and aging and, with the acquisitions from Rennova Health Inc. (“RHI”) of Myrtle Recovery Centers, Inc. (“Myrtle”), a Tennessee corporation, effective on June 14, 2024, and Rennova Community Health, Inc. (“RCHI”), a Florida corporation, and its wholly owned subsidiary, Scott County Community Hospital, Inc. (“SCCH”), a Tennessee corporation, on September 10, 2024, the Company offers behavioral health services, including substance use disorder treatment, and operates a critical access designated hospital in Oneida, Tennessee. The acquisitions of Myrtle and RCHI are more fully discussed in Note 5.

Segments

The Company manages and classifies its business into two reportable business segments: (i) Healthcare; and (ii) Labs and Life. Previously, Labs and Life were treated as separate segments, however, with the acquisition of Myrtle in June 2024, the Company’s operational focus shifted such that it was appropriate to combine its Labs and Life segments during the second quarter of 2024 and to operate Myrtle, RCHI and SCCH under the Company’s recently formed Healthcare segment. SCCH is doing business as Big South Fork Medical Center (“BSF”).

Note 2 GOING CONCERN AND MANAGEMENT’S PLAN

Under Accounting Standards Codification (“ASC”), *Presentation of Financial Statements—Going Concern (Subtopic 205-40)* (“ASC 205-40”), the Company has the responsibility to evaluate whether conditions and/or events raise substantial doubt about its ability to meet its future financial obligations as they become due within one year after the date that the financial statements are issued. As required by ASC 205-40, this evaluation shall initially not take into consideration the potential mitigating effects of plans that have not been fully implemented as of the date the financial statements are issued. Management has assessed the Company’s ability to continue as a going concern in accordance with the requirement of ASC 205-40.

The Company’s history of losses requires management to critically assess its ability to continue operating as a going concern. For the three months ended March 31, 2025 and 2024, the Company incurred a net loss to common stockholders of \$0.8 million and \$2.2 million, respectively. As of March 31, 2025, the Company had a working capital deficit of \$30.6 million. Cash used in operating activities for the three months ended March 31, 2025 and 2024 was \$1.3 million and \$0.4 million, respectively. As of March 31, 2025, the Company had \$16,907 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-raising initiatives and has demonstrated previous success in raising capital to support its operations, including equity, principally preferred stock, and debt financings.

See Note 9 for information on promissory notes issued and outstanding during the three months ended March 31, 2025, Note 12 for information on preferred stock and common stock issued and outstanding during the three months ended March 31, 2025 and Note 16 for financing transactions entered into subsequent to March 31, 2025.

On September 20, 2022, the Company issued to certain investors 15% Senior Promissory Notes (the “Senior PIK Notes”) in an aggregate principal amount of \$3.5 million, each with a maturity date of April 1, 2024 (the “Maturity Date”). The Senior PIK Notes are more fully discussed in Note 9. Pursuant to the terms of the Senior PIK Notes, commencing on November 1, 2023, and on each one-month anniversary thereof, the Company was required to pay the holders of the Senior PIK Notes an equal amount until their outstanding principal balance had been paid in full on the Maturity Date, or, if earlier, upon acceleration or prepayment of the Senior PIK Notes in accordance with their terms. The Company failed to make the payments due on November 1, 2023 and on each one-month anniversary thereof, which constituted an event of default under the Senior PIK Notes.

On October 18, 2024, the Company entered into Amendment No. 1 to the Senior PIK Notes (the “PIK Notes Amendment No. 1”). Under the PIK Notes Amendment No.1, which was approved by the Company’s shareholders effective January 17, 2025, on January 22, 2025, the Senior PIK Notes were automatically exchanged for 3,457.5 shares of the Company’s newly designated Series B Cumulative Convertible Redeemable Preferred Stock (the “Series B Preferred Stock”) with a stated value of \$1,000 per share. The Company recorded a gain from the extinguishment from the Senior PIK Notes of \$1.9 million as a result of the exchange. The exchange and the Series B Preferred Stock are more fully discussed in Notes 9 and 12.

While the transactions discussed above have improved the Company’s capital structure, until such time as it is able to generate positive cash flows from operations, it will need to obtain external sources of financing to fund its operations. There can be no assurances that such sources of financing will be available, or if available at all, on favorable terms. As such, until additional equity or debt capital is secured and the Company begins generating sufficient revenue and operating cash flows, 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 unaudited condensed consolidated financial statements. If the Company is unable to fund its operations, it will be required to evaluate further alternatives, which could include further curtailing or suspending its operations, selling the Company, dissolving and liquidating its assets or seeking protection under bankruptcy laws. A determination to take any of these actions could occur at a time that is earlier than when the Company would otherwise exhaust its cash resources.

These unaudited condensed consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Note 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

The unaudited condensed consolidated financial statements were prepared using generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Regulation S-X. Accordingly, these financial statements do not include all information or notes required by generally accepted accounting principles for annual financial statements and should be read in conjunction with the consolidated financial statements as filed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024. In the opinion of management, the unaudited condensed consolidated financial statements included herein contain all adjustments necessary to present fairly the Company’s consolidated financial position as of March 31, 2025, and the results of its operations and changes in stockholders’ equity (deficit) for the three months ended March 31, 2025 and 2024 and its cash flows for the three months ended March 31, 2025 and 2024. Such adjustments are of a normal recurring nature. The results of operations for the three months ended March 31, 2025 may not be indicative of results for the year ending December 31, 2025.

The unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and in accordance with Regulation S-X of the SEC. The unaudited condensed consolidated financial statements include the accounts of FOXO and its wholly-owned and majority-owned subsidiaries. All significant inter-company balances and transactions have been eliminated in consolidation.

EMERGING GROWTH COMPANY

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act of 1933 and as modified by the Jumpstart Our Business Startups Act of 2012, and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, and reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements. Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Securities Exchange Act of 1934) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make a comparison of the Company’s consolidated financial statements with another public company, which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult because of the potential differences in accounting standards used.

COMPREHENSIVE LOSS

During the three months ended March 31, 2025 and 2024, comprehensive loss was equal to the net loss to common stockholders amounts presented in the unaudited condensed consolidated statements of operations.

RECLASSIFICATIONS

The purchase of the intangible asset under the KR8 Agreement, which is defined and discussed in Note 10, was previously reflected as a use of cash in the investing activities section of the cash flow statement with the corresponding accrued liability reflected in the operating activities section of the cash flow statement for the three months ended March 31, 2024. This amount has been reclassified to the supplemental cash flow information presented in Note 15. The following table presents the effects of the reclassification for the three months ended March 31, 2024:

	Three Months Ended March 31, 2024		Adjusted	As Revised
	As Previously Presented			
Net cash provided by (used in) operating activities	\$ 1,715,788	\$ (2,122,090)	\$ (406,302)	
Net cash used in investing activities	(2,122,090)	2,122,090	-	
Net change in cash	<u>\$ (406,302)</u>	<u>\$ -</u>	<u>\$ (406,302)</u>	
Non-cash related party payable for purchase of intangible asset	\$ -	\$ 2,122,090	\$ 2,122,090	

REVERSE STOCK SPLIT

On April 17, 2025, the Company's board of directors (pursuant to a previously-obtained shareholder approval) approved an amendment to its Second Amended and Restated Certificate of Incorporation, as amended (the "**Charter Amendment**"), to implement a 1-for-10 reverse stock split, such that every 10 shares of Common Stock will be combined into one issued and outstanding share of Common Stock, with no change in the \$0.0001 par value per share (the "**Reverse Stock Split**").

The Reverse Stock Split was effective at 4:01 p.m., Eastern Time, on April 28, 2025. Trading reopened on April 29, 2025, which is when our Class A Common Stock began trading on a post reverse stock split basis.

All share information included in these financial statements has been reflected as if the Reverse Stock Split occurred as of the earliest period presented.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Management evaluates these estimates and judgments on an ongoing basis and bases its estimates on experience, current and expected future conditions, third-party evaluations, and various other assumptions that management believes are reasonable under the circumstances. Significant estimates and assumptions include the estimates of fair values of assets acquired and liabilities assumed in business combinations, contractual allowances and doubtful account reserves, long-lived assets, the valuation allowance relating to the Company's deferred tax assets, the valuations of goodwill, intangible assets, equity and derivative instruments, deemed dividends, litigation and related reserves, among others. It is reasonably possible that actual experience could differ from the estimates and assumptions utilized and would impact future results of operations and cash flows. All revisions to accounting estimates are recognized in the period in which the estimates are revised. A description of each critical estimate is incorporated within the discussion of the related accounting policies which follow.

CASH AND CASH EQUIVALENTS

The company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents are stated at cost, which approximates fair value. At times, cash account balances may exceed insured limits. The Company has not experienced any losses related to such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

IMPAIRMENT OF GOODWILL, INTANGIBLE ASSETS AND CLOUD COMPUTING ARRANGEMENTS

The Company reviews its goodwill and intangible assets to determine potential impairment annually or whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be fully recoverable. Recoverability is measured by comparing the carrying amount of the asset group with the future undiscounted cash flows the assets are expected to generate. Considerable management judgment is necessary to estimate future cash flows. Accordingly, actual results could vary significantly from such estimates. If such assets are considered impaired, an impairment loss is measured by comparing the amount by which the carrying value exceeds the fair value of the long-lived assets. At March 31, 2025 and December 31, 2024, the Company had intangible assets and goodwill resulting from the acquisitions of Myrtle and RCHI, which more fully discussed in Note 5. No impairments of intangible assets and goodwill were recorded in the three months ended March 31, 2025 and 2024.

LEASES

We account for leases in accordance with Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*, which requires leases with durations greater than 12 months to be recognized on the balance sheet. We lease facilities under operating leases with a subsidiary of RHI, a related party. For operating leases with terms greater than 12 months, we record the related right-of-use assets and right-of-use obligations at the present value of lease payments over the term. We do not separate lease and non-lease components of contracts. Our operating leases are more fully discussed in Note 11.

REVENUE RECOGNITION POLICY

The Company recognizes revenue in accordance with ASC, “*Revenue from Contracts with Customers (Topic 606)*,” including subsequently issued updates. Under the accounting guidance, revenues are presented net of estimated contractual allowances and estimated implicit price concessions.

Presently, its healthcare segment consists of the operations of Myrtle from its acquisition date of June 14, 2024, and of RCHI from its acquisition date of September 10, 2024.

Myrtle’s revenues relate to contracts with patients in which its performance obligations are to provide behavioral health care services to its patients. Revenues are recorded during the period its obligations to provide health care services are satisfied. Myrtle’s performance obligations for inpatient services are generally satisfied over periods averaging approximately 7 to 28 days depending on the service line, and revenues are recognized based on charges incurred. The contractual relationships with patients, in most cases, also involve third-party payers and the transaction prices for the services provided are dependent upon the terms provided by or negotiated with the third-party payers. The payment arrangements with third-party payers for the services Myrtle provides to its patients typically specify payments at amounts less than its standard charges. Services provided to patients are generally paid at prospectively determined rates per diem.

RCHI’s revenues relate to contracts with patients of BSF in which its performance obligations are to provide health care services to the patients. Revenues are recorded during the period its obligations to provide health care services are satisfied. Its performance obligations for inpatient services are generally satisfied over periods averaging approximately three days, and revenues are recognized based on charges incurred. Its performance obligations for outpatient services, including emergency room-related services, are generally satisfied over a period of less than one day. The contractual relationships with patients, in most cases, also involve a third-party payer (Medicare, Medicaid, managed care health plans and commercial insurance companies) and the transaction prices for the services provided are dependent upon the terms provided by (Medicare and Medicaid) or negotiated with (managed care health plans and commercial insurance companies) the third-party payers. The payment arrangements with third-party payers for the services it provides to the related patients typically specify payments at amounts less than our standard charges. Medicare, because of BSF’s designation as a critical access care hospital, generally pays for inpatient and outpatient services at rates related to the hospital’s costs. Services provided to patients having Medicaid coverage are generally paid at prospectively determined rates per discharge, per identified service or per covered member. Agreements with commercial insurance carriers, managed care and preferred provider organizations generally provide for payments based upon predetermined rates per diagnosis, per diem rates or discounted fee-for-service rates.

Laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation. Estimated reimbursement amounts are adjusted in subsequent periods as cost reports are prepared and filed and as final settlements are determined (in relation to certain government programs, primarily Medicare, this is generally referred to as the “cost report” filing and settlement process). As of March 31, 2025 and December 31, 2024, \$2.0 million and \$2.1 million, respectively, of Medicare cost report settlement reserves were recorded in accrued expenses on the unaudited condensed consolidated balance sheets, as presented in Note 8.

Management continually reviews the contractual estimation process to consider the frequent changes in managed care contractual terms resulting from contract renegotiations and renewals. Under the revenue recognition accounting guidance, revenues are presented net of estimated contractual allowances and estimated implicit price concessions. The healthcare segment’s net revenues are based upon the estimated amounts it expects to be entitled to receive from third-party payers and patients based, in part, on Medicare and Medicaid rates as discussed above as for each of Myrtle and BSF. The healthcare segment also records estimated implicit price concessions related to uninsured accounts to record self-pay revenues at the estimated amounts it expects to collect.

The collection of outstanding receivables is the healthcare segment’s primary source of operating cash and is critical to its operating performance. The primary collection risks relate to patient accounts for which the primary insurance carrier has paid the amounts covered by the applicable agreement, but patient responsibility amounts (deductibles and copayments) remain outstanding. Implicit price concessions relate primarily to amounts due directly from patients. Accounts are written off when all reasonable internal and external collection efforts have been carried out. The estimates for implicit price concessions are based upon management’s assessment of historical write offs and expected net collections, business and economic conditions and other collection indicators.

The Company has recorded minor amounts of revenues from its Labs and Life segment during the three months ended March 31, 2025 and 2024. The Labs and Life segment's revenues consist of royalties based on the Company's epigenetic biomarker research, agents' commissions earned on the sale, servicing and placement of life insurance policies, and epigenetic testing services sold primarily to research organizations. Revenues are recognized when control of the promised goods or services is transferred to the Company's customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. The Company applies judgment in determining the customer's ability and intention to pay based on a variety of factors including the customer's historical payment experience.

CONTRACTUAL ALLOWANCES AND DOUBTFUL ACCOUNTS POLICY

In accordance with ASC, "*Revenue from Contracts with Customers (Topic 606)*," including subsequently issued updates, the Company does not present "allowances for doubtful accounts" on its balance sheets, rather its accounts receivable are reported at realizable value, net of estimated contractual allowances and estimated implicit price concessions (also referred to as doubtful accounts), which are estimated and recorded in the period the related revenue is recorded. ASC, "*Financial Instruments Credit Losses (Topic 326)*," requires that healthcare organizations estimate credit losses on a forward-looking basis taking into account historical collection and payer reimbursement experience as an integral part of the estimation process related to contractual allowances and doubtful accounts. Receivables deemed to be uncollectible are charged against the allowance for doubtful accounts after all collection efforts have ceased or the account is settled for less than the amount originally estimated to be collected. Recoveries of receivables previously written-off are recorded as credits to the allowance for doubtful accounts. Revisions to the allowances for doubtful accounts are recorded as adjustments to revenues.

During the three months ended March 31, 2025, estimated contractual allowances and implicit price concessions of \$17.5 million have been recorded as reductions to revenues and accounts receivable balances to enable the Company to record its revenues and accounts receivable at the estimated amounts it expects to collect. As required by Topic 606, after deducting estimated contractual allowances and implicit price concessions from the healthcare segment's revenues for the three months ended March 31, 2025, the Company recorded healthcare net revenues of \$3.2 million. Myrtle and SCCH were acquired on June 14, 2024 and September 10, 2024, respectively, thus no revenues were recorded related to the healthcare segment in the three months ended March 31, 2024. The Company continues to review the provisions for contractual allowances and implicit price concessions. See Note 6.

EQUITY-BASED COMPENSATION

In 2022, we offered equity-based compensation to employees and non-employees in the form of stock options and restricted stock. We measure and recognize all equity-based payments to employees, service providers and board members at fair value. The cost of services received from employees and non-employees in exchange for awards of equity instruments is recognized in the consolidated statements of operations based on the estimated fair value of those awards on the grant date or reporting date, if required to be remeasured, and amortized on a straight-line basis over the requisite service period. We recognize forfeitures as incurred. We utilize a Black-Scholes valuation model to estimate the fair value of stock options and this model requires the input of assumptions, including the exercise price, volatility, expected term, discount rate, and the fair value of the underlying membership or stock on the date of grant. These inputs are provided at the grant date for an equity classified award and each measurement date for a liability classified award. Equity-based compensation awards are considered granted (i) when there is a mutual understanding of key terms, (ii) we are contingently obligated to issue the options, and (iii) the option holder begins to benefit or be adversely impacted by changes in our stock price. This primarily occurs at the time the stock option agreements are executed. The fair value of each stock option is estimated using a Black-Scholes valuation model while considering the respective rights of each type of stockholder. We did not grant stock options during the three months ended March 31, 2025 and 2024 however, we had forfeitures during the three months ended March 31, 2024. We also had forfeitures of restricted stock awards during the three months ended March 31, 2024.

INCOME TAXES

Deferred taxes are provided on an asset and liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. The Company is required to analyze its filing positions open to review and believes all significant positions have a “more-likely-than-not” likelihood of being upheld based on their technical merit and, accordingly, the Company has not identified any unrecognized tax benefits.

The Company has not provided income tax benefits for the losses that it incurred in the three months ended March 31, 2025 and 2024. The Company incurred a pre-tax loss for the year ended December 31, 2024. In addition, the Company believes that its available net operating loss carryforwards would offset future taxable income, in any, for the year ended December 31, 2025. Therefore, its effective tax rates were zero for the periods presented and it has provided a full valuation allowance for its net deferred tax assets.

NET LOSS PER SHARE

Net loss per share of common stock is calculated by dividing net loss to common stockholders by the weighted average number of shares of common stock outstanding during the period. The Company follows the provisions of ASC Topic 260, *Earnings Per Share* for determining whether outstanding shares that are contingently returnable are included for purposes of calculating net loss to common stockholders per share and determining whether instruments granted in equity-based compensation arrangements are participating securities for purposes of calculating net loss to common stockholders per share. See Note 4, *Net Loss Per Share*.

BUSINESS COMBINATIONS

The Company follows the guidance in ASC 805, *Business Combinations* for determining the appropriate accounting treatment for business acquisitions. Under ASC 805, the assets acquired, and liabilities assumed are recorded as of the acquisition date, at their respective fair values and consolidated with those of the Company. The excess of the purchase prices over the aggregate fair value of the tangible assets acquired and liabilities assumed is treated as goodwill in accordance with ASC 805. During the measurement period or until valuation studies are completed, the provisional amounts used for the purchase price allocation are subject to adjustments for a period not to exceed one year from the date of acquisition. Acquisition costs are expensed as incurred. The Company has completed the valuation studies for the purchases of Myrtle and RCHI with the exception of the determination of additional goodwill and any additional purchase price liability. The accounting for the acquisitions of Myrtle and RCHI are presented in Note 5.

RECENTLY ISSUED ACCOUNTING STANDARDS

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures*, which requires enhanced annual disclosures for specific categories in the rate reconciliation and income taxes paid disaggregated by federal, state and foreign taxes. ASU 2023-09 is effective for public business entities for annual periods beginning on January 1, 2025. The Company adopted ASU 2023-09 effective January 1, 2025 and will apply a retrospective approach to all prior periods presented in its annual financial statements. The Company does not expect the adoption of this new standard to have a material effect on its disclosures in its annual financial statements.

In November 2024, the FASB issued ASU 2024-04, *Debt with Conversions and Other Options (Subtopic 470-20), Induced Conversions of Convertible Debt Instruments*. The amendments in this ASU clarify when the settlement of a debt instrument should be accounted for as an induced conversion. Under this ASU, (a) to be accounted for as an induced conversion, an inducement offer is required to preserve the form and amount of consideration issuable upon conversion in accordance with the terms of the instrument (rather than only the equity securities issuable upon conversion), (b) whether a settlement of convertible debt is an induced conversion should be assessed as of the date the inducement offer is accepted by the holder, and (c) issuers that have exchanged or modified a convertible debt instrument within the preceding 12 months (that did not result in extinguishment accounting) should use the terms that existed 12 months before the inducement offer was accepted when determining whether induced conversion accounting should be applied. The amendments in this ASU are effective for all entities for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities that have adopted the amendments in ASU 2020-06. The amendments in this ASU permit an entity to apply the new guidance on either a prospective or a retrospective basis. The Company has not yet determined the impact of the adoption of this ASU on its consolidated financial statements.

Other recent accounting standards issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the SEC did not or are not believed by management to have a material impact on the Company’s present or future consolidated financial statements.

Note 4 NET LOSS PER SHARE

The Company excluded the effect of the 168 and 754 shares related to the Management Contingent Share Plan outstanding and not vested as of March 31, 2025 and 2024, respectively, from the computation of basic and diluted net loss per share for the three months ended March 31, 2025 and 2024, as the conditions to trigger the vesting of the such shares had not been satisfied as of March 31, 2025 and 2024. The Management Contingent Share Plan is more fully described in Note 14 to the Company’s consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2024.

The following table sets forth the calculation of basic and diluted loss per share for the periods presented based on the weighted average number of shares of the Company's Class A Common Stock outstanding during the three months ended March 31, 2025 and 2024:

	2025	2024
Net loss attributable to FOXO	\$ (616,458)	\$ (1,503,990)
Deemed dividends from the issuances of preferred stock and the triggers of down round provisions and extension of Assumed Warrants	(172,125)	(656,164)
Net loss to common stockholders	(788,583)	(2,160,154)
Preferred stock dividends – undeclared	(314,909)	-
Net loss to common stockholders, net of preferred stock dividends – undeclared	\$ (1,103,492)	\$ (2,160,154)
Basic and diluted weighted average number of shares of Class A Common Stock	1,506,959	448,117
Basic and diluted net loss per share available to Class A Common Stock	\$ (0.73)	\$ (4.82)

The following Class A Common Stock equivalents of the Company 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 share of Class A Common Stock:

	March 31, 2025	March 31, 2024
Preferred stock	11,773,688	-
Public and private warrants	52,155	52,155
Assumed Warrants	-	166,594
Convertible notes payable	1,239,417	-
Finder's warrants	-	3,744
Stock options	5,264	5,685
Total antidilutive shares	13,070,524	228,178

At March 31, 2025, in addition to the common stock equivalents listed in the table above, the Company has agreed to issue: (i) up to 334,850 additional shares of its Class A Common Stock under the terms of a legal settlement as more fully discussed in Notes 14 and 16, (ii) an aggregate of 25,583 shares of its Class A Common Stock under the terms of outstanding notes payable, which are discussed in Note 9, and (iii) 62,166 shares of its Class A Common Stock for finder's fees, which are discussed in Notes 9 and 12. See Note 16 regarding the Company's Class A Common Stock and common stock equivalents issued and issuable subsequent to March 31, 2025.

Note 5 ACQUISITIONS AND STOCK EXCHANGE AGREEMENTS

On June 10, 2024, the Company entered into two stock exchange agreements, each with RHI.

Acquisition of Myrtle Under First Stock Exchange Agreement

The first agreement, as supplemented (the "Myrtle Agreement"), provided for RHI to exchange all of its equity interest in Myrtle for \$0.5 million, payable in a combination of shares of the Company's Class A Common Stock and a note payable. The closing occurred effective on June 14, 2024. The Company recorded a non-interest bearing note payable due on demand to RHI in the amount of \$0.3 million and it paid the remaining purchase price of \$0.2 million by issuing 102,363 shares of its Class A Common Stock to RHI on July 17, 2024. The number of shares of the Company's Class A Common Stock issuable to RHI was determined by dividing \$0.2 million by the volume weighted average price of the Company's Class A Common Stock on the day prior to closing, which was \$4.58 per share. In addition to the \$0.3 million promissory note issued to RHI for a portion of the purchase price of Myrtle, Myrtle issued a promissory note payable to RHI dated June 13, 2024, in the original principal amount of \$1.6 million, which represented the amount owed to RHI by Myrtle at the time of the sale of Myrtle to the Company. The \$0.3 million note and the \$1.6 million note are more fully discussed in Note 9.

Myrtle was formed in the second quarter of 2022 to pursue opportunities in the behavioral health sector, including substance use disorder treatment, initially in rural markets. Services are provided on either an inpatient, residential basis or an outpatient basis.

On August 10, 2023, Myrtle was granted a license by the Department of Mental Health and Substance Abuse Services of Tennessee to operate an alcohol and drug treatment facility in Oneida, Tennessee. The facility, which is located at BSF's campus, commenced operations and began accepting patients on August 14, 2023. The facility offers alcohol and drug residential detoxification and residential rehabilitation treatment services for up to 30 patients. On November 1, 2023, Myrtle began accepting patients at its Nonresidential Office-Based Opiate Treatment Facility ("OBOT"). The OBOT is located adjacent to Myrtle's alcohol and drug treatment facility in Oneida, Tennessee and complements the existing residential rehabilitation and detoxification services offered at Myrtle.

Myrtle has been granted two licenses from the Tennessee Department of Mental Health and Substance Abuse Services, effective August 1, 2024, for 12 months. The first license authorizes the provision of services for alcohol and drug residential detoxification treatment, as well as alcohol and drug residential rehabilitation treatment. The second license authorizes the provision of services for non-residential office-based opiate treatment.

On April 11, 2023, Myrtle sold shares of its common stock equivalent to a 1.961% ownership stake in Myrtle for a de minimis value to an unaffiliated individual licensed as a physician in Tennessee. The shares have certain transfer restrictions, including the right of the subsidiary to transfer the shares to another physician licensed in Tennessee for de minimis value. The shares were sold to the individual for Tennessee healthcare regulatory reasons.

Acquisition of RCHI and Its Subsidiary SCCH Under the Second Stock Exchange Agreement with RHI, as Amended and Restated

The second agreement with RHI, also dated June 10, 2024, (the "RCHI Agreement") provided for the RHI to exchange all of the outstanding shares of its subsidiary RCHI, including SCCH, for 20,000 shares of the Company's then to be authorized Series A Cumulative Convertible Redeemable Preferred Stock ("the Series A Preferred Stock"). Closing of the RCHI Agreement was subject to a number of conditions. On September 10, 2024, the parties to the RCHI Agreement entered into an Amended and Restated Securities Exchange Agreement (the "RCHI SEA"), which revised the consideration payable to RHI from shares of FOXO Series A Preferred Stock to \$100. In addition, RCHI issued to RHI a senior secured note in the principal amount of \$22.0 million (subject to adjustment as described below) (the "RCHI Note"). The RCHI Note had a maturity date of September 10, 2026 and accrued interest on any outstanding principal amount at the rate of 8% per annum for the first six months, increasing to 12% per annum thereafter and accrued at 20% per annum in the event of certain defaults as described in the agreement. After maturity, interest accrued at a rate of 20% per annum. The RCHI Note required principal repayments equal to 10% of the free cash flow (net cash from operations less capital expenditures) from RCHI and SCCH.

The RCHI Note was guaranteed by the Company and SCCH, pursuant to the terms of a Guaranty Agreement (the "Guaranty"). The RCHI Note was also secured by the assets of RCHI and Scott County pursuant to a Security and Pledge Agreement (the "RCHI Pledge Agreement") and by the "Collateral" owned by the Company as provided in the Security and Pledge Agreement with FOXO (the "FOXO Pledge Agreement"). The Amendment also provided that RHI may at any time request that the Company seek approval of its shareholders of the issuance of its Class A Common Stock upon conversion in full of the shares of the Company's Series A Preferred Stock issuable upon exchange of the RCHI Note. At any time after receipt of such approval, RHI had the option to exchange, in whole or in part, the RCHI Note for shares of the Company's Series A Preferred Stock. Upon any such exchange, RHI would receive the equivalent of \$1.00 stated value of the Company's Series A Preferred Stock for each \$1.00 of the aggregate of principal and accrued and unpaid interest, liquidated damages and/or redemption proceeds (or any other amounts owing under the RCHI Note) being exchanged.

On December 5, 2024, the Company and RCHI entered into an Exchange Agreement (the "Exchange Agreement") with RHI. Pursuant to the Exchange Agreement, \$21.0 million of the principal balance of the RCHI Note was exchanged for 21,000 shares of the Company's Series A Preferred Stock with a stated value of \$21.0 million. The Company's Series A Preferred Stock is more fully discussed in Note 12. Upon the closing of the Exchange Agreement, RCHI executed a new senior secured promissory note payable to RHI (the "New RCHI Note") in the principal amount of \$1.0 million. Promissory notes are presented in Note 9.

Pursuant to the RCHI SEA, in the event that FOXO, at any time after June 10, 2024, the date specified in the RCHI SEA, and during the twelve months thereafter, enters into any agreement or settlement agreement with any pre-existing holder of debt or other liability owed by FOXO above \$5.0 million (cumulative) then the consideration payable shall increase on a dollar for dollar basis for the aggregate settlement amount above \$5.0 million. As of the September 10, 2024 acquisition date, the full scope of the Company's obligations to pre-existing debt holders or other creditors was not determinable, as negotiations with creditors and debt holders remained open and unresolved. As of March 31, 2025, the Company had fully settled \$5.1 million of cumulative debts and liabilities above \$5.0 million and, accordingly, the Company has recorded the additional purchase price consideration for those completed settlements as an increase in goodwill with a corresponding increase in the related parties' payables and accrued expenses at March 31, 2025. As of March 31, 2025, the Company cannot estimate the settlement amount of additional liabilities that existed at June 10, 2024 and that may be settled because of ongoing negotiations. Any settlement of these amounts through September 10, 2025, the one-year measurement date, will be recorded as additional purchase price consideration in future periods. Any additional purchase price consideration will be recorded as goodwill with a corresponding increase in the amount owed to RHI through the one-year measurement period. Any additional settlement of qualifying debt or other liabilities subsequent to September 10, 2025, if any, will be recorded in the statement of operations as a change in the fair value of the RCHI purchase price.

As previously discussed in Note 1, RCHI's wholly-owned subsidiary, SCCH, does business as BSF. BSF is a critical access hospital located in Oneida, Tennessee consisting of a 52,000-square foot hospital building and 6,300-square foot professional building on approximately 4.3 acres. BSF has 25 inpatient beds and a 24/7 emergency department and provides ancillary services, including laboratory, radiology, respiratory and pharmacy services. The hospital became operational on August 8, 2017 and it became designated as a critical access hospital (rural) in December 2021, retroactive to June 30, 2021.

Appointment of Members of the Board of Directors, Chief Executive Officer and Chairman of the Board of Directors

In connection with the acquisition of RCHI, on September 10, 2024, Mr. Seamus Lagan, a member of the board of directors and the Chief Executive Officer and Interim Chief Financial Officer of RHI, and Mr. Trevor Langley, a member of the board of directors of RHI, were appointed to the Company's board of directors. On December 5, 2024, Mr. Lagan was appointed the Company's Chief Executive Officer. On March 12, 2025, Mr. Langley became Chairman of the Company's Board of Directors, replacing Brett Barnes who remains an independent member of the Board.

Lease Agreements Between Myrtle and RHI and SCCH and RHI

Myrtle entered into a lease agreement with a subsidiary of RHI under which Myrtle agreed to lease facilities at BSF's campus beginning June 14, 2024. The lease is for a term of one year with five annual options to renew for an additional year with an initial monthly base rental amount of \$35,000 and annual rent increases equal to the greater of 3% and the consumer price index.

On June 1, 2024, SCCH entered into a "triple net" lease agreement with a subsidiary of RHI under which SCCH agreed to lease the BSF hospital facilities. The lease is for a term of one year with five annual options to renew for an additional year with an initial monthly base rental amount of \$65,000 and annual rent increases equal to the greater of 3% and the consumer price index.

These leases are accounted for as right-of-use assets and liabilities as more fully discussed in Note 11.

The purchase consideration payable to RHI under the terms of the Myrtle Agreement and the RCHI SEA Amendment was allocated to the net tangible and intangible assets acquired and liabilities assumed. The Company accounted for the acquisitions as business combinations under U.S. GAAP. In accordance with the acquisition method of accounting under ASC Topic 805, "*Business Combinations*," ("ASC 805"), the assets acquired and liabilities assumed were recorded as of the acquisition dates, at their respective fair values and consolidated with those of the Company.

The Company has undertaken valuation studies to determine the fair values of the assets acquired, subject to adjustment for provisional amounts. Based on the studies that were prepared by an independent valuation firm, the assets acquired, net of liabilities assumed, were (\$1.4) million for Myrtle and (\$2.2) million for RCHI. The valuation firm used a number of methods to calculate the fair values of the intangible assets acquired in the Myrtle and RCHI acquisitions (principally tradenames, licenses/permits and customer relationships) including the cost and income approaches and with-and-without, relief from royalty and multiple period excess earnings methods. Furthermore, the valuation firm reviewed and utilized ten-year projections as developed by management and calculated the cost of equity capital using the build-up model and a weighted average cost of capital using comparable, guideline companies. Management believes the book value of acquired fixed assets, other tangible assets and liabilities assumed approximated their fair values. The excess of the purchase prices over the aggregate fair values of the tangible and intangible assets acquired and liabilities assumed was treated as goodwill as reflected in the table below.

The following table shows the allocations of the purchase prices of Myrtle and RCHI to the identifiable assets acquired and liabilities assumed on their respective acquisition dates:

	Myrtle	RCHI
Initial purchase price	\$ 500,000	\$ 22,000,100
Additional purchase price consideration	-	5,132,928
Total purchase price	<u>\$ 500,000</u>	<u>\$ 27,133,028</u>
Tangible and intangible assets acquired, and liabilities assumed at fair value:		
Cash	\$ 5,757	\$ 7,572
Accounts receivable, net	284,445	2,540,440
Supplies	-	201,734
Prepaid expenses	-	127,936
Property and equipment, net	221,045	176,109
Intangible assets	495,400	8,528,082
Right-of-use lease assets	-	2,693,046
Accounts payable	(708,381)	(3,081,467)
Accrued expenses	(98,731)	(8,941,433)
Right-of-use lease liabilities	-	(2,692,946)
Note payable	(1,610,671)	(623,832)
Other loan	-	(525,319)
Noncontrolling interest	37,366	-
Assets acquired, net of liabilities assumed	<u>\$ (1,373,770)</u>	<u>\$ (1,590,078)</u>
Goodwill	<u>\$ 1,873,770</u>	<u>\$ 28,723,106</u>

In addition to the purchase prices listed above, the Company incurred acquisition costs consisting of \$5,000 in legal fees for each of the acquisitions. These fees were expensed during the year ended December 31, 2024.

The following presents the unaudited pro-forma combined results of operations of the Company, Myrtle and RCHI as if the acquisitions of Myrtle and RCHI occurred on January 1, 2024.

	Three Months Ended March 31, 2024
Net revenues	\$ 3,383,457
Net loss, attributable to FOXO	\$ (2,148,791)
Deemed dividends	(656,164)
Net loss to common stockholders	(2,804,955)
Preferred stock dividends - undeclared	(262,500)
Net loss to common stockholders, net of preferred stock dividends - undeclared	<u>\$ (3,067,455)</u>
Net loss per share:	
Basic and diluted net loss per share available to Class A Common Stock	\$ (6.15)
Basic and diluted weighted average number of shares of Class A Common Stock	499,556

The unaudited pro-forma results of operations are presented for information purposes only. The unaudited pro-forma results of operations are not intended to present actual results that would have been attained had the acquisitions of Myrtle and RCHI been completed as of January 1, 2024 or to project potential operating results as of any future date or for any future periods.

Note 6 ACCOUNTS RECEIVABLE, NET

Accounts receivable at March 31, 2025 and December 31, 2024 were as follows:

	March 31, 2025	December 31, 2024
Accounts receivable, gross	\$ 15,739,334	\$ 12,200,256
Less:		
Allowance for contractual obligations	(12,044,229)	(8,967,362)
Allowance for doubtful accounts	(1,040,204)	(961,937)
Accounts receivable, net	<u>\$ 2,654,901</u>	<u>\$ 2,270,957</u>

Note 7 INTANGIBLE ASSETS, NET AND GOODWILL

The components of intangible assets, net at March 31, 2025 and December 31, 2024 were as follows:

	March 31, 2025	December 31, 2024
Tradenames	\$ 1,582,734	\$ 1,582,734
Licenses and permits	7,396,848	7,396,848
Customer relationships	43,900	43,900
Epigenetic APP	-	-
Less: accumulated amortization	(11,585)	(7,926)
Intangible assets, net	<u>\$ 9,011,897</u>	<u>\$ 9,015,556</u>

The tradenames, licenses and permits and customer relationships intangible assets resulted from the acquisitions of Myrtle and RCHI, which are more fully discussed in Note 5. The tradenames and licenses and permits assets have indefinite lives and the customer relationships is being amortized over three years.

The Company recognized amortization expense on its intangible assets of \$3,659 and \$257,674 in the three months ended March 31, 2025 and 2024, respectively. Included in the amortization expense in the three ended March 31, 2024 was \$0.2 million of expense for an Epigenetic APP that was acquired from Kr8 ai Inc., a Nevada corporation controlled by one of the Company's directors and the current interim CFO ("KR8"), as more fully discussed in Note 10 and \$49,341 for a methylation pipeline asset. During the year ended December 31, 2024, the Company recorded an impairment loss of \$1.6 million for the Epigenetic APP and an impairment loss of \$0.2 million for its methylation pipeline asset as the timeline for projected cash flows could no longer support these assets. The Company continues to believe that its Epigenetic APP asset will play a valuable part in its Epigenetic business but needs to make further investment for this asset to generate sales. Without certainty on the timeframe, the Company believed that it was appropriate to impair the value of the asset in its records in the year ended December 31, 2024.

Goodwill

Goodwill was \$30.6 million and \$25.5 million as of March 31, 2025 and December 31, 2024, respectively. The goodwill resulted from the acquisitions of Myrtle and RCHI, which are more fully discussed in Note 5.

Note 8 ACCRUED EXPENSES

At March 31, 2025 and December 31, 2024, accrued expenses consisted of the following:

	March 31, 2025	December 31, 2024
Accrued payroll and related liabilities	\$ 6,433,094	\$ 6,024,516
Accrued severance	2,174,035	2,174,035
Accrued interest	328,029	651,664
Accrued legal expenses and settlements	786,294	1,356,957
Medicare cost report settlement reserves	1,990,937	2,147,581
Other accrued expenses	1,389,508	1,166,663
Accrued expenses	<u>\$ 13,101,897</u>	<u>\$ 13,521,416</u>

Included in accrued payroll and related liabilities totaling \$6.4 million and \$6.0 million at March 31, 2025 and December 31, 2024, respectively, was approximately \$5.4 million and \$5.2 million, respectively, for past due payroll taxes and associated penalties and interest.

Related parties' payables and accrued expenses are presented in Note 10.

Note 9 DEBT

At March 31, 2025 and December 31, 2024, debt consisted of the following:

	March 31, 2025	December 31, 2024
Notes payable – third parties	\$ 2,587,513	\$ 7,279,724
Notes payable – related parties	2,945,950	2,671,924
Other loans	467,458	268,257
Total debt	6,000,921	10,219,905
Less current portion of debt	(6,000,921)	(10,219,905)
Total debt, net of current portion	\$ -	\$ -

Notes Payable – Third Parties

At March 31, 2025 and December 31, 2024 notes payable with third parties consisted of the following:

	March 31, 2025	December 31, 2024
Senior PIK Notes in the aggregate principal amount of \$0 and \$3,457,500, including interest of \$0 and \$1,793,241 at March 31, 2025 and December 31, 2024, respectively	\$ -	\$ 5,250,741
Silverback/Western Note Payable	972,357	623,832
ClearThink Notes in the aggregate principal amount of \$861,750 and \$1,166,750 net of unamortized discounts of \$233,904 and \$257,290 at March 31, 2025 and December 31, 2024, respectively	627,846	909,460
LGH notes payable in the aggregate principal amount of \$220,000 and \$222,000, net of unamortized discounts of \$84,804 and \$126,511 at March 31, 2025 and December 31, 2024, respectively	135,196	95,489
IG notes payable in the aggregate principal amount of \$230,000 and \$120,000, net of unamortized discounts of \$91,200 and \$68,739 at March 31, 2025 and December 31, 2024, respectively	138,800	51,267
1800 Diagonal notes payable in the aggregate principal amount of \$345,130 and \$264,308, net of unamortized discounts of \$111,470 and \$57,672 at March 31, 2025 and December 31, 2024, respectively	233,660	206,636
Red Road note payable in the principal amount of \$44,698 and \$91,019, net of unamortized discounts of \$24,208 and \$35,556 at March 31, 2025 and December 31, 2024, respectively	20,490	55,463
Lucas Ventures notes payable in the aggregate principal amount of \$275,000 and \$220,000, net of unamortized discounts of \$113,585 and \$133,164 at March 31, 2025 and December 31, 2024, respectively	161,415	86,836
JSC notes payable in the aggregate principal amount of \$425,150 and \$0, net of unamortized discounts of \$164,570 and \$0 at March 31, 2025 and December 31, 2024, respectively	260,580	-
Vista Capital note payable in the principal amount of \$55,000 and \$0, net of unamortized discounts of \$17,831 and \$0 at March 31, 2025 and December 31, 2024, respectively	37,169	-
Total third-party notes payable	2,587,513	7,279,724
Less current portion of third-party notes payable	(2,587,513)	(7,279,724)
Total third-party notes payable, net of current portion	\$ -	\$ -

15% Senior PIK Notes

On September 20, 2022, the Company entered into separate Securities Purchase Agreements with accredited investors pursuant to which the Company issued its Senior PIK Notes in the aggregate principal amount of \$3.5 million. The Company received net proceeds of \$2.9 million, after deducting fees and expenses of approximately \$0.6 million.

The Senior PIK Notes bore 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 matured on April 1, 2024 (the “Maturity Date”). Commencing November 1, 2023, the Company was 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 were repaid in the first year, the Company was required to pay the holders the outstanding principal balance, excluding any increases as a result of PIK Interest, multiplied by 1.15. Payment of the Senior PIK Notes was past due on December 31, 2024, as more fully discussed below. The Company failed to make the payments due on November 1, 2023 and on each one-month anniversary thereof, which constituted an event of default under the Senior PIK Notes. As a result of the event of default, the interest rate of the Senior PIK Notes increased from 15% per annum (compounded quarterly on each December 20, March 20, June 20 and September 20) to 22% per annum (compounded annually and computed on the basis of a 360-day year). In addition, the holders of the Senior PIK Notes had the right, among other remedies, to accelerate the Maturity Date and declare all indebtedness under the Senior PIK Notes due and payable at 130% of the outstanding principal balance.

As noted, as of December 31, 2024, the Senior PIK Notes were in default and the Company did not have the financial ability to correct this default. To resolve the default of the Senior PIK Notes and transition the Senior PIK Note from debt to equity, the Company asked the Senior PIK Note holders to consider certain amendments to their Notes. On October 18, 2024, the Company received the approval of over 50.01% of the holders of the Senior PIK Notes based on the Aggregate Original Principal Amount (as defined in the Senior PIK Notes) to enter into the 2024 PIK Notes Amendment, under which the Senior PIK Notes would be exchanged for the Company’s Series B Preferred Stock. Under the 2024 PIK Notes Amendment, the Senior PIK Notes (not including accrued and unpaid Interest (as defined in the Senior PIK Notes) which was waived as part of the automatic exchange) were automatically exchanged into a number of shares of Series B Preferred Stock equal to the Original Principal Amount (as defined in the Senior PIK Notes) divided by the Stated Value (\$1,000) of Series B Preferred Stock, or 3,457.5 shares of Series B Preferred Stock. Upon the automatic exchange, all Senior PIK Notes (including all accrued and unpaid interest) (which total value was \$5.4 million on the date of the exchange) were exchanged into Series B Preferred Stock, cancelled and satisfied in full. The Series B Preferred Stock is more fully discussed in Note 12.

As a result of the automatic exchange, during the three months ended March 31, 2025, the Company recorded a gain from extinguishment of Senior PIK Notes of \$1.9 million, which represented the accrued and unpaid interest, which was waived per the terms of the automatic exchange. During the three months ended March 31, 2025 and 2024, the Company recognized \$0.1 million and \$0.3 million, respectively, of contractual interest expense on the Senior PIK Notes.

Silverback/Western Note Payable

The Company assumed a promissory note payable to Western Healthcare, LLC (the “Western Note Payable”) that was owed by SCCH at the time of the acquisition of RCHI. The acquisition is discussed in Note 5. As of December 31, 2024, the principal balance owed was \$0.6 million. The note bore interest at a default rate of 18% per annum and payments consisting of principal and interest were due no later than August 30, 2022. SCCH did not make all of the monthly installments due under the note and it was past due.

In February 2025, the Western Note Payable was sold to a new holder, Silverback Capital Corporation (“Silverback”) and it was amended and restated. Per the terms of the amendment and restatement, the principal balance of the note, which includes previously accrued interest expense, was \$1.1 million, and the maturity date is February 26, 2026. The non-interest bearing note is convertible into shares of the Company’s Class A Common Stock at a conversion price equal to 90% of the average VWAP for the five trading days prior to conversion, which was \$2.603 per share on March 31, 2025. During the three months ended March 31, 2025, \$108,000 of principal balance of the note was converted into 50,251 shares of the Company’s Class A Common Stock.

Notes Payable to ClearThink Capital Partners, LLC

During the year ended December 31, 2024, the Company issued six promissory notes to ClearThink Capital Partners, LLC (“ClearThink”). On January 3, 2024, the Company issued ClearThink a promissory note in the principal amount of \$75,000. The note was issued with a \$25,000 original issue discount and matured on January 3, 2025. On January 3, 2025, the note was exchanged for 16,319 shares of the Company’s Class A Common Stock.

On January 30, 2024, the Company issued ClearThink a promissory note in the principal amount of up to \$0.8 million, of which \$0.6 million was issued. The note was issued with a \$0.2 million original issue discount and matured on January 30, 2025. In January 2025, \$450,000 principal balance of the note was exchanged for 88,932 shares of the Company’s Class A Common Stock, leaving a principal balance on March 31, 2025 of \$162,000 and accrued interest of \$76,355.

On May 15, 2024, the Company issued ClearThink a promissory note in the principal amount of \$0.3 million. The note was issued with a \$0.1 million original issue discount and 10,050 shares of the Company’s Class A Common Stock as an inducement valued at \$58,000 and the note matured on August 14, 2024. On August 16, 2024, the May 15, 2024 note was extended until September 30, 2024. Under the August 16, 2024 extension, the Company issued ClearThink 5,025 shares of its Class A Common Stock valued at \$16,300, increased the principal amount of the note by \$50,000 and applied an annual interest rate of 22% back to the original date of the investment. On October 11, 2024, the May 15, 2024 note was extended for a second time to November 30, 2024. Under the terms of the second extension, the Company issued to ClearThink an additional 10,050 shares of its Class A Common stock valued at \$34,800. On several dates during the fourth quarter of 2024, the entire principal balance of the May 15, 2024 note and associated accrued interest totaling \$0.4 million was converted into 65,619 shares of the Company’s Class A Common Stock.

On August 16, 2024, the Company issued ClearThink a promissory note in the principal amount of \$39,750, which matured on November 16, 2024 and is in default and has not yet been repaid by the Company. The note was issued with a \$13,250 original issue discount.

On November 20, 2024 and December 31, 2024, the Company issued ClearThink promissory notes each in the principal amount of \$220,000 and each with a \$20,000 original issue discount. The November 20, 2024 note, which matures on August 20, 2025, was issued with 6,281 inducement shares of the Company’s Class A Common Stock valued at \$82,500 and per the terms of the December 31, 2024 note, which matures on September 30, 2025, 6,281 inducement shares valued at \$36,375 are issuable as of March 31, 2025.

During the three months ended March 31, 2025, the Company issued two additional promissory notes to Clear Think. On January 28, 2025 and March 7, 2025, the Company issued ClearThink promissory notes each in the principal amount of \$110,000 and each with a \$10,000 original issue discount. Per the terms of the January 28, 2025 note, which matures on October 28, 2025, 3,141 inducement shares of the Company’s Class A Common Stock valued at \$15,375 are issuable as of March 31, 2025. and per the terms of the March 7, 2025 note, which matures on December 7, 2025, 5,025 inducement shares valued at \$16,000 are issuable as of March 31, 2025.

The January 30, 2024 and August 16, 2024 notes have interest rates of 12% per annum (22 – 24% per annum after the occurrence of an Event of Default, as defined in the notes). The January 3, 2024 note had an interest rate of 22% per annum as a result of the payment default and the May 15, 2024 note originally did not bear interest but as amended had an interest rate of 22% per annum as discussed above. The November 20, 2024, December 31, 2024, January 28, 2025 and March 7, 2025 notes each bore a one-time 10% interest charge upon issuance, which was recorded as additional debt discount, and upon an event of default, as that term is defined in the notes, the outstanding balances will be increased to 125% of the principal amount outstanding and a penalty of \$500 per day shall accrue. Ten percent of all future purchase notices from the Strata Purchase Agreement with ClearThink, which is more fully discussed in Note 12, must be directed toward repayment of the ClearThink notes until they are paid in full. As a result of anti-dilution provisions in the notes, the November 20, 2024, December 31, 2024, January 28, 2025 and March 7, 2025 notes are each convertible into shares of the Company's Class A Common Stock at a conversion price equal to the higher of \$1.99 per share and a 10% discount to the lowest volume weighted average price of the Company's Class A Common Stock for the five days prior to conversion, which price was \$2.37 per share on March 31, 2025.

During the three months ended March 31, 2025 and 2024, the Company received net cash proceeds from the ClearThink notes of \$200,000 and \$370,720, respectively, and the Company recorded interest expense of \$142,732 and \$42,197 respectively, including amortization of debt discounts of \$125,361 and \$32,575 respectively. As a result of the issuances of ClearThink notes, the Company incurred finder's fees due in cash, common stock warrants and common stock pursuant to finder's fee agreements, which are more fully discussed below. During the three months ended March 31, 2025 and 2024, the Company recorded approximately \$28,000 and \$34,562 of finder's fees, respectively, as debt discounts on the issuances of ClearThink notes.

Securities Purchase Agreements Dated April 28, 2024 and November 15, 2024 with LGH Investments

On April 28, 2024, the Company entered into a Securities Purchase Agreement with LGH Investments, LLC, a Wyoming limited liability company ("LGH"), pursuant to which the Company issued to LGH a convertible promissory note in the principal amount of \$110,000 and received cash proceeds of \$100,000 and it issued 10,050 shares of its Class A Common Stock as inducement shares to LGH. The note was convertible into shares of the Company's Class A Common Stock at a conversion price of \$5.97 per share. The note, which matured on January 27, 2025 was issued with a 10% original issue discount and a one-time 10% interest charge of \$11,000. The value of the 10,050 inducement shares that the Company issued to LGH in April 2024 per the terms of the note of \$56,600, was recorded as additional debt discount. In addition, the Company recorded finder's fees consisting of cash and the fair value of warrants issuable to the finder under the Finder's Fee Agreement in effect at the time of \$14,000 as additional debt discounts. In November 2024, \$108,000 of principal balance of the note was converted into 18,090 shares of the Company's Class A Common Stock leaving a principal balance of \$2,000 and \$11,000 of accrued interest at December 31, 2024. On January 15, 2025, the remaining principal balance of the note and accrued interest was converted into 2,177 shares of the Company's Class A Common Stock.

On November 15, 2024, the Company entered into a second Securities Purchase Agreement with LGH pursuant to which the Company issued to LGH a second convertible promissory note in the principal amount of \$220,000 and received cash proceeds of \$200,000 and the Company issued 6,281 shares of its Class A Common Stock as inducement shares to LGH. The note, which matures on August 14, 2025, was issued with a 10% original issue discount and a one-time 10% interest charge of \$22,000. The value of the 6,281 inducement shares of \$83,500, was recorded as additional debt discount. In addition, the Company recorded finder's fees of \$28,000 in connection with the note payable in cash and common stock as additional debt discount.

During the three months ended March 31, 2025, the Company recorded \$41,707 of amortization of debt discount as interest expense on the November 15, 2024 LGH note. As a result of the anti-dilution provisions of the November 15, 2024 note, it is convertible into shares of the Company's Class A Common Stock at a conversion price equal to the higher of \$1.99 per share and a 10% discount to the lowest volume weighted average price of the Company's Class A Common Stock for the five days prior to conversion, which price was \$2.37 per share on March 31, 2025.

Securities Purchase Agreements Dated April 30, 2024, December 24, 2024 and March 4, 2025 with IG Holdings, Inc.

On April 30, 2024, the Company entered into a Securities Purchase Agreement with IG Holdings, Inc., an Arizona corporation (“IG”), pursuant to which the Company issued IG a promissory note in the principal amount of \$150,000 and received cash proceeds of \$100,000 and the Company issued 5,025 shares of its Class A Common Stock valued at \$27,900 as inducement shares to IG. The IG note payable was issued with a \$50,000 original issue discount. Interest accrued at the rate of 22% per annum, among other penalties, upon an event of default and the note was convertible upon an event of default. The IG note payable, which initially matured three-months from the closing date was extended on August 16, 2024 to a maturity date of September 30, 2024. Under the terms of the amendment, the Company issued IG 2,513 shares of its Class A Common Stock valued at \$8,150, it increased the principal amount of the note by \$25,000 and it applied an annual interest rate of 22% back to the original date of the investment. The value of the 5,025 inducement shares that were issued to IG per the original terms of the note and the 2,513 shares of the Company’s Class A Common Stock that were issuable per the terms of the amendment to extend the maturity date to September 30, 2024 were recorded as additional debt discount. In addition, the Company recorded the cash and the fair value of the warrants issuable to the finder under the finder’s fee agreement discussed below, of \$14,000, as additional debt discount. During November 2024, the full \$175,000 principal balance of the note and the \$20,000 of accrued interest were converted into 20,854 shares of the Company’s Class A Common Stock.

On December 24, 2024, the Company entered into a second Securities Purchase Agreement with IG pursuant to which the Company issued to IG a second convertible promissory note in the principal amount of \$120,000 and received cash proceeds of \$100,000 and it issued 5,025 shares of its Class A Common Stock as inducement shares to IG. The note, which matures on September 23, 2025, was issued with a 10% original issue discount and a one-time 10% interest charge of \$12,000. The value of the 5,025 inducement shares of \$24,800 was recorded as additional debt discount. In addition, the Company recorded finder’s fees of \$14,000 payable in shares of the Company’s common stock as additional debt discount.

On March 4, 2025, the Company entered into a third Securities Purchase Agreement with IG pursuant to which the Company issued to IG a third convertible promissory note in the principal amount of \$110,000 and received cash proceeds of \$100,000. Per the terms of the note, 5,025 shares of the Company’s Class A Common Stock are issuable as inducement shares. The note, which matures on December 4, 2025, was issued with a \$20,000 original issue discount and a one-time 10% interest charge of \$11,000. The value of the 5,025 inducement shares that are issuable of \$15,700 was recorded as additional debt discount. In addition, the Company recorded finder’s fees of \$14,000 payable in shares of the Company’s Class A Common Stock as additional debt discount.

During the three months ended March 31, 2025, \$28,233 of amortization of debt discount was recorded as interest expense on the IG notes. As a result of the anti-dilution provisions of the December 24, 2024 and March 4, 2025 notes, they are each convertible into shares of the Company’s Class A Common Stock at a conversion price equal to the higher of \$1.99 per share and a 10% discount to the lowest volume weighted average price of the Company’s Class A Common Stock for the five days prior to conversion, which price was \$2.37 per share on March 31, 2025.

1800 Diagonal Lending LLC Notes Payable Dated July 22, 2024 and Security Purchase Agreements Dated November 18, 2024, January 21, 2025 and February 24, 2025

On July 22, 2024, the Company entered into a Securities Purchase Agreement with 1800 Diagonal Lending LLC (“1800 Diagonal”) pursuant to which the Company issued to 1800 Diagonal a promissory note dated July 22, 2024 in the principal amount of \$168,728, which included a one-time interest amount of \$18,078 (12% of the original principal amount of \$150,650) that was recorded as a debt discount, and it received cash of \$131,000 and it paid legal fees of \$6,000. The note was issued with a \$19,650 original issue discount and matures on May 22, 2025. The note was convertible into shares of the Company’s common stock, but only in the Event of a Default. Upon an Event of Default, 150% of the amount owed would be immediately due and payable and the note bears interest at a rate of 22% per annum upon an Event of Default. Repayment of the 1800 Diagonal Note was due in five monthly payments. The first monthly payment was due on January 22, 2025 in the amount of \$84,364 and the four subsequent monthly payments of \$21,091 each were due. In January 2025, the Company issued 59,623 shares of its Class A Common Stock upon conversion in full of the outstanding principal balance and accrued interest totaling \$173,228.

On November 18, 2024, the Company entered into a Securities Purchase Agreement with 1800 Diagonal pursuant to which 1800 Diagonal agreed to purchase a second promissory note dated November 18, 2024, which is discussed below, as well as additional tranches of financings of up to \$750,000 in the aggregate during the next twelve (12) months subject to further agreement by and between the Company and 1800 Diagonal.

On November 18, 2024, the Company issued to 1800 Diagonal a promissory note in the principal amount of \$95,580, with an original issue discount of \$14,580 plus a one-time interest amount of \$11,470 (12% of the original principal amount of \$95,580) that was recorded as additional debt discount. The Company received cash proceeds of \$81,000 and it paid legal fees of \$6,000. In addition, the Company recorded finder's fees of \$8,100 payable in shares of the Company's common stock as additional debt discount. The note matures on September 15, 2025. Repayment of the 1800 Diagonal note is due in five monthly payments. The first monthly payment is due on May 15, 2025 in the amount of \$53,525 and the four subsequent monthly payments due are \$13,381 each. The note may be prepaid anytime within the first 180 days of issuance at a discounted rate of 97% of the outstanding balance. The note is convertible into shares of the Company's Class A common stock, but only in the Event of a Default. Upon an Event of Default, 150% of the amount owed will be immediately due and payable and the note bears interest at a rate of 22% per annum upon an Event of Default.

On January 21, 2025, the Company issued to 1800 Diagonal a promissory note in the principal amount of \$150,650, with an original issue discount of \$19,650, plus a one-time interest amount of \$18,078 (12% of the original principal amount of \$150,650) that was recorded as additional debt discount. The Company received cash proceeds of \$131,000 and it paid legal fees of \$6,000. In addition, the Company recorded finder's fees of \$18,340 payable in shares of the Company's Class A common stock as additional debt discount. The note matures on November 30, 2025. Repayment of the 1800 Diagonal note is due in five monthly payments. The first monthly payment is due on July 30, 2025 in the amount of \$84,364 and the four subsequent monthly payments due are \$21,091 each. The note may be prepaid anytime within the first 180 days of issuance at a discounted rate of 97% of the outstanding balance. The note is convertible into shares of the Company's Class A common stock, but only in the Event of a Default. Upon an Event of Default, 150% of all amounts owed will be immediately due and payable and the note bears interest at a rate of 22% per annum upon an Event of Default.

On February 24, 2025, the Company issued to 1800 Diagonal a promissory note in the principal amount of \$98,900, with an original issue discount of \$12,900, plus a one-time interest amount of \$13,846 (14% of the original principal amount of \$98,900) that was recorded as additional debt discount. The Company received cash proceeds of \$86,000 and it paid legal fees of \$6,000. In addition, the Company recorded finder's fees of \$12,040 payable in shares of the Company's common stock as additional debt discount. The note matures on November 30, 2025. Repayment of the 1800 Diagonal note is due in nine monthly payments of \$12,527 beginning on March 30, 2025. Upon an Event of Default, 150% of all amounts owed will be immediately due and payable and the note bears interest at a rate of 22% per annum upon an Event of Default.

During the three months ended March 31, 2025, interest expense on the 1800 Diagonal notes, including amortization of the debt discounts, totaled \$57,556.

Securities Purchase Agreement with Red Road Holdings Corporation Dated October 7, 2024

On October 7, 2024, pursuant to a Securities Purchase Agreement, the Company issued a promissory note to Red Road Holdings Corporation ("Red Road") in the principal amount of \$121,900, and a one-time interest amount of \$17,066 (14% of the original principal amount of \$121,900), which was recorded as additional debt discount, and the Company received cash of \$106,000 and paid legal fees of \$6,000. The note was issued with a \$15,900 original issue discount and it matures on July 15, 2025. In addition, the Company recorded finder's fees of \$12,190 payable in shares of the Company's common stock as additional debt discount. The note is convertible into shares of the Company's Class A common stock, but only in the Event of a Default. Upon an Event of Default, 150% of the amount owed will be immediately due and payable and the note bears interest at a rate of 22% per annum upon an Event of Default. Repayment of the Red Road note is due in nine monthly payments of \$15,441 each beginning on November 14, 2024. During the three months ended March 31, 2025, \$46,322 of principal was paid and \$11,347 of amortization of debt discount was recorded as interest expense on the Red Road note.

On November 18, 2024, the Company entered into a Securities Purchase Agreement with Lucas Ventures LLC, (“Lucas Ventures”) pursuant to which the Company issued to Lucas Ventures a convertible promissory note in the principal amount of \$220,000 and received cash proceeds of \$200,000 and it agreed to issue 6,281 shares of its Class A Common Stock as inducement shares to Lucas Ventures. The note, which matures on August 18, 2025, was issued with a 10% original issue discount and a one-time 10% interest charge of \$22,000. The value of the 6,281 inducement shares of \$88,750 was recorded as an additional debt discount. In addition, the Company recorded finder’s fees of \$28,000 in connection with the note consisting of cash and common stock as additional debt discount. During the three months ended March 31, 2025, amortization of debt discount of \$43,900 was recorded as interest expense on the note. On February 14, 2025, the Company entered into a second Securities Purchase Agreement with Lucas Ventures pursuant to which the Company issued to Lucas Ventures a convertible promissory note in the principal amount of \$55,000 and received cash proceeds of \$50,000 and it issued 2,513 shares of its Class A Common Stock as inducement shares to Lucas Ventures. The note, which matures on November 14, 2025, was issued with a 10% original issue discount and a one-time 10% interest charge of \$5,500. The value of the 2,513 inducement shares of \$11,750 was recorded as an additional debt discount. In addition, the Company recorded finder’s fees of \$7,000 payable in shares of the Company’s Class A Common Stock, as additional debt discount. During the three months ended March 31, 2025, \$4,929 of amortization of debt discount was recorded as interest expense on the note. As a result of the anti-dilution provisions, the November 18, 2024 and February 14, 2025 notes are convertible into shares of the Company’s Class A Common Stock at a conversion price equal to the higher of \$1.99 per share and a 10% discount to the lowest volume weighted average price of the Company’s Class A Common Stock for the five days prior to conversion, which price was \$2.37 per share on March 31, 2025.

Convertible Promissory Notes with Jefferson Street Capital LLC Under January 7, 2025 Securities Purchase Agreements

On January 7, 2025, the Company entered into a Securities Purchase Agreement with Jefferson Street Capital LLC (“JSC”) pursuant to which the Company agreed to issue to JSC convertible promissory notes in the principal amount of up to \$1,650,000 and up to a total number of shares of the Company’s Class A Common Stock as a commitment fee equal to 10% of the purchase price of each of the notes divided by the average VWAP of the Class A Common Stock during the five Trading Days (as defined in the notes) prior to the issuance date of the respective notes. The per share conversion price into which principal and interest under each note is convertible into shares of the Company’s Class A Common Stock equals the higher of (i) \$1.00 or (ii) the 90% of the lowest daily VWAP on any trading day during the five trading days prior to the respective conversion date.

Pursuant to the Securities Purchase Agreement discussed above, on January 7, 2025, the Company issued to JSC a convertible promissory note in the principal amount of \$291,500 and 4,370 commitment shares of the Company’s Class A Common Stock valued at \$26,500. The Company received \$265,000 in cash from the issuance and paid issuance fees of \$20,000. The note was issued with a \$26,500 original issue discount and a one-time interest amount of \$29,150 (10% of the original principal amount of \$291,500), which was recorded as additional debt discount. The note matures on January 7, 2026. The Company recorded finder’s fees of \$37,100 payable in shares of the Company’s common stock as additional debt discount.

Pursuant to the Securities Purchase Agreement discussed above, on March 6, 2025, the Company issued to JSC a second convertible promissory note in the principal amount of \$133,650 and received cash proceeds of \$121,500 and it agreed to issue 3,598 commitment shares of the Company’s Class A Common Stock valued at \$12,150. The note was issued with a \$12,650 original issue discount and a one-time interest amount of \$13,365 (10% of the original principal amount of \$133,650), which was recorded as additional debt discount. The note matures on March 6, 2026. The Company recorded finder’s fees of \$17,010 payable in shares of the Company’s common stock as additional debt discount.

During the three months ended March 31, 2025, \$35,855 of amortization of debt discount was recorded as interest expense on the two JSC notes.

Securities Purchase Agreement with Vista Capital Investment, LLC

On February 27, 2025, the Company entered into a Securities Purchase Agreement with Vista Capital Investment, LLC, (“Vista Capital”) pursuant to which the Company issued to Vista Capital a convertible promissory note in the principal amount of \$55,000 and received cash proceeds of \$50,000 and it agreed to issue 2,513 shares of its Class A Common Stock as inducement shares to Vista Capital. The note, which matures on November 27, 2025, was issued with a 10% original issue discount and a one-time 10% interest charge of \$5,500. The value of the 2,513 inducement shares of \$8,400 was recorded as an additional debt discount. In addition, the Company recorded finder’s fees of \$7,700 payable in shares of the Company’s Class A Common Stock as additional debt discount. During the three months ended March 31, 2025, \$8,769 of amortization of debt discount was recorded as interest expense on the note. As a result of the anti-dilution provisions, the note is convertible into shares of the Company’s Class A Common Stock at a conversion price equal to the higher of \$1.99 per share and a 10% discount to the lowest volume weighted average price of the Company’s Class A Common Stock for the five days prior to conversion, which price was \$2.37 per share on March 31, 2025.

Finder’s Fee Agreement

Under the terms of a Finder’s Fee Agreement dated October 9, 2023, the Company was obligated to pay the finder a cash fee equal to 3 to 7% of the gross proceeds received by the Company from the ClearThink notes payable issued prior to August 22, 2024, the April 28, 2024 LGH note payable and the April 30, 2024 IG note payable and to issue to the finder 5-year warrants to purchase shares of the Company’s Class A Common Stock equal to 7% warrant coverage based on the gross proceeds received by the Company from third-party investors introduced to the Company by the finder with an exercise price per share equal to 110% of the gross proceeds (as defined in the Finder’s Fee Agreement) or the public market closing price of the Company’s Class A Common Stock on the date of the funding, whichever is lower, subject to anti-dilutive price protection and participating registration rights. As a result of the issuances of the ClearThink notes issued prior to August 22, 2024, the April 28, 2024 LGH note payable and the April 30, 2024 IG note payable, the Company was obligated to issue warrants as finder’s fees. The warrants are more fully discussed in Note 12. The Finder’s Fee Agreement was amended on August 22, 2024 as more fully discussed in Note 12.

Notes Payable – Related Parties

At March 31, 2025 and December 31, 2024 notes payable with related parties consisted of the following:

	March 31, 2025	December 31, 2024
Poole Note, dated September 19, 2023	\$ 247,233	\$ 247,233
Additional Poole Note	42,500	42,500
Sponsor loan	500,000	500,000
Note payable to RHI for the acquisition of Myrtle	264,565	264,565
Note payable to RHI in connection with the acquisition of Myrtle in the original principal amount of \$1,610,671	891,652	617,626
New RCHI Note for the acquisition of RCHI	1,000,000	1,000,000
Total related parties' notes payable	2,945,950	2,671,924
Less current portion of related parties' notes payable	(2,945,950)	(2,671,924)
Total related parties' notes payable, net of current portion	\$ -	\$ -

Poole Note

On September 19, 2023, the Company obtained a \$0.2 million loan from Andrew J. Poole, a former director of the Company (the "Loan"), to be used to pay for directors' and officers' insurance through November 2023. The Company issued to Mr. Poole a demand promissory note for \$0.2 million evidencing the Loan (the "Poole Note"). The Poole Note does not bear interest. The Poole Note is due on demand, and in the absence of any demand, the Poole Note was due one year from the issuance date. The Poole Note may be prepaid, in whole or in part, without penalty at any time.

Additional Poole Note

On October 2, 2023, the Company obtained a \$42,500 loan from Mr. Poole, (the "Additional Poole Note"), the proceeds of which was used to pay for the legal fees of Mitchell Silberberg & Knupp LLP, a service provider ("MSK"), through October 2023. The Additional Poole Note accrues interest in arrears at a rate of 13.25% per annum. The Additional Poole Note is due on demand, and in the absence of any demand, one year from the issuance date. The Additional Poole Note may be prepaid, in whole or in part, without penalty at any time.

Sponsor Loan

In order to finance transaction costs in connection with a business combination effective on September 15, 2022, a sponsor or an affiliate of the sponsor loaned Delwinds (a predecessor of the Company) funds for working capital.

Note Payable to RHI for the Acquisition of Myrtle

Pursuant to the acquisition of Myrtle as more fully discussed in Note 5, the Company issued a non-interest bearing note payable to RHI in the amount of \$0.3 million. The note is due on demand.

Note Payable to RHI In Connection with Myrtle Acquisition

The note payable to RHI dated June 13, 2024, in the original principal amount of \$1.6 million represented amounts owed by Myrtle to RHI at the time of the acquisition of Myrtle. The acquisition is more fully discussed in Note 5. The note is non-interest bearing, except if not paid by the maturity date of December 31, 2024, in which case the note bears interest at 18% per annum. The note may be increased for any subsequent borrowings made by Myrtle from RHI. During the three months ended March 31, 2025, the Company borrowed \$0.3 million under the note and during the year ended December 31, 2024, the Company repaid \$1.0 million of the note leaving a principal balance of \$0.9 million and \$0.6 million on March 31, 2025 and December 31, 2024, respectively. At March 31, 2025, the note is in default and the Company is in discussions with RHI about extending the maturity date of the note.

RCHI Note and New RCHI Note Issued In Connection with the RCHI Acquisition

In connection with the acquisition of RCHI, which is more fully discussed in Note 5, RCHI issued the RCHI Note to RHI, the terms of which are more fully discussed in Note 5. As discussed in Notes 5 and 13, on December 5, 2024, \$21.0 million of the principal balance of the RCHI Note was exchanged for \$21.0 million of stated value of the Company's Series A Preferred Stock and RCHI issued to RHI the New RCHI Note in the principal balance of \$1.0 million. The New RCHI Note matures on June 5, 2025 and accrues interest on any outstanding principal amount at an interest rate of 8% per annum. After maturity, the default interest rate will be 20% per annum until the New RCHI Note is paid in full. The New RCHI Note requires principal repayments equal to 10% of the free cash flow (net cash from operations less capital expenditures) from RCHI. Payments will be one month in arrears. The New RCHI Note is required to be reduced by payment of 25% of any net proceeds from equity capital raised by the Company. The New RCHI Note is secured by the assets of RCHI and SCCH and guaranteed by the Company and SCCH under the Guaranty Agreement and Security Agreement, respectively. During the three months ended March 31, 2025, the Company recorded a total of \$50,000 of interest expense on the New RCHI Note, as the Company is accruing interest at the default rate. As of March 31, 2025, the Company owes RHI a total of \$1.0 million of accrued interest on the RCHI Note and the New RCHI Note.

Other Loans

At March 31, 2025 and December 31, 2024, the Company had outstanding \$0.5 million and \$0.3 million of other loans. These loans were issued under accounts receivable sales agreements. During the three months ended March 31, 2025, the Company entered into an additional other loan in the amount was \$0.4 million. The Company received cash of \$0.3 million as the loan was issued with a \$0.1 million discount. The Company repaid \$0.1 million of the loan during the three months ended March 31, 2025. Loan payments of \$35,000 per week were due under the loan and all of the weekly payments have not been made as required. Also, when the Company acquired RCHI on September 10, 2024 as more fully discussed in Note 5, it assumed four loans under accounts receivable sales agreements totaling \$0.5 million. During the three months ended March 31, 2025, the Company paid in full one of the loans in the amount of \$0.1 million and in the year ended December 31, 2024, the Company repaid in full one of the loans. The remaining three loans outstanding at March 31, 2025 are in payment default.

Note 10 RELATED PARTY TRANSACTIONS

At March 31, 2025 and December 31, 2024, related parties' payable and accrued expenses consisted of the following:

	March 31, 2025	December 31, 2024
Accounts payable to Andrew Poole	204,774	204,774
Accounts payable to InnovaQor	208,557	138,188
Rent payable to a subsidiary of RHI	338,458	648,333
Accounts payable to RHI	52,226	-
Payable to RHI for purchase of RCHI	5,132,928	-
Accrued interest on related parties' notes payable (Note 9)	952,868	900,090
Director fees payable	85,000	50,000
Related parties' payables and accrued expenses	\$ 6,974,811	\$ 1,941,385

In addition to the transactions discussed in Notes 5, 9, 11 and 12, the Company had the following related party activity during the three months ended March 31, 2025 and 2024:

Management, License and Maintenance Fees Under the KR8 Agreement

On October 29, 2023, the Company entered into a Letter Agreement with KR8 to develop a Direct-to-Consumer APP (iOS and Android) combining its AI Machine Learning technology to provide a commercial application of FOXO's epigenetic biomarker technology as a subscription consumer engagement platform. Effective January 12, 2024, the Letter Agreement was replaced with the Master Software and Services Agreement between the Licensor and the Company (the "KR8 Agreement"). The Company's Director, Mark White, and Interim CFO, Martin Ward, each are equity owners of the Licensor. Under the KR8 Agreement, the Licensor granted to the Company a limited, non-sublicensable, non-transferable perpetual license to use the "Licensor Products," which are listed in Exhibit A to the KR8 Agreement, to develop, launch and maintain license applications based upon the Company's epigenetic biomarker technology and software to develop an AI machine learning Epigenetic APP to enhance health, wellness and longevity. The territory of the KR8 Agreement is solely within the U.S., Canada and Mexico.

Under the KR8 Agreement, the Company agreed to pay to the Licensor an initial license and development fee of \$2.5 million, a monthly maintenance fee of \$50,000 and an ongoing royalty equal to 15% of "Subscriber Revenues," as defined in the KR8 Agreement, in accordance with the terms and subject to the minimums set forth in the schedules of the KR8 Agreement. The Company agreed to reimburse the Licensor for all reasonable travel and out-of-pocket expenses incurred in connection with the performance of the services under the KR8 Agreement, in addition to payment of any applicable hourly rates. If the Company failed to timely pay the "Minimum Royalty," as defined in the KR8 Agreement, due with respect to any calendar year, the License would become non-exclusive. (Payments of certain of these amounts in cash were restricted by the terms of a legal settlement agreement, which is more fully discussed in Note 14 under the heading, "*Smithline Family Trust II vs. FOXO Technologies Inc. and Jon Sabes.*")

The Company could terminate the KR8 Agreement at any time upon 90 days' notice to the Licensor provided that, as a condition to such termination, the Company immediately ceases using any Licensor Products. The Licensor could terminate the KR8 Agreement at any time upon 30 days' notice to the Company if the Company failed to pay any portion of the "Initial License Fee," as defined in the KR8 Agreement.

During the three months ended March 31, 2024, under the terms of the KR8 Agreement, the Company issued 130,000 shares of its Class A Common Stock to the Licensor valued at \$0.4 million and it accrued \$2.1 million for the initial license and development fee. During the three months ended March 31, 2024, the Company recorded \$250,000 for maintenance fees and minimum royalties under the KR8 Agreement. As of December 5, 2024, the Company had a total of \$3.0 million accrued for the initial license and development fees, minimum royalties, maintenance fees, management fees and reimbursable expenses under the KR8 Agreement.

On December 6, 2024, the Company entered into a termination agreement (the "KR8 Termination Agreement") with KR8 pursuant to which 3,000 shares of the Company's Series D Cumulative Convertible Redeemable Preferred Stock (the "Series D Preferred Stock") with a stated value of \$1,000 per share were issued to KR8 as full and final satisfaction of the \$3.0 million owed to KR8 and the KR8 Agreement was terminated. The 3,000 shares of Series D Preferred Stock also satisfied \$0.1 million owed to Mr. White under the Services Agreement discussed below. Effective December 6, 2025, the Company and KR8 entered into Amendment No. 1 to the KR8 Termination Agreement, which clarified that the KR8 Termination Agreement did not terminate the use of the Licensor Products. Certain rights of the License agreement were retained and assigned to the Company's wholly owned subsidiary, FOXO Labs, Inc., that will develop and operate the business associated with epigenetics. The Series D Preferred Stock is more fully discussed in Note 12.

Services Agreement with Former Interim CEO

On July 25, 2024, the Company entered into a new Services Agreement with Mr. White that superseded the interim employment agreement (the "Services Agreement"). The initial term of the Services Agreement was until July 31, 2026. Pursuant to the Services Agreement, Mr. White was entitled to monthly fees of \$30,000, which could be converted into equity at the option of both Mr. White and the Company. Mr. White was entitled to full and prompt reimbursement of all expenses incurred in connection with his service as an officer of the Company and a monthly reimbursement for the cost of leasing and insuring a vehicle with a fair market value not in excess of \$80,000. No later than 30 days after the date of the Services Agreement, Mr. White was to be issued 2,000 shares of the Company's Series A Preferred Stock. Issuance of the 2,000 shares of the Company's Series A Preferred to Mr. White was delayed as the issuance required shareholder approval.

On December 5, 2024, the Company entered into a Termination of Employment, Settlement and Mutual Release Agreement (the "White Termination Agreement") pursuant to which the Services Agreement was terminated. The agreement provided for the following:

- Payment of \$100,000 to Mr. White at signing;
- Appointment of Mr. White as sole director and Chief Executive Officer of FOXO Labs; a wholly owned subsidiary of the Company and execution of an employment agreement between Mr. White and FOXO Labs providing a base salary of \$120,000 per year and payment of a car lease for a minimum of three years up to \$1,750 monthly.
- The issuance to Mr. White of a promissory note by the Company in the principal amount of \$500,000 maturing on January 2, 2025, which was satisfied in full upon the payment of \$250,000 in December 2024.

During the three months ended March 31, 2025, the Company paid \$4,951 for a car lease and accrued \$30,000 of compensation expense.

Payable to RHI for Purchase of RCHI

The \$5.1 million payable to RHI for the purchase of RCHI is more fully discussed in Note 5.

Other Related Party Activity

RCHI and SCCH contracted with InnovaQor, Inc. (“InnovaQor”) to provide ongoing health information technology-related services totaling approximately \$0.1 million during the three months ended March 31, 2025 and they owe InnovaQor \$0.2 million as of March 31, 2025. RHI holds preferred stock in InnovaQor and Mr. Lagan is the controlling shareholder of InnovaQor. As of March 31, 2025, SCCH and Myrtle owed \$0.3 million to a subsidiary of RHI for rent under facility leases that are more fully discussed in Notes 5 and 11.

Note 11 RIGHT-OF-USE LEASE ASSETS AND LIABILITIES

As discussed in Note 5, the Company leases facilities for its Myrtle and RCHI operations under operating leases with a subsidiary of RHI. For operating leases with terms greater than 12 months, including annual options that are expected to be renewed, the Company records the related right-of-use assets and right-of-use liabilities at the present value of lease payments over the terms.

The Company uses an estimated borrowing interest rate at lease commencement as its interest rate, as its operating leases do not provide a readily determinable implicit interest rate.

The following table presents the Company’s lease-related assets and liabilities at March 31, 2025 and December 31, 2024:

	Balance Sheet Classification	March 31, 2025	December 31, 2024
Assets:			
Operating leases	Right-of-use lease assets	\$ 3,879,886	\$ 3,982,820
Liabilities:			
Current:			
Operating leases	Right-of-use lease liabilities	\$ 397,223	\$ 367,474
Noncurrent:			
Operating leases	Right-of-use lease liabilities	3,558,289	3,667,553
Total right-of-use lease liabilities		\$ 3,955,512	\$ 4,035,027
Weighted average remaining term of operating leases, including option periods expected to renew			
		5.25 years	5.50 years
Discount rate			
		22.0%	22.0%

The following table presents certain information related to lease expense for the right-of-use operating leases for the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31,	
	2025	2024
Right-of-use operating leases amortization ⁽¹⁾	\$ 102,934	\$ -
Right-of-use operating leases interest expense ⁽²⁾	\$ 220,486	-

(1) Expense is included in selling, general and administrative expenses in the unaudited condensed consolidated statement of operations.

(2) Expense is included in interest expense in the unaudited condensed consolidated statements of operations.

The following table presents supplemental cash flow information for the three months ended March 31, 2025 and 2024:

	Three Months Ended March 31,	
	2025	2024
Operating cash flows for right-of-use operating leases	\$ 368,555	\$ -

Aggregate future minimum lease payments under right-of-use operating leases are as follows:

	Right-of-Use Operating Leases
Twelve months ending:	
March 31, 2026	\$ 1,229,545
March 31, 2027	1,266,431
March 31, 2028	1,304,424
March 31, 2029	1,343,557
March 31, 2030	1,383,864
Thereafter	249,437
Total	6,777,258
Less interest	(2,821,746)
Present value of minimum lease payments	3,955,512
Less current portion of right-of-use lease liabilities	(397,223)
Right-of-use lease liabilities, net of current portion	\$ 3,558,289

Note 12 STOCKHOLDERS' EQUITY

Authorized Capital

The Company's authorized shares of all capital stock, par value \$0.0001 per share, of 510,000,000 shares, consisting of (i) 10,000,000 shares of preferred stock and (ii) 500,000,000 shares of Class A Common Stock.

Preferred Stock

The Amended and Restated Certificate of Incorporation 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, 2025, the Company had outstanding shares of preferred stock consisting of 22,232 shares of its Series A Preferred Stock, 3,307.5 shares of its Series B Preferred Stock, 405 shares of its Series C Cumulative Convertible Redeemable Preferred Stock (the "Series C Preferred Stock") and 4,311.7 shares of its Series D Preferred Stock. The Company's outstanding shares of preferred stock do not contain mandatory redemption or other features that would require them to be presented on the balance sheet outside of equity and, therefore, they qualify for equity accounting treatment. See Note 16 Subsequent Events.

Conversions of Series A Preferred Stock

No shares of Series A Preferred Stock were issued during the three months ended March 31, 2025. During the three months ended March 31, 2025, the Company issued 73,374 shares of its Class A Common Stock to institutional investors upon conversions of 308 shares of their Series A Preferred Stock with stated values totaling \$308,000.

During the three months ended March 31, 2025, the Company recorded \$279,395 of undeclared dividends on its Series A Preferred Stock and the total accumulated undeclared dividends were \$360,404 as of March 31, 2025. The total stated value and the undeclared dividends of the Series A Preferred Stock at March 31, 2025, of \$22.6 million, were convertible into approximately 8.7 million shares of the Company's Class A Common Stock at an assumed conversion price of \$2.60 per share.

Series A Preferred Stock Designation

On October 16, 2024, the Company's board of directors approved the designation of 35,000 shares of Series A Preferred Stock. Each share of Series A Preferred Stock shall have a par value of \$0.0001 per share and a stated value equal to \$1,000 per share. Terms of the Series A Preferred Stock include: (i) dividends at 5% per annum, (ii) voting rights, which include voting as one class with the common stockholders and the holder shall be entitled to cast the number of votes determined by dividing the stated value per share by the higher of \$0.01 or the VWAP of the trading day immediately before the record date for the vote, and (iii) conversion into shares of the Company's Class A Common Stock at the higher of \$0.01 per share or 90% of the average VWAP for the five trading days prior to the date of the conversion notice, among other terms.

Series B Preferred Stock

On January 22, 2025, the Company issued 3,457.5 shares of its Series B Preferred Stock under the automatic exchange of its Senior PIK Notes, as more fully discussed in Note 9. The Company recorded a finder's fee of \$175,000 in connection with the automatic exchange. Finder's fee agreements are more fully discussed below. During the three months ended March 31, 2025, two holders of Series B Preferred Stock exchanged at total of 150 shares of their Series B Preferred Stock for 225 shares of Series C Preferred Stock, as more fully discussed below, leaving a balance of 3,307.5 shares of Series B Preferred Stock outstanding on March 31, 2025. During the three months ended March 31, 2025, the Company recorded \$31,988 of undeclared dividends on its Series B Preferred Stock. The total stated value and the undeclared dividends of the Series B Preferred Stock at March 31, 2025, of \$3.3 million, were convertible into approximately 1.3 million shares of the Company's Class A Common Stock at an assumed conversion price of \$2.60 per share.

Series B Preferred Stock Designation

On November 27, 2024, the Company authorized up to 7,500 shares of its Series B Preferred Stock. Each share of Series B Preferred Stock shall have a par value of \$0.0001 per share and a stated value equal to \$1,000 per share. Terms of the Series B Preferred Stock include: (i) dividends at 5% per annum, (ii) voting rights, which include voting as one class with the common stockholders, (iii) conversion into shares of the Company's Class A Common Stock at the higher of \$0.995 per share or 90% of the average VWAP for the five trading days prior to the date of the conversion notice and (iv) no conversions prior to the first anniversary of the original issue date, among other terms. No shares of Series B Preferred Stock will be convertible into Class A Common Stock prior to the one-year anniversary of the date of issuance. Each share of Series B Preferred Stock will have one vote. See Note 16 Subsequent Events.

Series C Preferred Stock

During the three months ended March 31, 2025, the Company issued 60 shares of its Series C Preferred Stock to an investor for net cash proceeds of \$44,825. Per the terms of this issuance and an issuance to an investor of 120 shares of the Company's Series C Preferred Stock for cash in the fourth quarter of 2024, these investors, who were also holder's of Series B Preferred Stock could exchange their Series B Preferred Stock for shares of Series C Preferred Stock at a premium. The two investors elected to make the exchange. As a result, during the three months ended March 31, 2025, the Company exchanged 150 shares of its Series B Preferred Stock for 225 shares of its Series C Preferred Stock. The Company recorded deemed dividends of \$75,000 for the issuances, which represented the difference between the \$225,000 stated value of the Series C Preferred Stock issued and the \$150,000 stated value of the Series B Preferred Stock exchanged. During the three months ended March 31, 2025, the Company recorded \$3,526 of undeclared dividends on its Series C Preferred Stock and the total accumulated undeclared dividends were \$3,843 as of March 31, 2025. The total stated value and the accumulated undeclared dividends of the Series C Preferred Stock at March 31, 2025, of \$0.4 million, were convertible into approximately 0.15 million shares of the Company's Class A Common Stock at an assumed conversion price of \$2.60 per share.

Series C Preferred Stock Designation

On November 27, 2024, the Company authorized up to 5,000 shares of its Series C Preferred Stock. Each share of Series C Preferred Stock shall have a par value of \$0.0001 per share and a stated value equal to \$1,000 per share. Terms of the Series C Preferred Stock include: (i) dividends at 5% per annum, (ii) voting rights, which include voting as one class with the common stockholders and each share of Series C Preferred Stock shall have one vote, (iii) conversion into shares of the Company's Class A Common Stock at the higher of \$0.597 per share or 90% of the average VWAP for the five trading days prior to the date of the conversion notice and (iv) no conversions prior to the first six months of the original issue date or until a registration statement registering the underlying shares of common stock is declared effective, among other terms. See Note 16 Subsequent Events.

Series D Preferred Stock

No shares of Series D Preferred Stock were issued or converted during the three months ended March 31, 2025 and as noted below, there are no dividends on the Series D Preferred Stock. As of March 31, 2025, the total stated value of the Series D Preferred Stock of \$4.3 million was convertible into 3.3 million shares of the Company's Class A Common Stock at an assumed conversion price of \$1.308 per share.

Series D Preferred Stock Designation

On December 6, 2024, the Company authorized up to 10,000 shares of its Series D Preferred Stock. Each share of Series D Preferred Stock shall have a par value of \$0.0001 per share and a stated value equal to \$1,000 per share. Terms of the Series C Preferred Stock include: (i) no dividends, (ii) no voting rights, except as in regards to any changes related to the Series D Preferred Stock, and (iii) conversion into shares of the Company's Class A Common Stock at the higher of \$0.597 per share or 90% of the average VWAP for the five trading days prior to the date of the conversion notice, among other terms.

Class A Common Stock

As of March 31, 2025 and December 31, 2024, there were 1,720,330 and 1,183,942 shares of the Company's Class A Common Stock issued and outstanding, respectively.

Common Stock Issued to KR8 under KR8 Agreement

During the three months ended March 31, 2024, the Company issued 65,327 shares of its Class A Common Stock pursuant to the KR8 Agreement, which is more fully discussed in Note 10.

October 13, 2023 Strata Purchase Agreement

On October 13, 2023, the Company entered into a Strata Purchase Agreement (the "Strata Purchase Agreement") with ClearThink, as supplemented by that certain Supplement to Strata Purchase Agreement, dated as of October 13, 2023, by and between the Company and ClearThink. Pursuant to the Strata Purchase Agreement, after the satisfaction of certain commencement conditions, including, without limitation, the effectiveness of the Registration Statement, ClearThink has agreed to purchase from the Company, from time to time upon delivery by the Company to ClearThink of request notices, and subject to the other terms and conditions set forth in the Strata Purchase Agreement, up to an aggregate of \$2.0 million of the Company's Class A Common Stock. On August 13, 2024, the Company entered into Amendment No. 1 to the Strata Purchase Agreement pursuant to which the commitment amount was increased from \$2.0 million to \$5.0 million. No shares of the Company's Class A Common Stock were issued under the terms of the Strata Purchase Agreement, as amended, during the three months ended March 21, 2025 and 2024. See Note 16 Subsequent Events.

Common Stock Issued to MSK Under Shares for Services Agreement

On September 19, 2023, the Company entered into a Shares for Services Agreement with Mitchell Silberberg & Knupp LLP, a service provider (“MSK”). Pursuant to the Shares for Services Agreement, during the three months ended March 31, 2024, the Company issued MSK 25,680 shares of its Class A Common Stock in full satisfaction of its obligation to MSK under the Shares for Services Agreement.

Common Stock Issued Under Corporate Development Advisory Agreements

On March 5, 2024, the Company issued 22,613 shares of its Class A Common Stock to Tysadco Partners valued at \$153,000 under the Corporate Development Advisory Agreement dated effective February 26, 2024. Under the agreement, Tysadco Partners was providing strategic, financing, capital structure and other guidance and expertise to the Company’s management.

Common Stock Issued/Issuable in Connection with Notes Payable

During the three months ended March 31, 2025, the Company issued 217,302 shares of its Class A Common Stock for conversions and exchanges of \$828,474 of promissory notes payable and related accrued interest. In addition, during the three months ended March 31, 2025, the Company issued 30,752 shares of its Class A Common Stock as inducements and commitment shares under the terms of various promissory notes and it agreed to issue an additional 26,085 shares of its common stock as inducements and commitment shares under the terms of promissory notes. The value of the shares issued and issuable under the terms of and conversions and exchanges of promissory notes are more fully discussed in Note 9.

Common Stock Issued to Smithline

During the three months ended March 31, 2025, the Company issued 165,077 shares of its Class A Common Stock in connection with a legal settlement, which is more fully discussed in Note 14 under the heading, “*Smithline Family Trust II vs. FOXO Technologies Inc. and Jon Sabes.*”

Common Stock Issued to J.H. Darbie & Co., Inc.

During the three months ended March 31, 2025, the Company issued 38,389 shares of its Class A Common Stock to J.H. Darbie & Co., Inc. (“J.H. Darbie”) for advisory services and private placement engagement as follows:

Advisory Services

On July 25, 2024, FOXO entered into the advisory agreement with J.H. Darbie pursuant to which J.H. Darbie was engaged as nonexclusive financial adviser. The term of the agreement was six months. As compensation for the services performed under the agreement, the Company issued J.H. Darbie 31,407 shares of its Class A Common Stock effective January 13, 2025.

Private Placement Engagement

On July 25, 2024, FOXO engaged J.H. Darbie, on an exclusive basis, to provide services in connection with private placements (the “Engagement”). The term of the Engagement was 120 days, subject to early termination provisions in the Engagement. Under the Engagement, J.H. Darbie has a right of first refusal for all financing, cash, common stock or convertible securities, debt or equity, for six months after the termination of the Engagement. As compensation for the services performed under the Engagement, the Company issued to J. H. Darbie 13,895 shares of its Class A Common Stock effective in January 2025. As additional compensation for the services to be rendered by J.H. Darbie under the Engagement, FOXO agreed to (i) pay a cash fee to J.H. Darbie equal to 3% of the principal amount of the securities to be exchanged and 5% of gross proceeds raised from the sale of the securities to customers of J.H. Darbie; and (ii) issue to J.H. Darbie warrants to purchase a number of shares of the Company’s Class A Common Stock equal to the cash fee.

On November 7, 2024, FOXO and J.H. Darbie entered into an amendment to the Engagement pursuant to which the compensation for the services to be rendered by J.H. Darbie was revised to a cash fee equal to \$175,000 for advising, 10% of gross proceeds raised from the sale of the securities to customers of J.H. Darbie, and common stock equal to 5% of the cash fee. The common stock issued will have piggyback rights and be priced at the closing price the date the offering closes. Again, on November 22, 2024, FOXO and J.H. Darbie entered into an amendment to the Engagement pursuant to which the scope of the engagement was revised to an exchange of debt from existing lenders of FOXO to equity. Therefore, during the three months ended March 31, 2025, the Company accrued a cash fee of \$175,000 in connection with the issuance of its Series B Preferred Stock in exchange for the Senior PIK Notes as more fully discussed above and in Notes 2 and 9. During the three months ended March 31, 2025, no shares or warrants were issued to J.H. Darbie under this Engagement.

Finder's Fee Agreement

On October 9, 2023, the Company entered into the Finder's Agreement, by and between the Company and the finder. Pursuant to the Finder's Agreement the Company agreed to pay the Finder a cash fee equal to 4% of the gross proceeds received by the Company from the equity transactions contemplated by the Second Strata Purchase Agreement. The Company also agreed to issue to the finder a 5-year warrant to purchase shares of the Company's Class A Common Stock equal to 1% warrant coverage based on the amount raised from the equity transactions with an exercise price per share equal to 110% of the transaction (as defined in the Finder Agreement) or the public market closing price of the Company's Common Stock on the date of the transaction, whichever is lower, subject to anti-dilutive price protection and participating registration rights. In addition, under the Finder Agreement, the Company was obligated to pay the finder a 3% to 7% cash fees and 7% warrant coverage based on the gross cash proceeds from the issuances of the certain promissory notes payable as more fully discussed in Note 9.

Finder's Warrants Amendment to Finder's Agreement

Pursuant to the terms of the Finder's Agreement, discussed above, and in connection with a private placement of the Company's Class A Common Stock under the Strata Purchase Agreement during the three months ended December 31, 2023, the Company issued or was obligated to issue to the Finder 1,290 warrants to acquire shares of the Company's common stock under the terms of the Finder's Agreement. The warrants had a five-year term and were exercisable into shares of the Company's Class A Common Stock at a weighted average exercise price of \$26.35 per share. In addition, in connection with the issuances of the ClearThink Notes, the LGH Note Payable and IG Note Payable through August 22, 2024, which are more fully discussed in Note 9, the Company was obligated to issue 9,607 additional warrants to purchase shares of the Company's common stock under the terms of the Finder's Agreement. The additional warrants had a five-year term and were exercisable into shares of the Company's Class A Common Stock at a weighted average exercise price of \$6.45 per share.

On August 22, 2024, the Company entered into an amendment to the Finder Agreement (the "Amended Finder's Agreement") in which the Company agreed to issue to the Finder 22,448 shares of its Class A Common Stock for the termination of all the Finder's common stock warrants and outstanding cash fees owed as of that date. Also, pursuant to the Amended Finder's Agreement, the Finder will no longer receive a cash fee for any equity/convertible debt financing except for an equity line of credit in which case the cash fee will be 4%. Compensation for an equity/convertible debt financing will be made in the form of common stock equal to 14% of the gross proceeds of an equity/convertible debt financing and 10% of a non-dilutive debt financing. In addition to the 22,448 shares of the Company's Class A Common Stock noted above, the Company owed the finder 14,897 shares of its Class A Common Stock as finder's fee in connection with certain notes payable entered into subsequent to August 22, 2024, or a total of 37,345 shares of its Class A Common Stock as of December 31, 2024. As a result of the notes payable entered into during the three months ended March 31, 2025, the Company is obligated to issue an additional 34,751 shares of its Class A Common Stock to the finder. During the three months ended March 31, 2025, the Company issued 10,696 shares of its Class A Common Stock to the finder leaving a balance of 61,400 finder's fee shares owed and issuable to the finder as of March 31, 2025. The finder's fees owed in connection with notes payable are more fully discussed in Note 9.

Warrants

Public Warrants and Private Placement Warrants

As of March 31, 2025 and December 31, 2024, the Company had outstanding 50,566 Public Warrants and 1,589 Private Placement Warrants each with an exercise price of \$2,289 per share and each expiring on September 15, 2027 or earlier upon redemption or liquidation. The Public Warrants and Private Placement Warrants are more fully described in Note 13 to the Company's consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2024. At March 31, 2025 and December 31, 2024, the fair values of the Public Warrants and Private Placement warrants were \$9,652 and \$41,246, respectively.

Assumed Warrants

Effective September 15, 2022, the Company consummated a business combination. At the closing of the business combination, the Company assumed warrants, referred to as the Assumed Warrants. The Assumed Warrants included down round provisions that should the Company issue common stock or common stock equivalents, excluding certain exempt issuances, for consideration of less than the then exercise price per share, then the exercise price of the Assumed Warrants shall be lowered to the new consideration amount on a per share basis with a simultaneous and corresponding increase in the number of warrants. As a result of a triggering event in 2023, as of December 31, 2023, 100,897 Assumed Warrants were outstanding with an exercise price of \$15.92 per share.

On February 23, 2024, 30,094 Assumed Warrants expired by their terms and on February 24, 2024, Assumed Warrants exercisable into 70,802 shares of the Company's Common Stock were extended until February 23, 2025, in connection a legal settlement as more fully discussed in Note 14 under the heading, "*Smithline Family Trust II vs. FOXO Technologies Inc. and Jon Sabes*." On February 24, 2024, the Company issued its Class A Common Stock to Tysadco Partners, as more fully discussed above, which triggered the down round provisions of the Assumed Warrants. As a result, as of March 31, 2024, the Assumed Warrants were exercisable into 166,594 shares of the Company's Common Stock with an exercise price of \$6.77 per share. The incremental value of the modifications to the Assumed Warrants as a result of the trigger of the down round provisions and the extension of the expiration date was \$0.7 million and was recorded as a deemed dividend in the three months ended March 31, 2024. The incremental value was measured using the Black Scholes valuation model with following assumptions: risk free rate of 4.74%, volatility of 158.57%, term of 1 year and expected dividend yield of \$0.

As a result of two additional triggers of the down round provisions during the remainder of 2024, as of December 31, 2024, the Assumed Warrants were exercisable into 237,513 shares of the Company's Class A Common Stock with an exercise price of \$4.36 per share. Partially offsetting the increase in the number of outstanding Assumed Warrants on December 31, 2024, was the exchange of 31,250 Assumed Warrants under the terms of an exchange agreement dated May 28, 2024, between the Company and Smithline Family Trust II ("Smithline") as more fully discussed in Note 14.

During February 2025, three additional triggers of the down round provisions of the Assumed Warrants occurred as a result of two conversions of Series A Preferred Stock into the Company's Class A Common Stock and the conversion prices of the Company's preferred stock on February 23, 2025. The incremental value of the modifications to the Assumed Warrants as a result of the triggers of the down round provisions during February 2025 resulted in deemed dividends of \$0.1 million in the three months ended March 31, 2025. The incremental values were measured using the Black Scholes valuation model with the following assumptions: risk free rates ranging from 4.24% to 4.25%, volatility ranging from 3.47% to 67.32%, terms of 1 to 18 days and expected dividend yield of \$0. On February 23, 2025, the 264,898 Assumed Warrants with an exercise price of \$3.855 per share expired per their terms.

Note 13 BUSINESS SEGMENTS

The Company manages and classifies its business into two reportable business segments: (i) Healthcare and (ii) Labs and Life

- Healthcare - The Company's healthcare segment began with the acquisition of Myrtle on June 14, 2024 and includes RCHI, which was acquired on September 10, 2024. Each of these acquisitions is more fully discussed in Note 5. Myrtle offers behavioral health services, primarily substance use disorder treatments and services that are provided on either an inpatient, residential basis or an outpatient basis. RCHI's hospital, BSF, has 25 inpatient beds, and a 24/7 emergency department and provides ancillary services, including laboratory, radiology, respiratory and pharmacy services. BSF is designated as a Critical Access Hospital (rural) hospital.
- Labs and Life - The Company's Labs and Life segment is commercializing proprietary epigenetic biomarker technology. The Company's innovative biomarker technology enables the adoption of new saliva-based health and wellness biomarker solutions. 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.

The primary income measure used for assessing segment performance and making operating decisions is income (losses) before interest, income taxes, and depreciation and amortization not associated with a specific segment. 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 impairment and any non-cash changes in fair value.

With the acquisition of Myrtle on June 14, 2024, our Chief Operating Decision Maker (“CODM”) begun to consider segment assets when making decisions and allocating resources. Assets by segment as of March 31, 2025 and December 31, 2024 were as follows:

	March 31, 2025	December 31, 2024
Healthcare	\$ 46,790,560	\$ 41,399,346
Labs and Life	16,503	26,646
Corporate and other	204,317	282,079
Total assets	<u>\$ 47,011,380</u>	<u>\$ 41,708,071</u>

Summarized below is information about the Company’s operations for the three months ended March 31, 2025 and 2024 by business segment:

	Revenues		Earnings/(Losses)	
	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Healthcare	\$ 3,161,431	\$ -	\$ (844,598)	\$ -
Labs and Life	8,489	7,180	(23,005)	(159,450)
			(867,603)	(159,450)
Corporate and other (a)	-	-	1,140,937	(1,042,628)
Interest expense	-	-	(889,792)	(301,912)
Total	<u>\$ 3,169,920</u>	<u>\$ 7,180</u>	<u>\$ (616,458)</u>	<u>\$ (1,503,990)</u>

- (a) For the three months ended March 31, 2025, Corporate and other includes a \$1.9 million gain from extinguishment of Senior PIK Notes, stock-based compensation, including amortization of consulting fees paid in stock, of \$0.1 million and depreciation and amortization expense of \$2,257. For the three months ended March 31, 2024, Corporate and other includes stock-based compensation, including amortization of consulting fees paid in stock, of \$0.1 million and depreciation and amortization expense of \$0.3 million.

Note 14 COMMITMENTS AND CONTINGENCIES

The Company accrues 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 records legal fees in defense of asserted litigation and regulatory matters as such legal fees are incurred. To the extent it is probable that the Company is able to recover losses and legal fees related to contingencies, it records 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. In the Company’s determination of the probability and ability to estimate contingent liabilities, it considers the following: litigation exposure based on currently available information, consultations with external legal counsel 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 condensed consolidated statements of operations during the period of the change and appropriately reflected in the condensed consolidated balance sheets.

Legal Proceedings

Smithline Family Trust II vs. FOXO Technologies Inc. and Jon Sabes

On November 18, 2022, 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.

On November 7, 2023, Smithline and the Company and its subsidiaries entered into the Settlement Agreement, pursuant to which the parties agreed to resolve and settle all disputes and potential claims which exist or may exist among them, including without limitation those claims asserted in the Action, as more specifically set forth in, and subject to the terms and conditions of, the Settlement Agreement. Upon the execution of the Settlement Agreement, the parties agreed to jointly dismiss the legal action without prejudice.

On May 28, 2024, the Company, entered into an Exchange Agreement, as amended, with Smithline, terminating on February 23, 2025, pursuant to which Smithline exchanged Assumed Warrants to purchase up to 15,704 shares, as adjusted, of the Company's Common Stock, for the right to receive up to 657,664 shares of the Company's Class A Common Stock (the "Rights Shares"), subject to a 4.99% beneficial ownership limitation and issued without any restrictive legends. The Assumed Warrants, which are more fully discussed in Note 12, expired on February 23, 2025. As of March 31, 2025, the Company issued 327,839 Rights Shares to Smithline, including 165,077 shares that were issued in the three months ended March 31, 2025. Although Smithline has continued to convert debt to equity under the Exchange Agreement and has reduced the liability from \$2.3 million on May 28, 2024 to \$0.8 million at March 31, 2025, the Company is currently in default of the Settlement Agreement that terminated on February 23, 2025. The parties have mutually agreed to continue to operate under the terms of the Settlement Agreement without a written amendment and extension. The balance remaining outstanding to Smithline at May 16, 2025 is \$526,332.

Former CEO Severance

The Company has disclosed in previous financial filings that the Board of Directors had yet to complete its review into whether Mr. Jon Sabes, a former CEO of the Company was terminated with or without cause on November 14, 2022 and that accordingly, the Company had to make a determination on its obligations under the former CEO's employment agreement.

The Board of Directors has now completed a review of this matter in the last quarter of 2024 and upon examination of the history and various documents and records, determined that Mr. Sabes was unequivocally terminated for cause on November 14, 2022, meaning the Company has no further obligation to Mr. Sabes.

On November 20, 2024, the Company received a letter from counsel for Mr. Jon Sabes, the former Chief Executive Officer and director, demanding payment of certain compensation and benefits. Regardless that the Company has now determined that termination of Mr. Sabes employment on November 14, 2022 was for cause and that no obligation to Mr. Sabes remains, the Company has, because of this demand, retained certain liabilities of severance pay and stock-based compensation in the financial records until the matter has been resolved in full. The Company does not believe the demand received on November 20, 2024 has any merit and will vigorously dispute any claim for payment.

Disputed Severance Policy

A proposed severance policy was drafted in early 2023 with an effective date of January 9, 2023. However, neither the Company's board of directors nor its remuneration committee approved the policy. If adopted the policy would have applied to all exempt level vice presidents and above employees across various departments. It provided for a six-month salary pay out if the employee, while in good standing, was involuntarily separated from the Company. If the policy were valid, five former employees would have met the guidelines to receive the severance aggregating approximately \$0.5 million in severance payments. The Company understands that in breach of fiduciary duty and outside of required approvals from the Board of Directors, certain offers were made by an officer of the Company to a number of employees of the Company. The Company has received demands from employees requesting payment of severance they believed to be owed but which agreements were not authorized or valid. The Company believes that all obligations related to employees' separation from the Company have been paid and/or fully satisfied and will vigorously defend any claim for payment that might arise.

Illumina Judgment

On June 21, 2024, Hennepin County District Court granted Illumina, Inc.'s Motion for Summary Judgment in the amount of \$0.8 million against the Company. The Company recorded this liability at March 31, 2025 and has recently engaged in communication with counsel for Illumina to explore the opportunity to complete a judgment settlement agreement with terms acceptable to both parties and which would facilitate the settlement of this judgment over time. There is no guarantee that discussions will result in an agreement between the parties.

Senior PIK Notes

In July 2024, John Nash and Mitchell Kersch, two holders of promissory notes, which we refer to as Senior PIK Notes, filed legal actions against the Company for approximately \$0.8 million and \$0.4 million respectively. On January 22, 2025, all Senior PIK Notes were exchanged to Series B Preferred Stock of the Company on agreement by the majority of the Senior PIK Note holders in October 2024. At March 31, 2025, the Company has been successful in having the court vacate the Nash and Kersch judgment efforts and having both complaints dismissed by the court.

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

Note 15 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

The supplemental cash flow information for the three months ended March 31, 2025 and 2024 is as follows:

	Three Months Ended March 31,	
	2025	2024
Non-cash investing and financing activities:		
Related party payable for purchase of intangible asset	\$ -	\$ 2,122,090
Purchase of RCHI	\$ 5,132,928	\$ -
Payable to RHI for purchase of RCHI	\$ 5,132,928	\$ -
Class A Common Stock issued to KR8 for purchase of intangible asset under KR8 Agreement	\$ -	\$ 378,040
Series B Preferred Stock issued in exchange for note payable, net of finder's fees	\$ 3,282,500	\$ -
Deemed dividends from issuances of preferred stock and triggers of down round provisions and extension of Assumed Warrants	\$ 172,125	\$ 656,164
Preferred stock dividends – undeclared	\$ 314,909	\$ -
Warrants issuable for finder's fees in connection with promissory notes	\$ -	\$ 17,147
Class A Common Stock issued for legal settlement	\$ 570,663	\$ -
Class A Common Stock issued for conversions and exchanges of notes payable	\$ 828,474	\$ -
Class A Common Stock issued/issuable under the terms of notes payable	\$ 106,475	\$ -
Common stock issuable to finder for finder's fees	\$ 141,190	\$ -

Note 16 SUBSEQUENT EVENTS

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the 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 consolidated financial statements.

Smithline Share Issuances

The Company continues to issue shares of its Class A Common Stock to Smithline under the Exchange Agreement, as amended, which is fully described in Note 14. The Company issued 178,312 shares of its Class A Common Stock to Smithline during the period April 1, 2025 to May 16, 2025, for a \$264,928 reduction of the amount owed to Smithline. The balance remaining to be paid to Smithline at May 16, 2025 was \$526,332.

Issuances of Series A Preferred Stock to Institutional Investor

Subsequent to March 31, 2025, pursuant to Securities Purchase Agreements, the Company issued shares of its Series A Preferred Stock, which are more fully discussed in Note 12, as follows:

- On April 4, 2025, the Company issued 375 shares of its Series A Preferred Stock to an institutional investor and received gross cash proceeds of \$325,000;
- On April 15, 2025, the Company issued 275 shares of its Series A Preferred Stock to an institutional investor and received gross cash proceeds of \$275,000;
- On May 8, 2025, the Company issued 550 shares of its Series A Preferred Stock to an institutional investor and received gross cash proceeds of \$550,000; and
- On May 19, 2025, the Company issued 550 shares of its Series A Preferred Stock to an institutional investor and received gross cash proceeds of \$550,000.

Amended and Restated Strata Purchase Agreement

On May 15, 2025, the Company amended and restated the Strata Purchase Agreement that was previously entered into between the Company and ClearThink Capital Partners, LLC., to extend the maturity date to June 30, 2026 and improve and simplify the Purchase Price to define the price per share of Common Stock purchased shall equal 90% of the average of the two (2) lowest daily VWAP during the Valuation Period.

Amendments to Series B Preferred Stock and Series C Preferred Stock Certificates of Designation

On May 15, 2025, the Company amended the certificates of designation of its Series B and Series C preferred stock to remove an automatic conversion at 24 months after issuance to ensure the shares are treated as equity on the Company's balance sheet.

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

References to the "Company," "FOXO," "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 unaudited condensed consolidated financial statements and the related notes included elsewhere in this Form 10-Q/A and with our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2024, 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. 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.

Formation

We were formed as a limited liability company on November 11, 2019, following our separation from GWG Holdings, Inc. We were previously named InsurTech Holdings, LLC and FOXO BioScience LLC. On November 13, 2020, FOXO Bioscience LLC completed a conversion to a C Corporation and became FOXO.

Effective September 15, 2022, we consummated our previously announced business combination pursuant to the Merger Agreement, whereby DWIN Merger Sub Inc. merged with and into Legacy FOXO, with Legacy FOXO surviving as a wholly-owned subsidiary of the Company. Upon consummation of our business combination, our name changed from Delwinds Insurance Acquisition Corp. to FOXO Technologies Inc.

Overview

We are a healthcare services and technology company operating in two reportable business segments: (i) Healthcare; and (ii) Labs and Life. These segments further operate in three synergistic divisions, a rural hospital division, a mental and behavioral health division, which together make up our Healthcare segment and an epigenetics diagnostics and interpretation division, which makes up our Labs segment. Our rural hospital division and our epigenetics diagnostics and interpretation division operate through wholly owned subsidiaries, and our behavioral health division operates through a majority-owned subsidiary.

Previously, Labs and Life were treated as separate segments; however, with the acquisition of Myrtle in June 2024, which is more fully discussed below, the Company's operational focus shifted such that it was appropriate to combine our Labs and Life segments during the second quarter of 2024 and to operate Myrtle in the newly formed Healthcare segment. Our Healthcare segment also includes RCHI, and its wholly-owned subsidiary, SCCH which were acquired on September 10, 2024, as more fully discussed below.

Our Business Segments

Healthcare Segment

Myrtle offers behavioral health services, primarily substance use disorder treatments and services that are provided on either an inpatient, residential basis or an outpatient basis. RCHI's hospital, SCCH, doing business as BSF, has 25 inpatient beds, and a 24/7 emergency department and provides ancillary services, including laboratory, radiology, respiratory and pharmacy services. BSF is designated as a Critical Access Hospital (rural) hospital.

Labs and Life Segment

Our Labs and Life segment is commercializing epigenetic biomarker technology to support groundbreaking scientific research and disruptive next-generation business initiatives. It applies automated machine learning and artificial intelligence (“AI”) technologies to discover epigenetic biomarkers of human health, wellness and aging.

Recent and Other Developments

Reverse Stock Split

On April 17, 2025, the Company's board of directors (pursuant to a previously-obtained shareholder approval) approved an amendment to its Second Amended and Restated Certificate of Incorporation, as amended (the “**Charter Amendment**”), to implement a 1-for-10 reverse stock split, such that every 10 shares of Common Stock will be combined into one issued and outstanding share of Common Stock, with no change in the \$0.0001 par value per share (the “First Reverse Stock Split”). On July 17, 2025, the Company's board of directors (pursuant to previously-obtained shareholder approval) approved the implementation of a 1-for-1.99 reverse stock split, such that every 1.99 shares of the Company's Class A Common Stock will be combined into one issued and outstanding share of the Company's Class A Common Stock, with no change in the \$0.0001 par value per share (the “Second Reverse Stock Split”) and together with the First Reverse Stock Split, (the “Reverse Stock Splits”).

The First Reverse Stock Split was effective at 4:01 p.m., Eastern Time, on April 28, 2025. Trading reopened on April 29, 2025, which is when our Class A Common Stock began trading on a post reverse stock split basis. The Second Reverse Stock Split was effective at 4:01 p.m., Eastern Time, on July 27, 2025. Trading reopened on July 28, 2025, which is when the Company's Class A Common Stock began trading on a post reverse stock split basis.

All share information included in this report has been reflected as if the Reverse Stock Split occurred as of the earliest period presented.

Stock Exchange Agreements Dated June 10, 2024

On June 10, 2024, the Company entered into two stock exchange agreements, each with RHI as follows:

Acquisition of Myrtle Under First Stock Exchange Agreement

The first agreement, as supplemented (the “**Myrtle Agreement**”), provided for RHI to exchange all of its equity interest in Myrtle for \$0.5 million, payable in a combination of shares of the Company's Class A Common Stock and a note payable. The closing occurred effective on June 14, 2024. The Company recorded a non-interest bearing note payable due on demand to RHI in the amount of \$0.3 million and it paid the remaining purchase price of \$0.2 million by issuing 51,439 shares of its Class A Common Stock to RHI on July 17, 2024. In addition to the \$0.3 million promissory note issued to RHI for a portion of the purchase price of Myrtle, Myrtle issued a promissory note payable to RHI dated June 13, 2024, in the original principal amount of \$1.6 million, which represented the amount owed to RHI by Myrtle at the time of the sale of Myrtle to the Company.

Myrtle was formed in the second quarter of 2022 to pursue opportunities in the behavioral health sector, including substance use disorder treatment, initially in rural markets. Services are provided on either an inpatient, residential basis or an outpatient basis.

On August 10, 2023, Myrtle was granted a license by the Department of Mental Health and Substance Abuse Services of Tennessee to operate an alcohol and drug treatment facility in Oneida, Tennessee. The facility, which is located at BSF's campus, commenced operations and began accepting patients on August 14, 2023. The facility offers alcohol and drug residential detoxification and residential rehabilitation treatment services for up to 30 patients. On November 1, 2023, Myrtle began accepting patients at its Nonresidential Office-Based Opiate Treatment Facility ("OBOT"). The OBOT is located adjacent to Myrtle's alcohol and drug treatment facility in Oneida, Tennessee and complements the existing residential rehabilitation and detoxification services offered at Myrtle.

Myrtle has been granted two licenses from the Tennessee Department of Mental Health and Substance Abuse Services, effective August 1, 2024, for 12 months. The first license authorizes the provision of services for alcohol and drug residential detoxification treatment, as well as alcohol and drug residential rehabilitation treatment. The second license authorizes the provision of services for non-residential office-based opiate treatment.

On April 11, 2023, Myrtle sold shares of its common stock equivalent to a 1.961% ownership stake in Myrtle for a de minimis value to an unaffiliated individual licensed as a physician in Tennessee. The shares have certain transfer restrictions, including the right of the subsidiary to transfer the shares to another physician licensed in Tennessee for de minimis value. The shares were sold to the individual for Tennessee healthcare regulatory reasons.

Acquisition of RCHI and Its Subsidiary SCCH Under the Second Stock Exchange Agreement with RHI, as Amended and Restated

The second agreement with RHI, also dated June 10, 2024, (the "**RCHI Agreement**") provided for the RHI to exchange all of the outstanding shares of its subsidiary RCHI, including RCHI's wholly-owned subsidiary Scott County Community Hospital, Inc. ("**SCCH**"), for 20,000 shares of the Company's to be authorized Series A Cumulative Convertible Redeemable Preferred Stock (the "**Series A Preferred Stock**"). Closing of the RCHI Agreement was subject to a number of conditions. On September 10, 2024, the parties to the RCHI Agreement entered into an Amended and Restated Securities Exchange Agreement (the "**Amendment**") which revised the consideration payable to RHI from shares of Series A Preferred Stock to \$100. In addition, RCHI issued to the RHI a senior secured note in the principal amount of \$22.0 million the "**RCHI Note**") (subject to adjustment). The RCHI Note had a maturity date of September 10, 2026 and accrued interest on any outstanding principal amount at the rate of 8% per annum for the first six months, increasing to 12% per annum thereafter. After maturity, interest accrued at a rate of 20% per annum. The RCHI Note required principal repayments equal to 10% of the free cash flow (net cash from operations less capital expenditures) from RCHI and SCCH.

The RCHI Note was guaranteed by the Company and SCCH, pursuant to the terms of a Guaranty Agreement (the "**Guaranty**"). The RCHI Note was also secured by the assets of RCHI and Scott County pursuant to a Security and Pledge Agreement (the "**RCHI Pledge Agreement**") and by the "Collateral" owned by the Company as provided in the Security and Pledge Agreement with FOXO (the "**FOXO Pledge Agreement**"). The Amendment also provided that RHI may at any time request that the Company seek approval of its shareholders of the issuance of its Class A Common Stock upon conversion in full of the shares of the Company's Series A Preferred Stock issuable upon exchange of the RCHI Note. At any time after receipt of such approval, RHI had the option to exchange, in whole or in part, the RCHI Note for shares of the Company's Series A Preferred Stock. Upon any such exchange, RHI would receive the equivalent of \$1.00 stated value of the Company's Series A Preferred Stock for each \$1.00 of the aggregate of principal and accrued and unpaid interest, liquidated damages and/or redemption proceeds (or any other amounts owing under the RCHI Note) being exchanged. On December 5, 2024, the Company and RCHI entered into an Exchange Agreement (the "**Exchange Agreement**") with RHI. Pursuant to the Exchange Agreement, \$21.0 million of the principal balance of the RCHI Note was exchanged for 21,000 shares of the Company's Series A Preferred Stock with a stated value of \$21.0 million. Upon the closing of the Exchange Agreement, RCHI executed a senior secured promissory note payable to RHI (the "**New RCHI Note**") in the principal amount of \$1.0 million, with similar terms to the RCHI Note.

Pursuant to the RCHI SEA, in the event that FOXO, at any time after June 10, 2024 and during the twelve months thereafter, enters into any agreement or settlement agreement with any pre-existing holder of debt or other liability owed by FOXO above \$5.0 million (cumulative) then the consideration payable shall increase on a dollar for dollar basis for the aggregate settlement amount above \$5.0 million. As of the September 10, 2024 acquisition date, the full scope of the Company's obligations to pre-existing debt holders or other creditors was not determinable, as negotiations with creditors and debt holders remained open and unresolved. As of March 31, 2025, the Company had fully settled \$5.1 million of cumulative debts and liabilities above \$5.0 million and, accordingly, the Company has recorded the additional purchase price consideration for those completed settlements as an increase in goodwill with a corresponding increase in the related parties' payables and accrued liabilities at March 31, 2025.

BSF is a critical access hospital located in Oneida, Tennessee consisting of a 52,000-square foot hospital building and 6,300-square foot professional building on approximately 4.3 acres. BSF has 25 inpatient beds and a 24/7 emergency department and provides ancillary services, including laboratory, radiology, respiratory and pharmacy services. The hospital became operational on August 8, 2017 and it became designated as a critical access hospital (rural) in December 2021, retroactive to June 30, 2021.

FOXO acquired Myrtle and RCHI as synergistic opportunities to expand its operations into the healthcare sector and as a complement to its epigenetic biomarkers of human health, wellness and aging.

Termination of Employment, Settlement and Mutual Release Agreement

On July 25, 2024, we entered into an amended Services Agreement with Mark White, our former interim chief executive officer, (the "**Services Agreement**").

On December 5, 2024, we entered into a Termination of Employment, Settlement and Mutual Release Agreement (the "**White Termination Agreement**") pursuant to which the Services Agreement is to be terminated.

KR8 Termination Agreement

On December 6, 2024, we entered into the Termination Agreement with KR8, pursuant to which 3,000 shares of our Series D Preferred Stock (as defined below) (the "**KR8 Shares**") were issued to KR8 as full and final satisfaction of approximately \$3.0 million owed to KR8 and the Master Software and Services Agreement with KR8 dated January 12, 2024, as amended (the "**MSSA**"), was terminated (the "**KR8 Termination Agreement**"). The Series D Preferred Stock have no voting rights and conversion to common stock by KR8 is subject to relevant approvals from NYSE and shareholders. The Termination Agreement closed on December 6, 2024. Effective December 6, 2024, the Company and KR8 entered into Amendment No. 1 to the KR8 Termination Agreement, which clarifies that the KR8 Termination Agreement did not terminate the MSSA but terminated the financial obligations of the Company under the MSSA.

Current Business Strategy

Myrtle Recovery Centers, Inc.

Myrtle was formed in the second quarter of 2022 to pursue opportunities in the behavioral health sector, including substance abuse treatment, initially in rural markets. Services are provided on either an inpatient, residential basis or an outpatient basis.

Myrtle was granted a license by the Department of Mental Health and Substance Abuse Services of Tennessee to operate an alcohol and drug treatment facility in Oneida, Tennessee. The facility, which is located at BSF's campus, commenced operations and began accepting patients on August 14, 2023. The facility offers alcohol and drug residential detoxification and residential rehabilitation treatment services for up to 30 patients. On November 1, 2023, Myrtle began accepting patients at its OBOT. The OBOT is located adjacent to Myrtle's alcohol and drug treatment facility in Oneida, Tennessee and complements the existing residential rehabilitation and detoxification services offered at Myrtle. On April 11, 2023, Myrtle sold shares of its common stock equivalent to a 1.961% ownership stake in the subsidiary for de minimis value to an unaffiliated individual licensed as a physician in Tennessee. The shares have certain transfer restrictions, including the right of the subsidiary to transfer the shares to another physician licensed in Tennessee for de minimis value. The shares were sold to the individual for Tennessee healthcare regulatory reasons.

We plan to expand the Myrtle business model by acquiring additional operating facilities and by replicating the model in other rural hospital properties or suitable premises.

Rennova Community Health, Inc.

RCHI's wholly-owned subsidiary, SCCH, is an east Tennessee based Critical Access Designated ("**CAH**") 25-bed hospital licensed by the state of Tennessee, offering quality healthcare services for Oneida and the surrounding areas. SCCH is doing business as Big South Fork Medical Center ("**BSF**"). BSF consists of a 52,000-square foot hospital building and 6,300-square foot professional building on approximately 4.3 acres. BSF has 25 inpatient beds, and 24/7 emergency department and provides ancillary services, including laboratory, radiology, respiratory and pharmacy services. The hospital became operational on August 8, 2017 and it became designated as a Critical Access Hospital (rural) hospital in December 2021, retroactive to June 30, 2021. The hospital first opened in late 1955 and was known as Scott County Community Hospital. The hospital has been operated by RCHI since August 2017.

We plan to grow this division by acquisition and investment in new operations in targeted areas.

FOXO Labs

In response to changing conditions and feedback from the market, including growing demand for direct-to-consumer wellness testing and epigenetic data analysis tools, we are concentrating our efforts on: (1) our Bioinformatics Services offering, a suite of bioinformatic tools to help researchers process, analyze, and interpret epigenetic data; and (2) research and development in the fields of health and wellness testing powered by machine learning and artificial intelligence (including a potential AI platform for the delivery of health and well-being data-driven insights to individuals, healthcare professionals and third-party service providers). To further these goals, we intend to leverage the extensive epigenetic data we have generated in our clinical trials and the expertise of our team and continue building strategic alliances with new partners in academia, business, healthcare and government. We also intend to frequently evaluate and develop commercialization opportunities for our product and service offerings and our research findings.

FOXO is focused on commercializing scientific discoveries in health and longevity. A pivotal moment in the field of longevity science came with the discovery that epigenetics could be used to develop measures of health, including biological aging, according to an article published in the scientific journal, *Nature*, in 2014. In recent years, we and other scientists have extended these findings to assess tobacco, alcohol, blood cell composition, and other health measures based on discovered epigenetic biomarkers. To that end, FOXO is dedicated to research and development in order to provide data-driven insights based on the numerous health measures that can be determined through this unique dimension of biology and used to foster optimal health and longevity for both individuals and organizations. We believe there is value in what these biomarkers will be able to provide to the world. Current testing options can be inaccurate, and piecemeal, and often require obtaining a blood sample. Epigenetic biomarkers may pave the path for a fully comprehensive, at-home, low-cost test that could, with other existing testing, offer a much easier, more detailed sense of one's health.

At the same time, we believe there exists a significant bottleneck in scientific research and product development using epigenetic data. Due to the complexity of the data, many scientists are unaware of how to properly process such data or take full advantage of the available tools. With our experience in bringing to market new tools (both software and hardware) and know-how (our Bioinformatics Services and analytic consulting), we believe we are well-positioned to help reduce barriers in advancing epigenetic research and the development of epigenetic-based products. Thus, we have chosen strategically to extend our expertise in epigenetic data processing and analysis to outside parties in an effort to further accelerate new discoveries. This work not only allows us to generate revenue, but also continue our work in developing improved ways in processing and analyzing this important data.

Historically, we have had two core product offerings related to the commercialization of epigenetic science: the "Underwriting Report," and the "Longevity Report™." The Underwriting Report, which has been under development and is currently paused until we increase our cash resources in order to continue additional research and development, is intended to allow us to leverage a single assay testing process to generate a panel of impairment scores that could be applied by life insurance underwriters to more efficiently assess clients during the underwriting process and provide a more personalized risk assessment. The Longevity Report, sales of which have also been paused as we redevelop and re-strategize around this product, was designed as a customer-facing consumer engagement product that provides actionable insights based on one's biological age and other epigenetic measures of health and wellness. In 2023, we our Underwriting Report and Longevity Report were impaired as the projected cash flows no longer supported these intangible assets.

Management, License and Maintenance Fees Under the KR8 Agreement

On October 29, 2023, we entered into a Letter Agreement with KR8 to develop a Direct-to-Consumer APP (iOS and Android) combining its AI Machine Learning technology to provide a commercial application of our epigenetic biomarker technology as a subscription consumer engagement platform. Effective January 12, 2024, the Letter Agreement was replaced by the KR8 Agreement. Our former Interim CEO and our current Interim CFO each are equity owners of the Licensor. Under the KR8 Agreement, the Licensor granted to us a limited, non-sub licensable, non-transferable perpetual license to use the Licensor's products to develop, launch and maintain license applications based upon our epigenetic biomarker technology and software to develop an AI machine learning epigenetic APP to enhance health, wellness and longevity. The territory of the agreement is solely within the U.S., Canada and Mexico.

Net Revenues

Healthcare generates revenues from hospital and ancillary services as well as substance use disorder treatments, including inpatient and outpatient services. Labs currently recognizes revenue from residual life commissions, providing epigenetic testing services and collecting a royalty from Illumina, Inc. related to the sales of the Infinium Mouse Methylation Array.

Research and Development

Labs conducts research and development, and such costs are recorded within research and development expenses on the consolidated statements of operations. Labs had operated its Bioinformatics Services as an ancillary offering, with revenue recognized as epigenetic biomarker services in our historical financial statements but now looks to it as a primary offering. Bioinformatics Services provide data processing, quality checking, and data analysis services using FOXO's cloud-based bioinformatics pipeline, referred to as our epigenetics, longevity, or methylation pipeline in our historical financial statements. Labs accepts raw data from third party labs and converts that data into usable values for customers.

Results of Operations

Three Months Ended March 31, 2025 and 2024

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024	Change in \$	Change in %
Net revenues	\$ 3,169,920	\$ 7,180	\$ 3,162,740	NM%
Operating expenses:				
Direct costs of revenues	1,903,936	-	1,903,936	100.00%
Research and development	30,000	165,360	(135,360)	-81.86%
Management contingent share plan	18,878	32,551	(13,673)	-42.00%
Selling, general and administrative	2,764,086	987,937	1,776,149	179.78%
Total operating expenses	4,716,900	1,185,848	3,531,052	297.77%
Loss from operations	(1,546,980)	(1,178,668)	(368,312)	31.25%
Change in fair value of warrant liabilities	31,594	9,090	22,504	247.57%
Gain from extinguishment of Senior PIK Notes	1,863,834	-	1,863,834	100.00%
Interest expense	(889,792)	(301,912)	(587,880)	194.72%
Other non-operating expenses, net	(79,464)	(32,500)	(46,964)	144.50%
Provision for income taxes	-	-	-	0.00%
Net loss, including noncontrolling interest	(620,808)	(1,503,990)	883,182	-58.72%
Noncontrolling interest	4,350	-	4,350	100.00%
Net loss attributable to FOXO	(616,458)	(1,503,990)	887,532	-59.01%
Preferred stock dividends -undecleared and deemed dividends	(487,034)	(656,164)	169,130	-25.78%
Net loss to common stockholders	<u>\$ (1,103,492)</u>	<u>\$ (2,160,154)</u>	<u>\$ 1,056,662</u>	<u>-48.92%</u>

Net revenues. Net revenues were \$3.2 million for the three months ended March 31, 2025, compared to \$7,180 for the three months ended March 31, 2024. Myrtle, acquired on June 14, 2024 and RCHI, acquired on September 10, 2024, contributed \$0.5 million and \$2.7 million of the net revenues, respectively. Labs and Life's net revenues were \$8,489 and \$7,180 for the three months ended March 31, 2025 and 2024, respectively.

Direct Costs of Revenues. Direct costs of revenues were \$1.9 million for the three months ended March 31, 2025. There were no direct costs of revenues for the three months ended March 31, 2024. The direct costs of revenue for the three months ended March 31, 2025 resulted from the direct costs of Myrtle and RCHI, which were acquired on June 14, 2024 and September 10, 2024, respectively.

Research and Development. Research and development expenses were \$30,000 for the three months March 31, 2025, compared to \$0.2 million for the three months ended March 31, 2024. The decrease was due to research and development projects that are no longer ongoing.

Management Contingent Share Plan. Management Contingent Share Plan expense was \$18,878 for the three months ended March 31, 2025 compared to an expense of \$32,551 for the three months ended March 31, 2024. The expense for the three months ended March 31, 2025 resulted from the partial vesting of the 333 Management Contingent Share Plan shares that remain outstanding under the plan. These shares fully vest on September 15, 2027. During the three months ended March 31, 2024, 1,500 shares partially vested, offset by 67 shares that were forfeited under the plan.

Selling, General and Administrative. Selling, general and administrative expenses were \$2.8 million for the three months ended March 31, 2025, compared to \$1.0 million for the three months ended March 31, 2024. The increase of \$1.8 million, or 179.78%, was primarily due to \$1.6 million of selling general and administrative expenses of Myrtle, acquired on June 14, 2024, and RCHI, acquired on September 10, 2024.

Change in Fair Value of Warrant Liabilities. The fair value of the warrant liabilities decreased by \$31,594 for the three months ended March 31, 2025, compared to a decrease in fair value of \$9,090 for the three months ended March 31, 2024. The change was attributable to a reduction in the quoted price of the Public Warrants at March 31 2025 versus March 31, 2024. The warrants are listed on the OTC Pink Marketplace.

Gain from Extinguishment of Senior PIK Notes. During the three months ended March 31, 2025, we exchanged \$5.4 million of Senior PIK Notes, which included \$1.9 million of accrued interest, for \$3.5 million of stated value of our Series B Preferred Stock resulting in a gain of \$1.9 million.

Interest Expense. Interest expense was \$0.9 million for the three months ended March 31, 2025 compared to \$0.3 million for the three months ended March 31, 2024. The increase was attributable to the increase in notes payable during the three months ended March 31, 2025 compared to the 2024 period.

Other Non-Operating Expenses, Net. Other non-operating expenses, net were \$0.1 million for the three months ended March 31, 2025, compared to other non-operating expenses, net of \$32,500 for the three months ended March 31, 2024. The other non-operating expenses, net in the three months ended March 31, 2025 resulted primarily from \$0.2 million of penalties and interest for nonpayment of payroll taxes, partially offset by hospital cafeteria income of \$0.1 million. The other non-operating expenses, net in the three months ended March 31, 2024 were for other taxes.

Net Loss Attributable to FOXO. Net loss attributable to FOXO was \$0.6 million for the three months ended March 31, 2025 compared to a loss of \$1.5 million for the three months ended March 31, 2024. The \$0.9 million improvement was primarily due to the gain from extinguishment of Senior PIK Notes of \$1.9 million, partially offset by an increase in loss from operations of \$0.4 million and an increase in interest expense of \$0.6 million in the three months ended March 31, 2025 compared to the three months ended March 31, 2024. Additionally, we recorded \$0.5 million of undeclared and deemed dividends from the issuances of preferred stock and the triggers of the down round provisions of the Assumed Warrants in the three months ended March 31, 2025 compared to deemed dividends of \$0.7 million related to the triggers of the down round provisions and extension of the Assumed Warrants during the three months ended March 31, 2024. The undeclared and deemed dividends resulted in net loss to common stockholders of \$1.1 million and \$2.2 million for the three months ended March 31, 2025 and 2024, respectively.

Analysis of Segment Results:

The following is an analysis of our results by reportable segment for the three months ended March 31, 2025 compared to the three months ended March 31, 2024. The primary earnings/loss measure used for assessing reportable segment performance is segment income/loss defined as earnings/loss before interest, income taxes, and depreciation and amortization not associated with a specific segment. Segment income/loss 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 the accompanying unaudited condensed consolidated financial statements and related notes.

Healthcare

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024	Change in \$	Change in %
Total revenues	\$ 3,161,431	\$ -	\$ 3,361,431	NM%
Operating expenses	(4,010,379)	-	(4,010,379)	NM%
Noncontrolling interest	4,350	-	4,350	NM%
Segment Loss	<u>\$ (844,598)</u>	<u>\$ -</u>	<u>\$ (844,598)</u>	<u>NM%</u>

NM = Not Meaningful

Net revenues. Net revenues were \$3.2 million for the three months ended March 31, 2025 and represent the net revenues of Myrtle of \$0.5 million and the net revenues of RCHI of \$2.7 million. Myrtle was acquired on June 14, 2024 and of RCHI was acquired on September 10, 2024. Our healthcare segment began with the acquisition of Myrtle.

Segment Loss. Segment Loss was \$0.8 million for the three months ended March 31, 2025 and represents the losses of Myrtle and RCHI.

Labs and Life

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024	Change in \$	Change in %
Total revenues	\$ 8,489	\$ 7,180	\$ 1,309	18.23%
Operating expenses	(31,494)	(166,630)	(135,136)	81.10%
Segment Loss	<u>\$ (23,005)</u>	<u>\$ (159,450)</u>	<u>\$ (136,445)</u>	<u>85.57%</u>

Net revenues. Net revenues were \$8,489 for the three months ended March 31, 2025 compared to \$7,180 for the three months ended March 31, 2024, an increase of \$1,309 from royalty income.

Segment Loss. Segment loss decreased to \$23,005 for the three months ended March 31, 2024 from \$0.2 million for the three months ended March 31, 2024. The decrease was driven by research and development projects that are no longer ongoing.

Liquidity and Capital Resources

We had cash and cash equivalents of \$16,907 and \$68,268 as of March 31, 2025 and December 31, 2024, respectively. We have incurred net losses since our inception. For the three-months ended March 31, 2025 and 2024, we incurred net losses to common stockholders of \$1.1 million and \$2.2 million, respectively. As of March 31, 2025, we had a working capital deficit of \$30.6 million. We expect to incur additional losses in future periods. Our current revenue and operating cash flow is not adequate to fund our operations in the next twelve months and requires us to fund our business through other sources until the time we achieve adequate scale. Securing additional capital is necessary to execute our business strategy.

Private Placements

During the fourth quarter of 2023, we entered into the Strata Purchase Agreement with ClearThink, as supplemented by that certain Supplement to Strata Purchase Agreement, dated as of October 13, 2023, by and between us and ClearThink. On August 13, 2024, we entered into Amendment No. 1 to the Strata Purchase Agreement pursuant to which the commitment amount was increased from \$2.0 million to \$5.0 million. On May 15, 2025, we amended and restated the Strata Purchase Agreement to extend the maturity date to June 30, 2026 and improve and simplify the Purchase Price to define the price per share of Common Stock purchased shall equal 90% of the average of the two (2) lowest daily VWAP during the Valuation Period.

Third Party Promissory Notes Payable

During the year ended December 31, 2024, we issued to third parties 17 promissory notes with principal balances totaling \$5.0 million and one-time interest expense totaling \$0.1 million and we received net cash proceeds from the issuances totaling \$4.1 million. During the year ended December 31, 2024, we exchanged \$2.2 million of the promissory notes issued in 2024 for 2,464 shares of our Series A Preferred Stock with a stated value of \$1,000 per share. In addition, during the year ended December 31, 2024, \$0.6 million of the principal balances of three of the promissory notes issued during 2024 and \$61,745 of associated accrued interest were converted into 1.99 shares of our Class A Common Stock pursuant to the conversion terms of such notes. During the three months ended March 31, 2025, \$0.7 million principal balance of the third-party notes issued in 2024, including accrued interest, were converted and exchanged into 167,051 shares of our Class A Common Stock.

During the three months ended March 31, 2025, we entered into nine third party promissory notes with principal balances totaling \$1.1 million and one-time interest expense totaling \$0.1 million and we received net cash of \$1.0 million. In addition, in February 2025, the Western Note Payable (the “**Western Note**”), which we assumed when we acquired SCCH, was sold to a new holder and it was amended and restated. Per the terms of the amendment and restatement, the principal balance of the note, which included previously accrued interest expense, totaled \$1.1 million, the maturity date is February 26, 2026 and the note is convertible into shares of the Company’s Class A Common Stock at a conversion price equal to 90% of the average VWAP for the five trading days prior to conversion. During the three months ended March 31, 2025, we issued 50,251 shares of our Class A Common Stock upon conversion of \$0.1 million principal balance of the Western Note.

At March 31, 2025, \$2.8 million of the outstanding principal balance and \$0.2 million of associated one-time accrued interest of 13 third-party promissory notes were convertible into 1.256 million shares of our Class A Common Stock per the conversion terms the notes. Three other promissory notes outstanding at March 31, 2025, were convertible but only in the event of an event of default as that term is defined in the applicable agreements and three other outstanding third party promissory notes are not convertible. As of March 31, 2025, the total principal balance of third-party promissory notes payable as presented on the accompanying unaudited condensed consolidated balance sheet was \$2.6 million, which was net of \$0.8 million of debt discounts. In addition, \$0.3 million of accrued interest was owed on these notes. Each of these notes is more fully discussed in the footnotes to the accompanying unaudited condensed consolidated financial statements.

Related Party Promissory Notes Payable

On September 10, 2024, we issued a note payable that had a maturity date of September 10, 2026 to RHI in the principal amount of \$22.0 million for the purchase of RCHI. During December, 2024, we exchanged \$21.0 million of the promissory note owed to RHI for 21,000 shares of our Series A Preferred Stock with a stated value of \$1,000 per share and we issued to RHI a new promissory note in the principal amount of \$1.0 million due on June 5, 2025.

In addition, we have outstanding a note payable to RHI in the amount of \$0.3 million for the purchase of Myrtle, a note payable to RHI in the original amount of \$1.6 million, which was the amount owed by Myrtle to RHI on the date that we acquired Myrtle, which balance has been reduced to \$0.9 million as of March 31, 2025, and we have outstanding at March 31, 2025, three additional promissory notes payable to related parties totaling \$0.8 million.

Each of these notes is more fully discussed in the footnotes to the accompanying unaudited condensed consolidated financial statements.

Preferred Stock

In addition to the issuances of shares of Series A Preferred Stock for the exchange of third party and RHI notes payable as discussed above, during the year ended December 31, 2024, we issued 120 shares of our Series C Preferred Stock with a stated value of \$1,000 per share for net cash proceeds of \$0.1 million and we issued 4,311.7 shares of our Series D Preferred Stock with a stated value of \$1,000 per share for \$4.2 million of accounts payable and accrued expenses. During December 2024, 924 shares of our Series A Preferred Stock were converted into 179,563 shares of our Class A Common Stock and during the three months ended March 31, 2025, 308 shares of our Series A Preferred Stock were converted into 73,374 shares of our Class A Common Stock.

On February 28, 2025, an investor purchased 60 shares of Series C Preferred Stock for net cash proceeds of \$44,825 and in doing so exchanged 50 shares of Series B Preferred Stock for 75 shares of Series C Preferred Stock.

On April 12, 2025, we issued 375 shares of Series A Preferred Stock to an institutional investor in return for gross proceeds of \$325,000. On April 15, 2025, we issued an additional 275 shares of Series A Preferred Stock to the institutional investor for gross proceeds of \$275,000, on May 8, 2025, we issued an additional 550 shares of Series A Preferred Stock to the institutional investor for gross proceeds of \$550,000 and on May 19, 2025, we issued an additional 550 shares of Series A Preferred Stock to the institutional investor for gross proceeds of \$550,000.

Going Concern

Our primary uses of cash are to fund our operations as we continue to grow our business, as well as to service our debt. We finalized the acquisition of Myrtle on June 14, 2024 and the acquisition of RCHI on September 10, 2024. We are expecting the Myrtle and RCHI businesses to produce a small cash flow surplus through 2025. Capital expenditures have historically not been material to our consolidated operations, and we do not anticipate making material capital expenditures in 2025 unless we secure additional capital to expand the current operations. We expect that our liquidity requirements will continue to consist of working capital, including payments of outstanding debt and accrued liabilities and general corporate expenses associated with the growth of our business. Based on the size of our current operations, we do not have sufficient capital to fund our corporate overhead 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 financing and additional strategic acquisitions that we expect will contribute positive cash flow to enable us to fund our operations. Completing such acquisitions requires significant additional capital that has not yet been secured.

We have taken various actions to bolster our cash position, including raising funds through the private placements and the issuances of promissory notes, and conserving cash by issuing shares of our Preferred Stock and shares of our Class A Common Stock under exchange agreements, license agreements, legal settlements, consulting agreements, finder's fees related to equity and debt financing and consulting agreements, among other transactions, as an alternative to paying in cash.

Based on our current operating plan, our cash position as of March 31, 2025, and after taking into account the actions described above, we do not expect to be able to fund our operations through 2025 without the need for additional financing or other increases in our cash and cash equivalents balance to enable us to fund our future operations.

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 funding 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.

The accompanying unaudited condensed consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The following table presents our capital resources as of March 31, 2025 and December 31, 2024:

	March 31, 2025	December 31, 2024	Change/Increase (Decrease)
Cash	\$ 16,907	\$ 68,268	\$ (51,361)
Working capital deficit	(30,595,902)	(29,846,195)	749,707
Total debt, net of discounts of \$841,572 and \$678,925	6,000,921	10,219,905	(4,218,985)
Total stockholders' equity	9,652,846	5,271,811	4,381,035

Cash Flows

The following table summarizes our cash flow data for the three months ended March 31, 2025 and 2024:

Three Months Ended March 31,	Cash Provided by/ (Used in)	
	2025	2024
Operating Activities	\$ (1,337,591)	\$ (406,302)
Investing Activities	\$ -	\$ -
Financing Activities	\$ 1,286,230	\$ 370,720

Operating Activities

The net cash used in operations in the three months ended March 31, 2025 was \$1.3 million, or \$0.9 million more than the \$0.4 million of cash used in operations during the three months ended March 31, 2024. While the net loss, including noncontrolling interest, improved to \$0.6 million in the three months ended March 31, 2025 compared to a net loss, including noncontrolling interest of \$1.5 million for the three months ended March 31, 2024, \$1.9 million of the improvement was due to the noncash gain from extinguishment of the Senior PIK Notes. Excluding the noncash gain from extinguishment of the Senior PIK Notes, the net loss, including noncontrolling interest, was \$2.5 million or \$1.0 million more than the comparable 2024 period resulting in more cash used in operations in the three months ended March 31, 2025.

Investing Activities

We did not have cash flows from investing activities in the three months ended March 31, 2025 and March 31, 2024.

Financing Activities

Net cash provided by financing activities for three months ended March 31, 2025 was \$1.3 million compared to \$0.4 million for the three months ended March 31, 2024. Net cash provided by financing activities for the three months ended March 31, 2025, included \$1.0 million and \$0.3 million from the issuances of third party notes payable and borrowings under a related party note payable, respectively, \$0.3 million from other loans and \$44,825 from the issuance of shares of preferred stock, partially offset by \$0.2 million of payments on other loans and \$46,322 of payments of a note payable. Net cash provided by financing activities for the three months ended March 31, 2024, included \$0.4 million from promissory notes.

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.

Critical Accounting Policies

The preparation of the consolidated financial statements and related notes included under “*Item 1. Financial Statements*” and related disclosures in conformity with U.S. GAAP. The preparation of these unaudited condensed 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:

Revenue Recognition Policy

The Company recognizes revenue in accordance with ASC, “*Revenue from Contracts with Customers (Topic 606)*,” including subsequently issued updates. Under the accounting guidance, revenues are presented net of estimated contractual allowances and estimated implicit price concessions.

Presently, its healthcare segment consists of the operations of Myrtle from its acquisition date of June 14, 2024, and of RCHI from its acquisition date of September 10, 2024.

Myrtle’s revenues relate to contracts with patients in which its performance obligations are to provide behavioral health care services to its patients. Revenues are recorded during the period its obligations to provide health care services are satisfied. Myrtle’s performance obligations for inpatient services are generally satisfied over periods averaging approximately 7 to 28 days depending on the service line, and revenues are recognized based on charges incurred. The contractual relationships with patients, in most cases, also involve third-party payers and the transaction prices for the services provided are dependent upon the terms provided by or negotiated with the third-party payers. The payment arrangements with third-party payers for the services Myrtle provides to its patients typically specify payments at amounts less than its standard charges. Services provided to patients are generally paid at prospectively determined rates per diem.

RCHI’s revenues relate to contracts with patients of BSF in which its performance obligations are to provide health care services to the patients. Revenues are recorded during the period its obligations to provide health care services are satisfied. Its performance obligations for inpatient services are generally satisfied over periods averaging approximately three days, and revenues are recognized based on charges incurred. Its performance obligations for outpatient services, including emergency room-related services, are generally satisfied over a period of less than one day. The contractual relationships with patients, in most cases, also involve a third-party payer (Medicare, Medicaid, managed care health plans and commercial insurance companies) and the transaction prices for the services provided are dependent upon the terms provided by (Medicare and Medicaid) or negotiated with (managed care health plans and commercial insurance companies) the third-party payers. The payment arrangements with third-party payers for the services it provides to the related patients typically specify payments at amounts less than our standard charges. Medicare, because of BSF’s designation as a critical access care hospital, generally pays for inpatient and outpatient services at rates related to the hospital’s costs. Services provided to patients having Medicaid coverage are generally paid at prospectively determined rates per discharge, per identified service or per covered member. Agreements with commercial insurance carriers, managed care and preferred provider organizations generally provide for payments based upon predetermined rates per diagnosis, per diem rates or discounted fee-for-service rates.

Management continually reviews the contractual estimation process to consider the frequent changes in managed care contractual terms resulting from contract renegotiations and renewals. Under the revenue recognition accounting guidance, revenues are presented net of estimated contractual allowances and estimated implicit price concessions. The healthcare segment’s net revenues are based upon the estimated amounts it expects to be entitled to receive from third-party payers and patients based, in part, on Medicare and Medicaid rates as discussed above as for each of Myrtle and BSF. The healthcare segment also records estimated implicit price concessions related to uninsured accounts to record self-pay revenues at the estimated amounts it expects to collect.

The collection of outstanding receivables is the healthcare segment's primary source of operating cash and is critical to its operating performance. The primary collection risks relate to patient accounts for which the primary insurance carrier has paid the amounts covered by the applicable agreement, but patient responsibility amounts (deductibles and copayments) remain outstanding. Implicit price concessions relate primarily to amounts due directly from patients. Accounts are written off when all reasonable internal and external collection efforts have been carried out. The estimates for implicit price concessions are based upon management's assessment of historical write offs and expected net collections, business and economic conditions and other collection indicators.

Contractual Allowances and Doubtful Accounts Policy

In accordance with ASC, "*Revenue from Contracts with Customers (Topic 606)*," including subsequently issued updates, the Company does not present "allowances for doubtful accounts" on its balance sheets, rather its accounts receivable are reported at realizable value, net of estimated contractual allowances and estimated implicit price concessions (also referred to as doubtful accounts), which are estimated and recorded in the period the related revenue is recorded. ASC, "*Financial Instruments Credit Losses (Topic 326)*," requires that healthcare organizations estimate credit losses on a forward-looking basis taking into account historical collection and payer reimbursement experience as an integral part of the estimation process related to contractual allowances and doubtful accounts. Receivables deemed to be uncollectible are charged against the allowance for doubtful accounts after all collection efforts have ceased or the account is settled for less than the amount originally estimated to be collected. Recoveries of receivables previously written-off are recorded as credits to the allowance for doubtful accounts. Revisions to the allowances for doubtful accounts are recorded as adjustments to revenues.

During the three months ended March 31, 2025, estimated contractual allowances and implicit price concessions of \$17.5 million have been recorded as reductions to revenues and accounts receivable balances to enable the Company to record its revenues and accounts receivable at the estimated amounts it expects to collect. As required by Topic 606, after estimated contractual allowances and implicit price concessions to the health care segment's revenues for the three months ended March 31, 2025, the Company recorded healthcare net revenues of \$3.2 million. Myrtle and SCCH were acquired on June 14, 2024 and September 10, 2024, respectively, thus no revenues were recorded related to the healthcare segment in the three months ended March 31, 2024.

The Company has recorded minor amounts of revenues from its Labs and Life segment during the three months ended March 31, 2025 and 2024. The Labs and Life segment's revenues consist of royalties based on the Company's epigenetic biomarker research, agents' commissions earned on the sale, servicing and placement of life insurance policies, and epigenetic testing services sold primarily to research organizations. Revenues are recognized when control of the promised goods or services is transferred to the Company's customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. The Company applies judgment in determining the customer's ability and intention to pay based on a variety of factors including the customer's historical payment experience.

Equity-Based Compensation

In 2022, we offered equity-based compensation to employees and non-employees in the form of stock options and restricted stock. We measure and recognize all equity-based payments to employees, service providers and board members at fair value. The cost of services received from employees and non-employees in exchange for awards of equity instruments is recognized in the consolidated statements of operations based on the estimated fair value of those awards on the grant date or reporting date, if required to be remeasured, and amortized on a straight-line basis over the requisite service period. We recognize forfeitures as incurred. We utilize a Black-Scholes valuation model to estimate the fair value of stock options and this model requires the input of assumptions, including the exercise price, volatility, expected term, discount rate, and the fair value of the underlying membership or stock on the date of grant. These inputs are provided at the grant date for an equity classified award and each measurement date for a liability classified award. Equity-based compensation awards are considered granted (i) when there is a mutual understanding of key terms, (ii) we are contingently obligated to issue the options, and (iii) the option holder begins to benefit or be adversely impacted by changes in our stock price. This primarily occurs at the time the stock option agreements are executed. The fair value of each stock option is estimated using a Black-Scholes valuation model while considering the respective rights of each type of stockholder. We did not grant stock options during the three months ended March 31, 2025 and 2024 however, we had forfeitures during the three months ended March 31, 2024. We also had forfeitures of restricted stock awards during the three months ended March 31, 2024.

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, there is substantial doubt about the Company’s ability to continue as a going concern.

Recent Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board (“**FASB**”) issued Accounting Standards Update (“**ASU**”) 2023-09, *Improvements to Income Tax Disclosures*, which requires enhanced annual disclosures for specific categories in the rate reconciliation and income taxes paid disaggregated by federal, state and foreign taxes. ASU 2023-09 is effective for public business entities for annual periods beginning on January 1, 2025. We plan to adopt ASU 2023-09 effective January 1, 2025 and will apply a retrospective approach to all prior periods presented in our annual financial statements for the year ended December 31, 2025. We do not believe the adoption of this new standard will have a material effect on our disclosures.

In November 2024, the FASB issued ASU 2024-04, *Debt with Conversions and Other Options (Subtopic 470-20), Induced Conversions of Convertible Debt Instruments*. The amendments in this ASU clarify when the settlement of a debt instrument should be accounted for as an induced conversion. Under this ASU, (a) to be accounted for as an induced conversion, an inducement offer is required to preserve the form and amount of consideration issuable upon conversion in accordance with the terms of the instrument (rather than only the equity securities issuable upon conversion), (b) whether a settlement of convertible debt is an induced conversion should be assessed as of the date the inducement offer is accepted by the holder, and (c) issuers that have exchanged or modified a convertible debt instrument within the preceding 12 months (that did not result in extinguishment accounting) should use the terms that existed 12 months before the inducement offer was accepted when determining whether induced conversion accounting should be applied. The amendments in this ASU are effective for all entities for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities that have adopted the amendments in ASU 2020-06. The amendments in this ASU permit an entity to apply the new guidance on either a prospective or a retrospective basis. The Company has not yet determined the impact of the adoption of this ASU on its consolidated financial statements.

Factors That May Adversely Affect our Results of Operations

Our results of operations may be adversely affected by various factors that could cause economic uncertainty and volatility in the financial markets, many of which are beyond our control. Our business could be impacted by, among other things, downturns in the financial markets or in economic conditions, Medicare and Medicaid cost reimbursement, inflation, increases in interest rates, supply chain disruptions, declines in consumer confidence and spending, a resurgence of the COVID-19 pandemic and/or the emergence of new variants or new pandemics and cyber security risks. We cannot at this time fully predict the likelihood of one or more of the above events, their duration or magnitude or the extent to which they may negatively impact our business.

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 and accounting officer (the "**Certifying Officers**"), or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

In our Annual Report on Form 10-K for the year ended December 31, 2024, we identified material weaknesses in our internal control over financial reporting. Insufficient staffing, accounting processes and procedures led to a lack of contemporaneous documentation supporting the accounting for certain transactions. There are risks related to the timing and accuracy of the integration of information from our various accounting systems. Based on these material weaknesses in internal control over financial reporting, management concluded the Company did not maintain effective internal control over financial reporting as of December 31, 2024. As of March 31, 2025, we concluded that these material weaknesses continued to exist.

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 not effective as of March 31, 2025.

Notwithstanding such material weaknesses, management believes that the unaudited condensed consolidated financial statements included in this Form 10-Q fairly present in all material respects the Company's financial condition, results of operations and cash flows for the periods and dates presented.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting, as defined in Rules 13a-15(f) of the Exchange Act, during the Company's quarter ended March 31, 2025, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Shares Issued Under Smithline Exchange Agreement

The Company issued 59,851 shares of Class A Common Stock in January 2025, 37,864 shares of Class A Common Stock in February 2025, and 67,362 shares of Class A Common Stock in March 2025 pursuant to the Exchange Agreement dated May 28, 2024 with Smithline Family Trust II.

The securities issued above were made in reliance upon the exemption from securities registration afforded by Section 3(a)(9) of the Securities Act.

Convertible Promissory Notes and Commitment Shares

On January 21, 2025, we entered into a Securities Purchase Agreement with 1800 Diagonal, pursuant to which we issued to 1800 Diagonal a convertible promissory note in the initial principal amount of \$168,728. The note has a beneficial ownership limitation of 4.99%.

On January 28, 2025, we entered into a Securities Purchase Agreement with ClearThink, pursuant to which we issued to ClearThink a convertible promissory note in the initial principal amount of \$121,000 and 3,141 shares of Class A Common Stock are issuable as inducement shares to ClearThink. The note has a beneficial ownership limitation of 4.99%.

On February 24, 2025, we entered into a Securities Purchase Agreement with 1800 Diagonal, pursuant to which we issued to 1800 Diagonal a convertible promissory note in the initial principal amount of \$112,746. The note has a beneficial ownership limitation of 4.99%.

On January 7, 2025, we entered into a Securities Purchase Agreement with Jefferson Street Capital LLC (“JSC”) pursuant to which we agreed to issue to JSC convertible promissory notes in the principal amount of up to \$1,650,000 and up to a total number of shares of the Company’s Class A Common Stock as a commitment fee equal to 10% of the purchase price of each of the notes divided by the average VWAP of the Common Stock during the five Trading Days (as defined in the notes) prior to the issuance date of the respective notes. The per share conversion price into which principal and interest under each note is convertible into shares of the Company’s Class A Common Stock equals the higher of (i) \$1.99 or (ii) the 90% of the lowest daily VWAP on any trading day during the five trading days prior to the respective conversion date. On January 7, 2025, the Company issued to JSC a convertible promissory note in the principal amount of \$291,500 and 4,370 commitment shares of the Company’s Class A Common Stock were issued pursuant to this issuance. On March 6, 2025, the Company issued to JSC a convertible promissory note in the principal amount of \$147,015 and 3,598 commitment shares of the Company’s Class A Common Stock were issued pursuant to this issuance.

The securities issued above were made in reliance upon the exemption from securities registration afforded by Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D under the Securities Act, based in part on the representations of the investors. There were no sales commissions paid pursuant to these transactions.

Convertible Note Offering

On February 27, 2025, the Company’s Board of Directors approved a convertible promissory note offering of up to \$1.5 million of convertible promissory notes.

Three notes were issued on February 27, March 4, and March 7, 2025, respectively, pursuant to this totaling \$302,500 and 12,563 commitment shares of the Company’s Class A Common Stock are issuable pursuant to these note issuances.

The securities issued above were made in reliance upon the exemption from securities registration afforded by Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D under the Securities Act, based in part on the representations of the investors.

Shares Issued Pursuant to Note Conversions

On January 2, 2025, ClearThink was issued 32,788 shares of Class A Common Stock pursuant to a note conversion.

On January 15, 2025, we issued 2,178 shares of our Class A Common Stock in exchange for the balance of our promissory note issued to LGH Investments on April 3, 2024.

In January 2025, we issued 59,623 shares of our Class A Common Stock in exchange for the balance of our promissory note issued to 1800 Diagonal on July 22, 2024.

The securities issued above were made in reliance upon the exemption from securities registration afforded by Section 3(a)(9) of the Securities Act.

Shares Issued Pursuant to Finder's Fee Agreement

On January 13, 2025, we issued to J.H. Darbie & Co., Inc. 21,286 shares of Class A Common Stock pursuant to the Finder's Fee Agreement and 797 shares of Class A Common Stock were issued for services provided under a placement agreement.

The securities issued above were made in reliance upon the exemption from securities registration afforded by Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D under the Securities Act, based in part on the representations of the investor. There were no sales commissions paid pursuant to this transaction.

Shares Issued Pursuant to Exchange Agreements

On January 3, 2024, we issued to ClearThink a promissory note in the principal amount of \$75,000. On January 3, 2025, we entered into an Exchange Agreement with ClearThink pursuant to which the note was exchanged for 16,319 shares of Class A Common Stock.

On January 30, 2024, we issued to ClearThink a promissory note in the principal amount of up to \$750,000 (\$408,000 of which funded). On January 10, 2025, we entered into an Exchange Agreement with ClearThink pursuant to which \$200,000 owing under the note was exchanged for 38,855 shares of Class A Common Stock. On January 27, 2025, we entered into an Exchange Agreement with ClearThink pursuant to which \$250,000 owing under the note was exchanged for 48,569 shares of Class A Common Stock. On March 18, 2025, we entered into an Exchange Agreement with ClearThink pursuant to which the remaining \$241,380 owing under the note was exchanged for 80,864 shares of Class A Common Stock.

The securities issued above were made in reliance upon the exemption from securities registration afforded by Section 3(a)(9) of the Securities Act.

Shares Issued Pursuant to Silverback Note

On August 10, 2021, SCCH and RHI issued a convertible promissory note to Western Healthcare, LLC in the principal amount of \$1,583,007. On February 26, 2025, the outstanding balance of the note was assigned/sold by Western Healthcare, LLC to Silverback Capital Corporation. We have assumed all obligations and liabilities under the note by issuing the Amended and Restated Convertible Promissory Note in the principal amount of \$1,080,357 issued to the Silverback (the "**Silverback Note**"). The Silverback Note is convertible, in whole or in part, into shares of Common Stock, at 90% (representing a discount rate of 10%) multiplied by the average VWAP of the five trading days immediately prior to the date the Conversion Notice is tendered by the holder. The Silverback Note shall bear no interest and the principal will be due and payable on February 26, 2026.

As of May 15, 2025, we had issued an aggregate of 318,171 shares of Common Stock to Silverback pursuant to conversions of the Silverback Note and a balance of \$496,662.01 remains outstanding.

The securities issued above were made in reliance upon the exemption from securities registration afforded by Section 3(a)(9) of the Securities Act.

Shares Issued Pursuant to Series A Conversions

On January 2, 2025, a holder of Series A Preferred Stock was issued 52,679 shares of Class A Common Stock pursuant to the conversion of 271.1535 shares of Series A Preferred Stock.

In February 2025, a holder of Series A Preferred Stock was issued 73,374 shares of Class A Common Stock pursuant to the conversions of 308 shares of Series A Preferred Stock.

The securities issued above were made in reliance upon the exemption from securities registration afforded by Section 3(a)(9) of the Securities Act.

Series B Preferred Stock Issuances

On January 17, 2025, a shareholder of the Company acted by way of non-unanimous majority written consent action (in lieu of a special meeting of stockholders) to approve the automatic exchange of Senior PIK Notes. Effective as of 5:00 pm Eastern Time on January 22, 2025, the automatic exchange was completed and an aggregate of 3,457.5 shares of Series B Preferred Stock were issued to the holders of Senior PIK Notes and the Senior PIK Notes were cancelled and satisfied in full.

The securities issued above were made in reliance upon the exemption from securities registration afforded by Section 3(a)(9) of the Securities Act.

Series C Preferred Stock Issuances

On February 28, 2025 a previous holder of Senior PIK Notes purchased 60 shares of Series C Preferred Stock for \$50,000 and, in doing so, exchanged 50 shares of Series B Preferred Stock for 75 shares of Series C Preferred Stock.

The securities issued above were made in reliance upon the exemption from securities registration afforded by Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D under the Securities Act and Section and 3(a)(9) of the Securities Act, based in part on the representations of the investors.

ITEM 5. OTHER INFORMATION

Amended and Restated Strata Purchase Agreement

On May 15, 2025, we entered into the Amended and Restated Strata Purchase Agreement with ClearThink. The agreement amends and restates the Strata Purchase Agreement dated October 13, 2023, as amended, with ClearThink. Pursuant to the agreement, the definition of “Purchase Price” was amended to “the price per share of Common Stock purchased shall equal 90% of the average of the two (2) lowest daily VWAP during the Valuation Period (in each case, to be appropriately adjusted for any reorganization, recapitalization, non-cash dividend, stock split or other similar transaction that occurs on or after the date of this Agreement).” The definition of “Maturity Date” was also amended to June 30, 2026. A copy of the agreement is attached hereto as Exhibit 10.1.

Amended Certificate of Designation

On May 16, 2025, we filed an amendment to our Certificate of Incorporation (the “**Certificate of Incorporation**”), in the form of Amendments to the Certificates of Designation (the “**Amended Designations**”) of our previously designated “Series B Cumulative Convertible Redeemable Preferred Stock” (the “**Series B Preferred Stock**”) and “Series C Cumulative Convertible Redeemable Preferred Stock” (the “**Series C Preferred Stock**”). The Amended Designations remove Section 6(e), which was the right to an automatic conversion at the two-year anniversary from issuance, which, if retained, could mean the value issued being treated as a liability on our balance sheet. Removing this automatic conversion right means we will treat the issued shares as equity.

Copies of the Amended Designations are attached hereto as Exhibits 3.1 and 3.2.

Rule 10b5-1 Arrangements

During the quarter ended March 31, 2025, no director or officer adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

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

Exhibit No.	Description	Included	Form	Referenced Exhibit	Filing Date
31.1	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed Herewith			
31.2	Certification of the Principal Financial and Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed Herewith			
32.1#	Certification of the Company's Principal Executive Officer and Principal Financial and Accounting Officer pursuant to 18 U.S.C. Section 1350.	Furnished Herewith			
101.INS	Inline XBRL Instance Document.	Filed Herewith			
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	Filed Herewith			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	Filed Herewith			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	Filed Herewith			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.	Filed Herewith			
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	Filed Herewith			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).	Filed Herewith			

This certification is deemed not filed for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

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: August 19, 2025

/s/ Seamus Lagan

Name: Seamus Lagan

Title: Chief Executive Officer and Interim Chief Financial Officer

(Principal Executive Officer and Principal Financial and Accounting Officer)

**CERTIFICATION OF
PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Seamus Lagan, certify that:

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

/s/ Seamus Lagan

Seamus Lagan
Chief Executive Officer
(Principal Executive Officer)

Dated: August 19, 2025

**CERTIFICATION OF
PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Seamus Lagan, certify that:

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

/s/ Seamus Lagan

Seamus Lagan
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

Dated: August 19, 2025

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

In connection with the Quarterly Report of FOXO Technologies Inc, a Delaware corporation (the “Company”), on Form 10-Q/A for the period ended March 31, 2025 as filed with the Securities and Exchange Commission (the “Report”) Seamus Lagan, Chief Executive Officer and Interim Chief Financial Officer of the Company, does here by certify, pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Sec. 1350), that:

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

Dated: August 19, 2025

/s/ Seamus Lagan

Seamus Lagan

Chief Executive Officer and Interim Chief Financial Officer

(Principal Executive Officer and Principal Financial and Accounting Officer)
