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

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 10, 2023

MARPAI, INC.

(Exact name of Registrant as Specified in Its Charter)

Delaware	001-40904	86-1916231
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

5701 East Hillsborough Avenue, Suite 1417 Tampa, Florida	33610
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code: 646 303-3483

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 per share	MRAI	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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. ☒

Explanatory Note

Item 2.01 Completion of Acquisition or Disposition of Assets.

On November 1, 2022, Marpai, Inc. (the "Company") filed a Current Report on Form 8-K (the "Initial Report") to report the Company's consummation of Maestro Health, LLC ("Maestro Health"), a Delaware limited liability company, pursuant to the terms of the Membership Interest Purchase Agreement executed by and among the Company, X.L. America, Inc., a Delaware corporation, Seaview Re Holdings Inc., a Delaware corporation, and AXA S.A., a French société anonyme.

This Current Report on Form 8-K/A (this "Amendment") amends and supplements the Initial Report to provide financial statements of Maestro Health, and the pro forma financial statements of the Company required by Item 9.01 of Form 8-K. No other modifications to the Initial Report are being made by this Amendment. This Amendment should be read in conjunction with the Initial Report.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The audited financial statements of Maestro Health as of and for the year ended December 31, 2021, together with the related notes to the financial statements, are included as Exhibit 99.1 to this Current Report and are incorporated herein by reference. The unaudited financial statements of Maestro Health as of and for the nine months ended September 30, 2022 are included as Exhibit 99.2.

(b) Pro Forma Financial Information.

The unaudited pro forma combined financial statements of the Company as of and for the year ended December 31, 2021, together with the related unaudited notes to the financial statements, are included as Exhibit 99.3 to this Current Report and are incorporated herein by reference.

(d) Exhibits.

Exhibit Number	Description
99.1	Audited financial statements of Maestro Health, LLC as of and for the year ended December 31, 2021 and 2020.
99.2	Unaudited financial statements of Maestro Health, LLC as of and for the nine months ended September 30, 2022.
99.3	Unaudited Pro Forma Combined Financial Statements of Marpai, Inc. as of and for the year ended December 31, 2021, together with the related notes to the financial statements.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

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 hereunto duly authorized.

MARPAI, INC.

Date: January 10, 2023

By: /s/ Edmundo Gonzalez
Name: Edmunod Gonzalez
Title: Chief Executive Officer

Exhibit 99.1

Maestro Health, LLC. and Subsidiaries

Consolidated Financial Statements Years Ended December 31, 2021 and 2020

Maestro Health, LLC. and Subsidiaries

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Independent Auditor's Report

To the Members and Managers of Maestro Health, LLC.

Opinion
We have audited the accompanying consolidated financial statements of Maestro Health, LLC. and subsidiaries ("Maestro"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations, members' (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Maestro as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Maestro and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Maestro's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Maestro's internal control. Accordingly, no such opinion is expressed.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Maestro's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheets and consolidating statements of operations are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mazars USA LLP

May 20, 2022

Maestro Health, LLC. and Subsidiaries

Consolidated Balance Sheets December 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	$ 11,488,444	$ 8,300,348
Accounts receivable	421,013	270,222
Miscellaneous receivables	1,614,519	10,186,254
Other current assets	1,594,174	1,966,628
Intercompany	304,536	171,272
Total current assets before funds held for clients	15,422,686	20,894,724
Funds held for clients	19,251,650	27,621,639
Total Current Assets	34,674,336	48,516,363
Property, Plant and Equipment, net of accumulated depreciation	4,457,256	5,555,175
Capitalized Development, net of accumulated depreciation	6,589,665	7,275,522
Other Noncurrent Assets	1,245,389	1,552,964
Total Assets	$ 46,966,646	$ 62,900,025

The accompanying notes are an integral part of these consolidated financial statements.

Maestro Health, LLC. and Subsidiaries

Consolidated Balance Sheets (Cont'd) December 31, 2021 and 2020

	2021	2020
Liabilities and Members' Deficit		
Current Liabilities		
Accounts payable	$ 348,257	$ 192,619
Accrued payroll and related taxes	4,107,627	3,691,269
Other current liabilities	2,191,117	3,502,291
Revolving line of credit	53,400,000	31,400,000
Intercompany	1,501	-
Total current liabilities before funds held for clients	60,048,502	38,786,178
Funds held for clients	19,251,650	27,621,639
Total Current Liabilities	79,300,152	66,407,817
Other Liabilities, long-term	2,746,544	3,127,107
Total Liabilities	82,046,696	69,534,925
Commitments and Contingencies (see Note 5)	-	-
Members' Deficit		
Additional paid-in capital	194,950,143	194,100,006
Retained earnings (deficit)	(230,030,193)	(200,734,907)
Total Members' Deficit	(35,080,050)	(6,634,901)
Total Liabilities and Members' Deficit	$ 46,966,646	$ 62,900,024

The accompanying notes are an integral part of these consolidated financial statements.

Maestro Health, LLC. and Subsidiaries

Consolidated Statements of Operations Year Ended December 31, 2021 and 2020

	2021	2020
Revenue, administrative service fees	$ 19,375,677	$ 19,360,757
Expenses		
Personnel and related expenses	33,226,412	34,789,614
Other selling, general and administrative expenses	11,401,024	13,888,597
Depreciation and amortization	3,329,689	4,318,867
Total Operating Expenses	47,957,125	52,997,078
Operating Income (Loss)	(28,581,448)	(33,636,321)
Other Expense (Income) Interest expense / (income)	157,621	133,225
Other expense/(income)	(277,345)	8,673,949
Total Other Expense (Income)	(119,724)	8,807,174
Loss From Operations Before Income Taxes	(28,461,724)	(42,443,494)
Income Tax Provision (Benefit)	833,562	10,793,510
Net Loss	$ (29,295,286)	$ (53,237,004)

The accompanying notes are an integral part of these consolidated financial statements.

Maestro Health, LLC. and Subsidiaries

Consolidated Statement of Members' Deficit Years Ended December 31, 2021 and 2020

	Common Stock Membership Units				Additional	Retained	
	Shares	Amount	Units	Amount	Paid-in Capital	Deficit	Total
Balance, January 1, 2020	948			$ - -	$ - $ 194,100,006	$ (147,497,903)	$ 46,602,103
Net loss	-			- -	- -	(53,237,004)	(53,237,004)
Balance, December 31, 2020	948			$ - -	$ - $ 194,100,006	$ (200,734,907)	$ (6,634,901)
Net loss	-			- -	- -	(29,295,286)	(29,295,286)
Additional paid in capital (Tax benefit reimbursement)				-	- 850,137		850,137
Balance, December 31, 2021	948			$ - 948	$ - $ 194,950,143	$ (230,030,193)	$ (35,080,050)

* On December 17, 2020, Maestro Health, Inc. was converted into Maestro Health, LLC. As a consequence, all outstanding shares of Common Stock were retired and converted into Membership Units.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows Years Ended December 31, 2021 and 2020

	2021	2020
Operating Activities		
Net loss	$ (29,295,286)	$ (53,237,004)
Adjustments to reconcile to net cash from operating activities:		
Depreciation and amortization	3,329,689	4,318,867
Impairment Loss	-	8,399,716
Capital (Gains)/Losses	(912)	35,835
Deferred income taxes	-	17,156,348
Changes in operating assets and liabilities, net of acquisition: Accounts receivable	(150,791)	193,378
Miscellaneous receivables and other assets	9,251,764	1,253,654
Accounts payable	155,639	(235,643)
Accrued payroll and related taxes	416,358	719,140
Other current liabilities and accrued expenses	(1,311,174)	(1,048,284)
Other long-term liabilities	(380,563)	2,563,343
Net change in intercompany accounts	(131,764)	160,939
Total adjustments	$ 11,178,247	$ 33,517,294
Net Cash Used in Operating Activities	$ (18,117,040)	$ (19,719,710)
Investing Activities		
Capitalized development costs	(1,542,556)	(3,520,029)
Purchase of property and equipment	(2,445)	(4,058,732)
Net Cash Used in Investing Activities	$ (1,545,001)	$ (7,578,761)
Financing Activities		
Proceeds from APIC (tax benefit reimbursement)	850,137	-
Proceeds from issuance of debt	22,000,000	31,400,000
Net Cash Provided By Financing Activities	22,850,137	31,400,000
Net Change in Cash and Cash Equivalents	$ 3,188,096	$ 4,101,529
Cash and Cash Equivalents, beginning of year	$ 8,300,348	$ 4,198,819
Cash and Cash Equivalents, end of year	$ 11,488,444	$ 8,300,348
Supplemental Disclosure of Cash Flow Information Cash paid for interest	$ 161,283	$ 143,771
Cash paid for taxes	$ -	$ -
Supplemental Disclosure of Non-Cash Investing Activities Issuance of membership units as consideration for earn-out payable	$ -	$ -

The accompanying notes are an integral part of these consolidated financial statements.

1.Organization, Nature of Operations, and Summary of Significant Accounting Policies Organization, Nature of Operations, and Management Plans

Maestro Health, LLC and Subsidiaries (the “Company”) is a Self-Funded Health Plan service provider which delivers a complete, all-in employee health and benefits solution to brokers, carriers, and employers.

Maestro Health, LLC is a Delaware domiciled limited liability company owned 100% by the AXA Group. It was formerly known as Maestro Health Inc., a Delaware domiciled corporation, which was organized on May 2, 2013. Maestro Health, Inc. converted to Maestro Health, LLC effective as of December 17, 2020. The Company’s services help employers control all aspects of the complex employee health and benefits system. The Company owns and operates self-funded insurance administration, benefits administration, enrollment, ACA compliance, consumer directed health care account administration, medical management, and consolidated billing solution applications, unifying them on a single, comprehensive mobile and web platform. In 2021, the Company added an Out of Network Repricing Solution and an Rx Patient Assistance Program to its service offerings. The Company provides services to clients throughout the United States from offices in Chicago, Illinois (headquarters); Charlotte, North Carolina; Southfield, Michigan; and Bethesda, Maryland.

The Company has experienced operating losses and negative cash flows from operations since inception and has been primarily funded with equity contributions and proceeds under credit facilities. At December 31, 2021 the Company has total members’ deficit of $35,080,050 and an accumulated deficit of $230,030,194 largely driven by the impairment of intangible assets in 2019 and 2020. The Company has implemented a change in business focus leading to a transition away from certain non-profitable business lines and has refocused the strategy towards self-funded solutions. The revised business plan indicates that the Company will achieve breakeven by 2023 and profitability in 2024 and thereafter. There can be no assurance these plans will be successful. In addition, the Company will benefit from the support of its sole shareholder, the AXA Group, to support the investments required as part of its strategic plan. In this context, the Company has received written assurances from the AXA Group that additional investment and loan extensions will be provided, if needed, which management believes will be sufficient to continue as a going concern through May 20, 2023.

Consolidation

The consolidated financial statements include the financial results of Maestro Health, Inc. and its wholly owned subsidiaries. The wholly owned subsidiaries are Integra Employer Health, LLC, Context Benefit Advisors, LLC, Workable Solutions, LLC, and Group Associates, Inc. Intercompany balances and transactions have been eliminated in consolidation. A formerly wholly owned subsidiary, IntegraHealth Management, LLC, was dissolved as of September 26, 2019. Colton Groome Benefit Advisors, LLC was renamed Context Benefit Advisors, LLC as of October 16, 2019.

Use of Estimates

The preparation of the consolidated financial statements 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used for, but not limited to, establishing the allowance for doubtful accounts, purchase price allocations, depreciation and amortization useful lives, capitalization of development costs, asset impairment evaluations, deferred tax assets and liabilities, rebate receivables, stock-based compensation, and other contingencies. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are maintained at financial institutions, and, at times, balances may exceed federally insured limits. The Company has never experienced losses related to these balances.

Accounts Receivable

The Company evaluates historical information and current economic conditions, as well as individual account histories when establishing the allowance for doubtful accounts. The policy for reserving for uncollectible accounts is to do so once accounts become over 180 days outstanding or the customer has filed for bankruptcy. As of December 31, 2021 and 2020, the Company recorded $6,375 and $141,544 in the

allowance for doubtful accounts, respectively.

Miscellaneous Receivables
The Company accounts for other miscellaneous receivables for unsettled transactions and other monetary obligations owed by other debtors. The miscellaneous receivables classified in current assets are related to client activities due to the Company from other debtors for referral, commission, and rebate income.

Funds Held for Clients and Custodial Receivables (Payables)
The Company holds funds for clients in the form of custodial cash. These amounts are held to pay claims, stop loss premiums, and medical, dental, and voluntary insurance premiums on behalf of clients and participants. This custodial cash is shown on the Company's consolidated balance sheets as part of funds held for clients and custodial receivables (payables) as an asset and a corresponding liability.

In its capacity as a third-party administrator, the Company bills and collects insurance premiums from benefits administration clients on behalf of insurance carriers and collects payments from self-funded clients for the purpose of paying health insurance claims of their employees. Billings and payments called are reflected as receivables with a corresponding liability recorded as part of funds held for clients and custodial receivables (payables). The Company will not pay the liability until the receivable has been fully funded.

Property and Equipment
Property and equipment, other than property and equipment acquired in acquisitions as described in Note 2, are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using a straight-line method applied to useful lives as follows:

Furniture and equipment 7 years
Marketing equipment 7 years
Computer equipment 5 years
Telephone systems 5 years
Leasehold improvements 3 years or remaining life of lease Software 3 years

Repairs and maintenance are expensed when incurred and expenditures for improvements are capitalized. Upon sale or retirement, the related cost and accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in operations.

Software Development Costs
Software development costs are accounted for in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic 985-20 if the software is to be sold, leased or otherwise marketed, or by FASB ASC Subtopic 350-40 if the software is for internal use. For internal use software, capitalization of software development costs begins during the application development stage and concludes when the product is substantially complete and ready for its intended use. The ongoing assessment of the recoverability of these costs requires considerable judgment by management with respect to certain external factors, including, but not limited to, anticipated future product revenue and related cash flows, estimated economic product lives, and changes in software and hardware technology. The capitalized software development cost at December 31, 2021 and 2020 was $11,494,627 and $9,952,071, respectively. The costs capitalized in 2020 and 2021 relate to various ongoing development projects related to the Company's mobile and web platform. Once software projects become available for general release, the Company begins to amortize the costs over the related project's estimated economic useful life to Depreciation and Amortization expense. Accumulated amortization was $4,904,962 and $2,676,549 as of December 31, 2021 and 2020, respectively.

Long-Lived Assets
The Company periodically reviews the carrying value of long-lived assets for recoverability or whenever events or changes in circumstances indicate that such amounts have been impaired. The Company's method for measuring impairment of long-lived assets is an undiscounted cash flow basis. Impairment indicators include, among other conditions, cash flow deficits, historic or anticipated decline in revenue or operating profit, and a material decrease in the fair value of some or all of the assets. If such impairment exists, the carrying value of the asset is reduced to its estimated fair value based on discounted cash flows. As of December 31, 2020, management chose to impair its long-lived assets in the amount of $7,756,713. After this impairment, the Company does not have intangible assets.

Business Combinations
When the Company acquires businesses or business assets in a business combination, the total consideration paid is allocated to the fair value of the tangible assets, liabilities, and identifiable intangible assets acquired. Any residual purchase consideration is recorded as goodwill. The allocation of the purchase price requires management to make significant estimates in determining the fair values of assets acquired, and liabilities assumed. These estimates are based on the application of valuation models using historical experience and information from independent valuation consultants. These estimates can include, but are not limited to, the cash flows that an asset is expected to generate in the future, the appropriate weighted- average cost of capital, the cost savings expected to be derived from acquiring an asset and estimated earn- out liabilities based on future results. These estimates are inherently uncertain and unpredictable. In addition, unanticipated events and circumstances may occur which may affect the accuracy or validity of these estimates. Acquisition-related costs are expensed as incurred. Refer to Note 2 for further information.

Definite Life Intangible Assets
Client contracts and lists, developed technology, non-compete agreements, and certain other trade names were recorded at their estimated fair value at the date of each respective acquisition and are amortized over their estimated useful lives generally ranging from one to 15 years using the straight-line method. The Company evaluates definite life intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset might not be recoverable. An impairment loss is recognized when estimated undiscounted future cash flows expected to result from the use of the asset are less than its' carrying amount. At March 1, 2018, all intangible assets were marked to net book value and revalued at fair market value as a result of the AXA Acquisition. As of December 31, 2020, there were impairment charges fully impairing the remaining definite lived intangible assets, which is further discussed in Note 3. As of December 31, 2021 and 2020, the net book value of the intangible assets remains zero.

Employee Benefit Plan
The Company has established a voluntary investment plan that covers all eligible employees. Employees may elect to contribute up to 100% of gross salary to this plan, and the Company matches the employee contribution up to 2% of gross salary, up to the 2021 IRS limit of $19,500. Non-elective employer contributions vest immediately at the rate of 100%. Contributions made to or on the behalf of employees under these plans were $297,837 as of December 31, 2021 and $188,184 as of December 31, 2020. Contributions made by the employees amounted to $1,332,661 at December 31, 2021 and $1,560,395 at December 31, 2020.
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Revenue Recognition
The Company recognizes revenue in accordance with ASC 606, a comprehensive revenue recognition standard for virtually all industries under U.S. GAAP. The revenue standard's core principle is built on the contract between a vendor and a client for the provision of goods and services. It attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled.

The Company's policy is to begin to record revenue only when the following criteria are met:

1)Persuasive evidence of an arrangement exists – The Company has obtained a signed contract from the client as evidence of an arrangement.

2)Performance Obligation identified – The company identifies its performance obligations under the contract.
3)The transaction price is fixed or determinable – The arrangement indicates the price of the service and the related payment terms are within a reasonably short time period from the rendering of service.

4)The transaction price is allocated to each performance obligation – The company allocates the transaction price to each performance obligation whenever that price is quoted to the customer at a summary level.

5)Delivery has occurred – Service has been delivered to the client, depending on the applicable terms.

6)Collectability is probable – The Company sells to clients it deems creditworthy.

The Company's revenues are largely attributable to administrative service fees collected from employers on a per member basis, medical management fees charged on an hourly basis, as well as commission income on the repricing of out of network claims, the Rx savings achieved and insurance products sold. In accordance with the above-outlined policy and with the various administrative service agreements with clients, fees associated with services are recognized in the period such services are rendered and earned.

The Company also has certain revenue associated with client agreements where services are provided over a contract period that spans multiple months. Revenue for these arrangements is recognized under the proportional performance method on a ratable basis over the period of the entire arrangement.

Income Taxes
In 2015, the Company adopted ASU 2015-17, which requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the Consolidated Balance Sheets. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured by applying enacted tax rates and laws to taxable years in which such differences are expected to reverse. A valuation allowance is provided when the Company determines that it is more-likely-than-not that a portion of the deferred tax asset balance will not be realized. Realization of deferred tax assets is dependent upon the generation of future taxable income, if any, the timing and amount of which are uncertain. Historically, due to the Company's losses in certain jurisdictions, it was more-likely-than-not that certain federal and state deferred tax assets would not be realized. As of December 31, 2021 and 2020 the Company recorded a deferred tax asset of $0, as further discussed in Note 5.

The Company follows the provisions of ASC 740-10-25, "Accounting for Uncertainty in Income Taxes," which seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. Under ASC 740-10-25, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained. The Company recognizes any corresponding interest and penalties associated with its income tax positions in income tax expense.

Paid Time Off (PTO)
The Company accrues for employee vacation when the rights vest and accumulate and such amounts can be reasonably estimated.

Fair Value of Financial Instruments
The carrying values of financial instruments such as cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses are reasonable estimates of their fair value because of the short maturity of these items. The Company believes that the current carrying amount of its notes payable approximates fair value because the interest rates on these instruments are subject to change with, or approximate, market interest rates.

Concentrations
Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable.

The Company grants credit to clients of various sizes throughout the United States. For the years ended December 31, 2021 and 2020, one client made up approximately 18% and 11%, respectively, of total revenues. As of December 31, 2021 and 2020, one client made up approximately 16% and 14%, respectively, of accounts receivable. The Company does not have any significant suppliers.

Trust Assets and Liabilities
In its capacity as a third-party administrator, the Company bills and collects insurance premiums from benefits administration clients on behalf of insurance carriers and collects payments from self-funded clients for the purpose of paying health insurance claims of their employees. Billings and payments called are reflected as receivables with a corresponding liability recorded as premiums payable or as claims payable. The Company will not pay the liability until the receivable has been fully funded.

Reclassifications
With the implementation of the new billing system for self-funded clients in 2021, the related fee collected from clients and remittance via automated payments to the Brokers are no longer recognized as pass through revenue and expense, which is consistent with ASC 606. Appropriate reclass net-off's are made for prior year consolidated statement of operations to confirm with current year presentation.

Certain prior year amounts have been reclassified to conform to the current year presentation.

Recently Issued Accounting Standards
In February 2016, the FASB issued ASU 2016-02, "Leases," which establishes a comprehensive new lease accounting model. ASU 2016-02 clarifies the definition of a lease and causes lessees to recognize leases on the balance sheets as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. ASU 2016-02 is effective for financial statements issued for fiscal years beginning after December 15, 2021 and interim periods within those fiscal years, with early adoption permitted. ASU 2016- 02 requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. FASB extended this deadline from 2020 to 2022 due to the coronavirus crisis. The Company is currently evaluating the impact that ASU 2016-02 will have on its consolidated financial statements and related disclosures.

Subsequent Events
The Company has evaluated subsequent events through May 20, 2022, the date the consolidated financial statements were available to be issued. Refer to Note 8 for a summary of significant subsequent events.

Transactions
The transactions below were accounted for as business combinations in accordance with ASC 805, "Business Combinations." The 2021 and 2020 operating results include the effects of the acquisitions from the transaction date forward.

Acquisition by AXA S.A.
On January 22, 2018, the Company entered into a merger agreement with AXA S.A. (and its designated subsidiaries) to merge entities with the Company, selling all its issued and outstanding shares. This transaction was accounted for as a business combination in accordance with ASC 805, "Business Combinations". The 2019 operating results include the effects of the acquisition from the transaction date forward.

Series A participating convertible preferred stock received its Series A preference amount to include cumulative dividends and the per common share Merger Consideration. Series B non-participating convertible preferred stock received its Series B preference amount. The transaction qualified as a Liquidity Event in accordance with the 2014 Stock Option and Incentive Plan (as amended) for each holder of In-Money Options which became fully vested and exchanged for an amount equal to the per common share less the exercise price of such In-Money Options. After other monetary obligations were met and deducted from the proceeds, the per common stock share price was calculated to be $0.63. As of December 31, 2019, reserves held in escrow have been fully distributed; the Closing Adjustment Escrow was distributed on July 31, 2018, for
$3,737,416; and the Indemnity Escrow was distributed on December 20, 2019, for $4,975,000. As of December 31, 2019, reserves of $500,000 were being held for the Expense Fund; the Expense Fund was distributed as of February 27, 2020, for the amount of $268,429, with the remainder having been used as expense.

Context Benefit Advisors
On May 21, 2020, an Asset Purchase Agreement was executed by and among Context Benefit Advisors, LLC ("Context Benefit Advisors"), a wholly owned subsidiary of Maestro Health, LLC, and The Hilb Group of North Carolina, LLC, ("Hilb") whereby Context Benefit Advisors sold to Hilb a portfolio of brokerage contracts, for an upfront cash consideration of $36,000. All assets in scope were subsequently transferred to Hilb.

Group Associates

On December 28, 2020, an Asset Purchase Agreement was executed by and among Group Associates, Inc. ("Group Associates"), a wholly owned subsidiary of Maestro Health, LLC, and Benefit Partner, LLC d/b/a Salus Group ("Salus"), whereby Group Associates sold to Salus a portfolio of benefit administration and brokerage contracts, for an upfront consideration of $200,000. The transfer of the assets was completed during the second quarter of 2021 and trailing commissions due were settled by December 31, 2021.

2. Property and Equipment

At December 31, 2021 and 2020, property and equipment were comprised of the following:

	2021	2020
Furniture, fixtures, and equipment	$ 7,443,136	$ 7,526,829
Less accumulated deprecation and amortization	2,985,880	1,971,654
	$ 4,457,256	$ 5,555,175

Depreciation and amortization expense was $1,101,276 and $1,010,161 for the years ended December 31, 2021 and 2020, respectively.

3. Intangible Assets

Amortizable Intangible Assets

The gross carrying amount, accumulated amortization, and weighted-average amortization period, by class and in total, at December 31, 2021 and 2020, were as follows:

December 31, 2021

Intangible Asset	Gross Amount	Impairment	Accumulated Amortization	Net Amount	Original Weighted Average Amortization Period (Years)
Customer list	$ 7,300,000	$ 5,961,667	$ 1,338,333	$ -	10.0
Non-compete	1,700,000	661,111	1,038,889	-	3.0
Trade name	22,500,000	17,579,082	4,920,918	-	10.0
Purchased tech	21,300,000	12,542,632	8,757,368	-	5.0
	$ 52,800,000	$ 36,744,492	$ 16,055,508	$ -	7.8

December 31, 2020

Intangible Asset	Gross Amount	Impairment	Accumulated Amortization	Net Amount	Original Weighted Average Amortization Period (Years)
Customer list	$ 7,300,000	$ 5,961,667	$ 1,338,333	$ -	10.0
Non-compete	1,700,000	661,111	1,038,889	-	3.0
Trade name	22,500,000	17,579,082	4,920,918	-	10.0
Purchased tech	21,300,000	12,542,632	8,757,368	-	5.0
	$ 52,800,000	$ 36,744,492	$ 16,055,508	$ -	7.8

Amortization expense for intangible assets was $0 and $1,743,286 for the years ended December 31, 2021 and 2020, respectively.

The Company recorded intangible asset impairment of $7,756,714 as of December 31, 2020. After this impairment, the Company does not have intangible assets.

4.Commitments and Contingencies

Leases

The Company has various non-cancelable operating lease agreements for office space and other equipment through 2028. Rent expense for the years ended December 31, 2021 and 2020 was $1,603,170 and $1,433,568, respectively.

On March 1, 2018, the Company entered into a lease agreement for premises, comprised of 10,019 rentable square feet, in Southfield, Michigan. The lease term commenced on July 2, 2018 and will continue through and expire on July 31, 2023. In accordance with the commencement of this lease agreement, the Company vacated its premises (and terminated its lease) in Bingham Farms, Michigan.

On July 24, 2018, the Company entered into an amended lease agreement for the Company's corporate headquarters in Chicago, Illinois, where the Company expanded its occupied premises, extended the lease term, and modified other general lease provisions. The Company expanded its occupied premises by an additional 4,905 rentable square feet. The lease term commenced on November 1, 2018 and will continue through and expire on September 30, 2028.

On July 8, 2019, the Company entered into a lease agreement with Regus, in Bethesda, Maryland, for Office 719. The lease term commenced on July 15, 2019 and the current extension will expire on July 31, 2022. The Company intends to extend the lease at renewal through July 31, 2023.

On October 25, 2019, the Company entered into a lease agreement for residential housing for one of the Company's Executive Officers. The premises are comprised of 3,200 rentable square feet, in Chicago, Illinois. The lease term commenced on December 1, 2019 and will continue through and expire on November 30, 2023.

On December 19, 2019, the Company entered into a lease agreement for premises comprised of 31,475 rentable square feet in Charlotte, North Carolina. The lease term commenced on June 1, 2020 and will continue through and expire on May 31, 2029. In accordance with the commencement of this lease agreement, the Company vacated its prior office premises in Charlotte, North Carolina and terminated that lease at its expiration date of September 30, 2021.

On May 20, 2020, the Company entered into a lease agreement with Regus, in Bethesda, Maryland, for Office 720. The lease commenced on July 1, 2020 and was on a month-to-month basis. This lease was terminated on September 30, 2021.

The future minimum lease payments required for each of the following fiscal years ending are:

2022	$ 1,461,982
2023	1,407,358
2024	1,266,301
2025	1,309,409
2026 and beyond	5,404,435
	$ 10,849,485

Legal Proceedings

From time to time, the Company is involved in various litigation matters arising in the ordinary course of its business. The Company is currently a party to a collection claim wherein the Plaintiff, due to their acquisition of accounts receivable of several providers, is looking to recover amounts owed to said providers in the amount of $1,005. A settlement was reached for $500 for a full release and dismissal from the lawsuit. The Company is also party to a dispute with a former employee and the Company has prevailed on its motion for

summary disposition in the Circuit Court. The former employee has appealed, and the case remains in the Michigan Court of Appeals. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity financial position, results of operations, or liquidity.

5.Income Taxes

The benefit / (expense) for income taxes for the years ended December 31, 2021 and 2020 consisted of the following components:

	2021	2020
Current: Federal		
	$ (833,562)	$ 7,922,843
State	-	(1,560,005)
Total current benefit/(expense)	(833,562)	6,362,838
Deferred:		
Federal	-	(14,064,139)
State	-	(3,092,209)
Total deferred benefit/(expense)	-	(17,156,348)
Total benefit/(expense) for income taxes.	$ (833,562)	$ (10,793,510)

A reconciliation of the U.S. federal statutory tax rate to the effective rates reported for income before taxes for the years ended December 31, 2021 and 2020 is as follows:

	2021	2020
Provision for taxes at U.S. statutory rate	0.0%	21.0%
% State income taxes - net of federal benefit	0.0%	-11.0%
Non-deductible expenses	0.0%	0.0%
Impairment expense	0.0%	0.0%
Deferred conversion to LLC	0.0%	-34.7%
Other	0.0%	-0.7%
Valuation	0.0%	0.0%
Effective tax rate	0.0%	-25.4%

Effective December 17, 2020, the Company elected to convert to a Limited Liability Corporation (LLC) owned by two partners. As a result, the Company will now be treated as a partnership and wrote off its deferred balances. For the 2021 reporting year, the Company's net losses are absorbed by their owner/partners and reported within their financial statements. An agreement exists between the parties that any tax benefit that accrues to the partners from the Company's net losses will be reinvested in the Company once those figures are finalized.

As of December 31, 2021, the Company did not have any material uncertain tax positions. The Company does not expect any material changes to its unrecognized tax benefits within the next 12 months. The Company classifies uncertain tax positions as non-current income tax liabilities unless expected to be paid within one year or otherwise directly related to an existing deferred tax asset, in which case the uncertain tax position is recorded net of the asset on the balance sheets. Interest and penalties are recognized in income tax expense. As of December 31, 2021, there were no accrued interest and penalties related to uncertain tax positions. The Company has filed income tax returns in the U.S. federal jurisdiction for all years since inception in 2013. For taxation years before 2017, the Company is no longer subject to U.S. Federal or state income tax examinations.

6.Debt

On February 5, 2020, the Company entered into a $10,000,000 loan agreement with AXA S.A., with a termination date as of August 5, 2020. The loan was received in full by the Company on February 5, 2020. On August 5, 2020, the loan was subsequently increased to $21,400,000, with a new termination date as of August 5, 2021. The additional amount was received in full by the Company on August 5, 2020. On August 5, 2021, the loan was extended to a termination date as of July 5, 2022.

On April 15, 2020, the Company entered into a $10,000,000 loan agreement with AXA S.A., with a termination date as of October 15, 2020. The loan was received in full by the Company on April 15, 2020. On October 15, 2020, the loan was extended to a termination date as of October 15, 2021. On October 13, 2021, the loan was extended to a termination date as of July 5, 2022.

On February 24, 2021, the Company entered into a $10,000,000 loan agreement with AXA S.A., with a termination date as of February 28, 2022. The loan was received in full by the Company on February 26, 2021.

On June 17, 2021, the Company entered into a $12,000,000 loan agreement with AXA S.A., with a termination date as of June 17, 2022. The loan was received in full by the Company on June 17, 2021.

7.Common Stock

On December 17, 2020, Maestro Health, Inc. was converted into Maestro Health, LLC. As a consequence, all 948 outstanding shares of Common Stock were retired and converted into 948 Membership Units. The total membership units are held by the Company's two owners. AXA Holdings U.S. Holdings, Inc. has 748 membership units and Seaview Re Holdings Inc. has 200 membership units. There have been no changes in membership units as of December 31, 2021.

8.Subsequent Events

Financing

On February 24, 2022, the Company renewed a $10,000,000 loan agreement with AXA S.A., with a termination date of July 5, 2022. All outstanding loans totaling $53.4m will be consolidated into one loan in April 2022.

Workforce Reduction

Effective March 31, 2022, the Company reduced its workforce by 41 employees. The reduction is part of the revised business plan and is intended to reduce the need for AXA loans beyond 2022.

Maestro Health, LLC. and Subsidiaries

Consolidating Balance Sheets
December 31, 2021

	Maestro Health	Integra Employer Health	Context Benefit Advisors	Workable Group Solutions Associates	Eliminations	Consolidated
Assets						
Current Assets						
Cash and cash equivalents	$ 11,012,473	$ 340,201	$ 65,074	$ - $ 70,696	$ -	$ 11,488,444
Accounts receivable	-	217,005	-	- $ 204,008	-	421,013
Miscellaneous receivables	216,141	623,272	1,262	- $ 773,844	-	1,614,519
Other current assets	1,463,736	41,221	-	- $ 89,216	-	1,594,174
Intercompany	121,937,480	110,623,760	826,737	- $ 21,150,633	(254,234,074)	304,536
Total current assets before funds held for clients	134,629,830	111,845,459	893,073	- 22,288,397	(254,234,074)	15,422,686
Funds held for clients	-	17,367,203	-	27,165 1,857,283	-	19,251,650
Total Current Assets	134,629,830	129,212,662	893,073	27,165 24,145,680	(254,234,074)	34,674,336
Property, Plant and Equipment, net of accumulated depreciation	3,602,642	823,710	-	- 30,904	-	4,457,256
Capitalized Development, net of accumulated depreciation	6,589,665	-	-	- -	-	6,589,665
Deferred Tax Asset	-	-	-	- -	-	-
Other Noncurrent Assets	6,329,624	1,000,000	-	- -	(6,084,235)	1,245,389
Total Assets	$ 151,151,761	$ 131,036,372	$ 893,073	$ 27,165 $ 24,176,584	$ (260,318,309)	$ 46,966,646

Maestro Health, LLC. and Subsidiaries

Consolidating Balance Sheets
December 31, 2021 - Continued

	Maestro Health	Integra Employer Health	Context Benefit Advisors	Workable Solutions	Group Associates	Eliminations	Consolidated
Liabilities and Members' Deficit							
Current Liabilities							
Accounts payable	$ 266,332	$ 81,925	$ -	$ -	$ -	$ -	$ 348,257
Accrued payroll and related taxes	4,107,627	-	-	-	-	-	4,107,627
Other current liabilities	1,004,578	851,356	-	-	335,183	-	2,191,117
Revolving line of credit	53,400,000	-	-	-	-	-	53,400,000
Intercompany	127,463,052	107,749,667	874,028	-	18,148,828	(254,234,075)	1,501
Total current liabilities before funds held for clients	186,241,589	108,682,948	874,028	-	18,484,011	(254,234,075)	60,048,502
Funds held for clients	-	17,367,203	-	27,165	1,857,283	-	19,251,650
Total Current Liabilities	186,241,589	126,050,151	874,028	27,165	20,341,294	(254,234,075)	79,300,152
Other Liabilities, long-term	598,460	2,148,085	-	-	-	-	2,746,544
Total Liabilities	186,840,049	128,198,236	874,028	27,165	20,341,294	(254,234,075)	82,046,696
Commitments and Contingencies (see Note 5)							
Members' Deficit							
Additional paid-in capital	195,048,936	30,512,320	98,792	5,954,422	2,864,607	(39,528,934)	194,950,143
Retained earnings (deficit)	(230,737,224)	(27,674,184)	(79,747)	(5,954,422)	970,683	33,444,700	(230,030,193)
Total Members' Deficit	(35,688,288)	2,838,136	19,045		3,835,290	(6,084,234)	(35,080,050)
Total Liabilities and Members' Deficit	$ 151,151,761	$ 131,036,372	$ 893,073	$ 27,165	$ 24,176,584	$ (260,318,309)	$ 46,966,646

Maestro Health, LLC. and Subsidiaries

Consolidating Balance Sheets
December 31, 2020

	Maestro Health	Integra Employer Health	Context Benefit Advisors	Workable Group Solutions Associates	Eliminations	Consolidated
Assets						
Current Assets						
Cash and cash equivalents	$ 7,623,295	$ 570,028	$ 73,522	$ - $ 33,503	$ -	$ 8,300,348
Accounts receivable	94,637	35,367	-	- 140,219	-	270,222
Miscellaneous receivables	7,653,116	1,335,749	2,454	- 1,194,935	-	10,186,254
Other current assets	1,795,318	163,471	-	- 7,839	-	1,966,628
Intercompany	102,102,729	88,485,456	776,548	- 18,631,951	(209,825,413)	171,272
Total current assets before funds held for clients	119,269,095	90,590,071	852,524	- 20,008,447	(209,825,413)	20,894,724
Funds held for clients	-	18,369,783	-	27,165 9,224,691	-	27,621,639
Total Current Assets	119,269,095	108,959,854	852,524	27,165 29,233,138	(209,825,413)	48,516,363
Property, Plant and Equipment, net of accumulated depreciation	4,342,472	1,163,871	-	- 48,832	-	5,555,175
Capitalized Development, net of accumulated depreciation	7,275,522	-	-	- -	-	7,275,522
Deferred Tax Asset	-	-	-	- -	-	-
Other Noncurrent Assets	3,282,794	1,200,080	-	- -	(2,929,910)	1,552,964
Intangible Assets, net	-	-	-	- -	-	-
Goodwill, net	-	-	-	- -	-	-
Total Assets	$ 134,169,883	$ 111,323,805	$ 852,524	$ 27,165 $ 29,281,970	$ (212,755,323)	$ 62,900,024

Maestro Health, LLC. and Subsidiaries

Consolidating Balance Sheets
December 31, 2020– Continued

	Maestro Health	Integra Employer Health	Context Benefit Advisors	Workable Solutions	Group Associates	Eliminations	Consolidated
Liabilities and Members' Deficit							
Current Liabilities							
Accounts payable	$ 106,536	$ 86,083	$ -	$ -	$ -	$ -	$ 192,619
Accrued payroll and related taxes	2,596,179	770,412	-	-	324,678	-	3,691,269
Other current liabilities	2,348,335	544,265	220	-	609,471	-	3,502,291
Revolving line of credit	31,400,000	-	-	-	-	-	31,400,000
Intercompany	103,866,321	88,177,655	863,231	3,024	16,915,181	(209,825,413)	(1)
Total current liabilities before funds held for clients	140,317,371	89,578,415	863,451	3,024	17,849,330	(209,825,413)	38,786,178
Funds held for clients	-	18,369,783	-	27,165	9,224,691	-	27,621,639
Total Current Liabilities	140,317,371	107,948,198	863,451	30,189	27,074,021	(209,825,413)	66,407,817
Other Liabilities, long-term	518,130	2,608,978	-	-	-	-	3,127,107
Total Liabilities	140,835,501	110,557,176	863,451	30,189	27,074,021	(209,825,413)	69,534,925
Commitments and Contingencies (see Note 5)							
Members' Deficit							
Additional paid-in capital	194,198,799	30,512,320	98,793	5,954,422	2,864,607	(39,528,934)	194,100,006
Retained earnings (deficit)	(200,864,417)	(29,745,691)	(109,721)	(5,957,446)	(656,657)	36,599,024	(200,734,907)
Total Members' Deficit	(6,665,618)	766,629	(10,928)	(3,024)	2,207,950	(2,929,910)	(6,634,901)
Total Liabilities and Members' Deficit	$ 134,169,883	$ 111,323,805	$ 852,524	$ 27,165	$ 29,281,970	$ (212,755,323)	$ 62,900,024

Maestro Health, LLC. and Subsidiaries

Consolidating Statements of Operations
Year ended December 31, 2021

	Maestro Health	Integra Employer Health	Context Benefit Advisors	Workable Solutions	Group Associates	Eliminations	Consolidated
Revenue, administrative service fees	$ 273	$ 17,614,650	$ 40,158	$ -	$ 1,720,596	$ -	$ 19,375,677
Expenses							
Personnel and related expenses	21,744,095	11,482,318	-	-	-	(1)	33,226,412
Other selling, general and administrative expenses	7,510,264	3,818,322	134	(3,024)	75,328	-	11,401,024
Depreciation and amortization	3,073,566	242,503	-	-	13,620	-	3,329,689
Total Operating Expenses	32,327,925	15,543,143	134	(3,024)	88,948	(1)	47,957,126
Operating Income (Loss)	(32,327,652)	2,071,507	40,024	3,024	1,631,648	1	(28,581,449)
Other Expense (Income)	-	-	-	-	-	-	-
Interest expense/(income)	157,621	-	-	-	-	-	157,621
Intercompany expense (income)	(10,051)	-	10,051	-	-	-	-
Other expense/(income)	(281,653)	-	-	-	4,308	-	(277,345)
Total Other Expense (Income)	(134,083)	-	10,051	-	4,308	-	(119,724)
Equity in Earnings of Affiliates	3,154,324	-	-	-	-	(3,154,324)	-
Income (Loss) From Operations Before Income Taxes	(29,039,245)	2,071,507	29,973	3,024	1,627,340	(3,154,323)	(28,461,724)
Income Tax Provision (Benefit)	833,562	-	-	-	-	-	833,562
Net Income (Loss)	$ (29,872,807)	$ 2,071,507	$ 29,973	$ 3,024	$ 1,627,340	$ (3,154,323)	$ (29,295,286)

Maestro Health, LLC. and Subsidiaries

Consolidating Statement of Operations
Year ended December 31, 2020

	Maestro Health	Integra Employer Health	Context Benefit Advisors	Workable Solutions	Group Associates	Eliminations	Consolidated
Revenue, administrative service fees	$ 1,042,277	$ 15,304,721	$ 80,778	$ -	$ 2,932,982	$ -	$ 19,360,757
Expenses							
Personnel and related expenses	15,462,540	15,330,193	40,650	-	3,956,230	-	34,789,614
Other selling, general and administrative expenses	10,058,064	3,755,140	1,748	-	73,646	-	13,888,597
Depreciation and amortization	4,047,973	249,558	-	-	21,336	-	4,318,867
Total Operating Expenses	29,568,577	19,334,891	42,398	-	4,051,212	-	52,997,078
Operating Income (Loss)	(28,526,300)	(4,030,170)	38,380	-	(1,118,230)	-	(33,636,321)
Other Expense (Income)							
Interest expense/(income)	133,225	-	-	-	-	-	133,225
Intercompany expense (income)	(3,826,735)	3,846,318	23,144	-	(42,727)	-	-
Other expense/(income)	8,158,872	11,997	-	643,003	(139,923)	-	8,673,949
Total Other Expense (Income)	4,465,362	3,858,315	23,144	643,003	(182,650)	-	8,807,174
Equity in Earnings of Affiliates	(9,585,451)	-	-	-	1	9,585,451	1
Income (Loss) From Operations Before Income Taxes	(42,577,113)	(7,888,485)	15,236	(643,003)	(935,579)	9,585,451	(42,443,494)
Income Tax Provision (Benefit)	10,793,510	-	-	-	-	-	10,793,510
Net Income (Loss)	$ (53,370,623)	$ (7,888,485)	$ 15,236	$ (643,003)	$ (935,579)	$ 9,585,451	$ (53,237,004)

Exhibit 99.2

Maestro Health, LLC. and Subsidiaries

Consolidated Financial Statements
Nine Months Ended
September 30, 2022
(Unaudited)

Maestro Health, LLC. and Subsidiaries

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September 30, 2022

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Independent Auditors' Review Report

To the Board of Directors and Members of Maestro Health, LLC

Results of Review of Interim Financial Information
We have reviewed the accompanying consolidated financial statements of Maestro Health, LLC and subsidiaries (the "Company") which comprise the balance sheet as of September 30, 2022, and the related consolidated statements of operations, members' deficit, and cash flows for the nine-month period September 30, 2022 and the related notes (collectively referred to as the "interim financial information").

Based on our review, we are not aware of any material modifications that should be made to the interim financial information referred to above for it to be in accordance with accounting principles generally accepted in the United States of America.

Basis for Review Results
We conducted our review in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of interim financial information is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relative ethical requirements relating to our review. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Responsibilities of Management for the Interim Financial Information
Management is responsible for the preparation and fair presentation of the interim financial information in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of interim financial information that is free from material misstatement, whether due to fraud or error.

Report on Consolidated Balance Sheet as of December 31, 2021
We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of the Company as of December 31, 2021, and the related consolidated statements of operations, members' (deficit), and cash flows for the year then ended (not presented herein); and in our report dated May 20, 2022, we expressed an unmodified audit opinion on those audited consolidated financial statements. In our opinion, the accompanying condensed consolidated balance sheet of the Company as of December 31, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

/s/ Mazars USA LLP

Fort Washington, PA
January 6, 2023

Maestro Health, LLC. and Subsidiaries
Consolidated Balance Sheets
September 30, 2022 (Unaudited) and December 31, 2021

September 30, 2022 and December 31, 2021	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ 5,668,301	$ 11,488,444
Accounts receivable	352,928	421,013
Miscellaneous receivables	1,401,962	1,614,519
Other current assets	1,036,552	1,594,174
Intercompany	265,528	304,536
Total current assets before funds held for clients	8,725,271	15,422,686
Funds held for clients	16,215,822	19,251,650
Total Current Assets	24,941,093	34,674,336
Property, Plant and Equipment, net of accumulated depreciation	3,782,677	4,457,256
Property Plant and Equipment	7,480,296	7,443,136
Accumulated Depreciation - PP&E	(3,697,619)	(2,985,881)
Capitalized Development, net of accumulated depreciation	5,611,984	6,589,665
Other Noncurrent Assets	4,108,650	1,245,389
Total Assets	$ 38,444,404	$ 46,966,646

The accompanying notes are an integral part of these consolidated financial statements.

Maestro Health, LLC. and Subsidiaries
Consolidated Balance Sheets (Cont'd)
September 30, 2022 (Unaudited) and December 31, 2021

September 30, 2022 and December 31, 2021	2022	2021
Liabilities and Members' Deficit		
Current Liabilities		
Accounts payable	$ 385,601	$ 348,257
Accrued payroll and related taxes	3,076,057	4,107,627
Other current liabilities	2,722,272	2,191,117
Revolving line of credit	59,900,000	53,400,000
Intercompany	2,369	1,501
Total current liabilities before funds held for clients	66,086,299	60,048,502
Funds held for clients	16,215,822	19,251,650
Total Current Liabilities	82,302,121	79,300,152
Other Liabilities, long-term	5,658,123	2,746,544
Total Liabilities	87,960,244	82,046,696
Members' Deficit		
Additional paid-in capital	194,950,143	194,950,143
Retained earnings (deficit)	(244,465,983)	(230,030,193)
Total Members' Deficit	(49,515,840)	(35,080,050)
Total Liabilities and Members' Deficit	$ 38,444,404	$ 46,966,646

The accompanying notes are an integral part of these consolidated financial statements.

Maestro Health, LLC. and Subsidiaries
Consolidated Statements of Operations
Nine Months Ended September 30, 20222 (Unaudited)

9 months Ended September 30, 2022	2022
Revenue, administrative service fees	$ 14,912,147
Expenses	
Personnel and related expenses	18,741,449
Other selling, general and administrative expenses	6,121,929
Depreciation and amortization	2,819,838
Total Operating Expenses	27,683,216
Operating (Loss)	(12,771,069)
Other Expense	
Interest expense	910,918
Other expense	753,802
Total Other Expense (Income)	1,664,720
Equity in Earnings of Affiliates	-
Loss From Operations Before Income Taxes	(14,435,789)
Income Tax Provision (Benefit)	-
Net Loss	$ (14,435,789)

The accompanying notes are an integral part of these consolidated financial statements.

Maestro Health, LLC. and Subsidiaries

Consolidated Statement of Members' Deficit

Nine Months Ended September 30, 2022 (Unaudited), and Year Ended September 30, 2022

	Membership Units		Additional paid-in capital	Retained deficit	Total
	Units	Amount			
Balance, January 1, 2021	948	$ -	$ 194,100,006	$ (200,734,907)	$ (6,634,901)
Net loss			-	(29,295,286)	(29,295,286)
Additional paid in capital (Tax benefit reimbursement)	-	-	850,137	-	850,137
Balance, December 31, 2021	948	$ -	$ 194,950,143	$ (230,030,193)	$ (35,080,050)
Net loss (unaudited)	-	-	-	(14,435,789)	(14,435,789)
Balance, September 30, 2022 (unaudited)	948	$ -	$ 194,950,143	$ (244,465,983)	$ (49,515,840)

Consolidated Statements of Cash Flows

Nine Months Ended September 30, 2022 (Unaudited)

The accompanying notes are an integral part of these consolidated financial statements.

Maestro Health, LLC. and Subsidiaries

9 Months ended September 30,		2022
Operating Activities		
Net loss	$	(14,435,789)
Adjustments to reconcile to net cash from operating activities:		
Depreciation and amortization		2,819,838
Interest		910,918
Capital (Gains)/Losses		(9,082)
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable		68,085
Miscellaneous receivables and other assets		(2,141,399)
Accounts payable		37,344
Accrued payroll and related taxes		(1,031,570)
Other current liabilities and accrued expenses		531,155
Other long-term liabilities		2,911,578
Net change in intercompany accounts		39,875
Total adjustments	$	4,136,742
Net Cash Used in Operating Activities	$	(10,299,047)
Investing Activities		
Capitalized development costs		(806,092)
Purchase of property and equipment		(28,078)
Net Cash Used in Investing Activities	$	(834,170)
Financing Activities		
Proceeds from issuance of debt		6,500,000
Interest		(910,918)
Other		(276,009)
Net Cash Provided By Financing Activities		5,313,073
Net Change in Cash and Cash Equivalents	$	(5,820,143)
Cash and Cash Equivalents, beginning of year	$	11,488,444
Cash and Cash Equivalents, on September 30	$	5,668,301
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$	133,913
Cash paid for taxes	$	-

The accompanying notes are an integral part of these consolidated financial statements.

1.Organization, Nature of Operations, and Summary of Significant Accounting Policies

Organization, Nature of Operations, and Management Plans
Maestro Health, LLC and Subsidiaries (the "Company") is a Self-Funded Health Plan service provider which delivers a complete, all-in employee health and benefits solution to brokers, carriers, and employers.

Maestro Health, LLC is a Delaware domiciled limited liability company owned 100% by the AXA Group. It was formerly known as Maestro Health Inc., a Delaware domiciled corporation, which was organized on May 2, 2013. Maestro Health, Inc. converted to Maestro Health, LLC effective as of December 17, 2020. The Company's services help employers control all aspects of the complex employee health and benefits system. The Company owns and operates self-funded insurance administration, benefits administration, enrollment, ACA compliance, consumer directed health care account administration, medical management, and consolidated billing solution applications, unifying them on a single, comprehensive mobile and web platform. In 2021, the Company added an Out of Network Repricing Solution and an Rx Patient Assistance Program to its service offerings. The Company provides services to clients throughout the United States from offices in Chicago, Illinois (headquarters); Charlotte, North Carolina; Southfield, Michigan; and Bethesda, Maryland.

The Company has experienced operating losses and negative cash flows from operations since inception and has been primarily funded with equity contributions and proceeds under credit facilities. At September 30, 2022, the Company has total members' deficit of ($49,515,840) and a retained deficit of ($244,465,983), largely driven by the impairment of intangible assets in 2020 and 2019.

On August 4, 2022, it was announced that AXA S.A. agreed to sell all of its holdings in the Company to Marpai, Inc. ("Marpai") a Self-Funded Health Plan service provider which delivers employee health and benefits solutions to brokers, carriers, and employers. It is expected that the synergies between the two organizations will result in profitable growth.

Marpai is traded on the NASDAQ under the symbol "MRAI".

Following the acquisition, which was completed on October 31, 2022 the Company became a wholly owned subsidiary of Marpai and Marpai became the holder of the $59.9 million consolidated loan (see Note 6). As part of the agreement, AXA agreed to fund the operations of Maestro through the end of 2023 by guaranteeing a cash balance upon closing of $15,700,000. Of which, an amount of $14 million cash transfer was received on October 27, 2022.

It is expected that following the acquisition, the operations of the Company and Marpai will be consolidated so that they will operate as one single company, and the Company as presently constituted will no longer be an independent stand-alone business entity.

Consolidation
The consolidated financial statements include the financial results of Maestro Health, Inc. and its wholly owned subsidiaries. The wholly owned subsidiaries are Integra Employer Health, LLC, Context Benefit Advisors, LLC, Workable Solutions, LLC, and Group Associates, Inc. Intercompany balances and transactions have been eliminated in consolidation. A formerly wholly owned subsidiary, IntegraHealth Management, LLC, was dissolved as of September 26, 2019. Colton Groome Benefit Advisors, LLC was renamed Context Benefit Advisors, LLC as of October 16, 2019.

Use of Estimates

The preparation of the consolidated financial statements 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used for, but not limited to, establishing the allowance for doubtful accounts, purchase price allocations, depreciation and amortization useful lives, capitalization of development costs, asset impairment evaluations, deferred tax assets and liabilities, rebate receivables, stock-based compensation, and other contingencies. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are maintained at financial institutions, and, at times, balances may exceed federally insured limits. The Company has never experienced losses related to these balances.

Accounts Receivable

The Company evaluates historical information and current economic conditions, as well as individual account histories when establishing the allowance for doubtful accounts. The policy for reserving for uncollectible accounts is to do so once accounts become over 180 days outstanding or the customer has filed for bankruptcy. As of September 30, 2022 and December 31, 2021, the Company recorded $50,276 and $6,375 in the allowance for doubtful accounts, respectively.

Miscellaneous Receivables

The Company accounts for other miscellaneous receivables for unsettled transactions and other monetary obligations owed by other debtors. The miscellaneous receivables classified in current assets are related to client activities due to the Company from other debtors for referral, commission, and rebate income.

Funds Held for Clients and Custodial Receivables (Payables)

The Company holds funds for clients in the form of custodial cash. These amounts are held to pay claims, stop loss premiums, and medical, dental, and voluntary insurance premiums on behalf of clients and participants. This custodial cash is shown on the Company's consolidated balance sheets as part of funds held for clients and custodial receivables (payables) as an asset and a corresponding liability.

In its capacity as a third-party administrator, the Company bills and collects insurance premiums from benefits administration clients on behalf of insurance carriers and collects payments from self-funded clients for the purpose of paying health insurance claims of their employees. Billings and payments called are reflected as receivables with a corresponding liability recorded as part of funds held for clients and custodial receivables (payables). The Company will not pay the liability until the receivable has been fully funded.

Property and Equipment

Property and equipment, other than property and equipment acquired in acquisitions as described in Note 2, are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using a straight-line method applied to useful lives as follows:

Furniture and equipment	7 years
Marketing equipment	7 years
Computer equipment	5 years
Telephone systems	5 years
Leasehold improvements	3 years or remaining life of lease
Software	3 years

Repairs and maintenance are expensed when incurred and expenditures for improvements are capitalized. Upon sale or retirement, the related cost and accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in operations.

Software Development Costs
Software development costs are accounted for in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic 985-20 if the software is to be sold, leased or otherwise marketed, or by FASB ASC Subtopic 350-40 if the software is for internal use. For internal use software, capitalization of software development costs begins during the application development stage and concludes when the product is substantially complete and ready for its intended use. The ongoing assessment of the recoverability of these costs requires considerable judgment by management with respect to certain external factors, including, but not limited to, anticipated future product revenue and related cash flows, estimated economic product lives, and changes in software and hardware technology. The capitalized software development cost at September 30, 2022 and December 31, 2021 was $12,300,719 and $11,494,627 respectively. The costs capitalized in 2021 and 2022 relate to various ongoing development projects related to the Company's mobile and web platform. Once software projects become available for general release, the Company begins to amortize the costs over the related project's estimated economic useful life to Depreciation and Amortization expense. Accumulated amortization was $6,688,735 and $4,904,962 as of September 30, 2022 and December 31, 2021, respectively.

Long-Lived Assets
The Company periodically reviews the carrying value of long-lived assets for recoverability or whenever events or changes in circumstances indicate that such amounts have been impaired. The Company's method for measuring impairment of long-lived assets is an undiscounted cash flow basis. Impairment indicators include, among other conditions, cash flow deficits, historic or anticipated decline in revenue or operating profit, and a material decrease in the fair value of some or all of the assets. If such impairment exists, the carrying value of the asset is reduced to its estimated fair value based on discounted cash flows. As of December 31, 2020, management chose to impair its long-lived assets in full which amounts to $7,756,713. After this impairment, the Company does not have intangible assets.

Business Combinations
When the Company acquires businesses or business assets in a business combination, the total consideration paid is allocated to the fair value of the tangible assets, liabilities, and identifiable intangible assets acquired. Any residual purchase consideration is recorded as goodwill. The allocation of the purchase price requires management to make significant estimates in determining the fair values of assets acquired, and liabilities assumed. These estimates are based on the application of valuation models using historical experience and information from independent valuation consultants. These estimates can include, but are not limited to, the cash flows that an asset is expected to generate in the future, the appropriate weighted-average cost of capital, the cost savings expected to be derived from acquiring an asset and estimated earn-out liabilities based on future results. These estimates are inherently uncertain and unpredictable. In addition, unanticipated events and circumstances may occur which may affect the accuracy or validity of these estimates. Acquisition-related costs are expensed as incurred. Refer to Note 2 for further information.

Goodwill and Indefinite Life Intangible Assets
Goodwill represents the excess of the purchase price over the fair value of net assets acquired in business combinations. The Company elected to adopt Accounting Standards Update ("ASU") 2014-02, "Intangibles – Goodwill and Other (Topic 350)," an alternative to the previously issued standard ASU 2011-08, which allows private companies to amortize goodwill. Upon adoption effective January 1, 2015, the Company began to amortize goodwill over ten years. Under the private company guidance, the Company has also elected to test goodwill for impairment at the consolidated level. Prior to the adoption of ASU 2014-02, the Company tested goodwill for impairment at the reporting unit level. Under ASU 2014-02, goodwill is tested for impairment if a triggering event occurs, or circumstances change that indicate that the fair value of the entity may be below its carrying amount. If an entity determines that there are no triggering events, then further testing is unnecessary. Upon the occurrence of

a triggering event, an entity may assess qualitative factors to determine whether it is more likely than not (i.e., a likelihood of more than 50%) that the fair value of the entity is less than its carrying amount, including goodwill. An entity may bypass the qualitative assessment and proceed directly to a quantitative assessment. If, after assessing the totality of events or circumstances, it is determined that it is not more likely than not that the fair value of the entity is less than its carrying amount, further testing is unnecessary. If, after assessing the totality of events or circumstances, an entity determines that it is more likely than not that the fair value of the entity is less than its carrying amount or if the entity elected to bypass the qualitative assessment, the fair value of the entity should be determined. The fair value of the entity is then compared with its carrying amount, including goodwill. A goodwill impairment loss is recognized if the carrying amount of the entity exceeds its fair value and is measured as the amount by which the carrying amount of the entity including goodwill exceeds its fair value. After a goodwill impairment loss is recognized, the adjusted carrying amount of goodwill is its new accounting basis, which is amortized over the remaining useful life of goodwill. In 2019, the management decided to impair fully the goodwill, discussed further in Note 3. As of September 30, 2022 and December 31, 2021, goodwill remains zero.

Definite Life Intangible Assets
Client contracts and lists, developed technology, non-compete agreements, and certain other trade names were recorded at their estimated fair value at the date of each respective acquisition and are amortized over their estimated useful lives generally ranging from one to 15 years using the straight-line method. The Company evaluates definite life intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset might not be recoverable. An impairment loss is recognized when estimated undiscounted future cash flows expected to result from the use of the asset are less than its' carrying amount. At March 1, 2018, all intangible assets were marked to net book value and revalued at fair market value as a result of the AXA Acquisition. As of December 31, 2020, there were impairment charges fully impairing the remaining definite lived intangible assets, which is further discussed in Note 3. As of September 30, 2022 and December 31, 2021, the net book value of the intangible assets remains zero.

Employee Benefit Plan
The Company has established a voluntary investment plan that covers all eligible employees. Employees may elect to contribute up to 100% of gross salary to this plan, and the Company matches the employee contribution up to 2% of gross salary, up to the 2022 IRS limit of $20,500. Non-elective employer contributions vest immediately at the rate of 100%. Contributions made to or on the behalf of employees under these plans were $175,807 as of September 30, 2022. Contributions made by the employees amounted to $726,862 at September 30, 2022.

Revenue Recognition
The Company recognizes revenue in accordance with ASC 606, a comprehensive revenue recognition standard for virtually all industries under U.S. GAAP. The revenue standard's core principle is built on the contract between a vendor and a client for the provision of goods and services. It attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled.

The Company's policy is to begin to record revenue only when the following criteria are met:

1)Persuasive evidence of an arrangement exists – The Company has obtained a signed contract from the client as evidence of an arrangement.

2)Performance Obligation identified – The company identifies its performance obligations under the contract.

3)The transaction price is fixed or determinable – The arrangement indicates the price of the service and the related payment terms are within a reasonably short time period from the rendering of service.

4)The transaction price is allocated to each performance obligation – The company allocates the transaction price to each performance obligation whenever that price is quoted to the customer at a summary level.

5)Delivery has occurred – Service has been delivered to the client, depending on the applicable terms.

6)Collectability is probable – The Company sells to clients it deems creditworthy.

The Company's revenues are largely attributable to administrative service fees collected from employers on a per member basis, medical management fees charged on an hourly basis, as well as commission income on the repricing of out of network claims, the Rx savings achieved, and insurance products sold. In accordance with the above-outlined policy and with the various administrative service agreements with clients, fees associated with services are recognized in the period such services are rendered and earned.

The Company also has certain revenue associated with client agreements where services are provided over a contract period that spans multiple months. Revenue for these arrangements is recognized under the proportional performance method on a ratable basis over the period of the entire arrangement.

Income Taxes

The Company follows the provisions of ASC 740-10-25, "Accounting for Uncertainty in Income Taxes," which seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. Under ASC 740-10-25, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained. The Company recognizes any corresponding interest and penalties associated with its income tax positions in income tax expense.

Paid Time Off (PTO)
The Company accrues for employee vacation when the rights vest and accumulate and such amounts can be reasonably estimated.

Fair Value of Financial Instruments
The carrying values of financial instruments such as cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses are reasonable estimates of their fair value because of the short maturity of these items. The Company believes that the current carrying amount of its notes payable approximates fair value because the interest rates on these instruments are subject to change with, or approximate, market interest rates.

Concentrations
Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable.

The Company grants credit to clients of various sizes throughout the United States. For the period ended September 30, 2022, one client made up approximately 19% of total revenues. As of September 30, 2022 and December 31, 2021, one client made up approximately 31% and 16%, respectively, of accounts receivable. The Company does not have any significant suppliers.

Trust Assets and Liabilities
In its capacity as a third-party administrator, the Company bills and collects insurance premiums from benefits administration clients on behalf of insurance carriers and collects payments from self-funded clients for the purpose of paying health insurance claims of their employees. Billings and payments called are reflected as receivables with a corresponding liability recorded as premiums payable or as claims payable. The Company will not pay the liability until the receivable has been fully funded.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, "Leases," which establishes a comprehensive new lease accounting model. ASU 2016-02 clarifies the definition of a lease and causes lessees to recognize leases on the balance sheets as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. ASU 2016-02 is effective for financial statements issued for fiscal years beginning after December 15, 2021 and interim periods within those fiscal years, with early adoption permitted. ASU 2016-02 requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. FASB extended this deadline from 2020 to 2022 due to the coronavirus crisis. The Company implemented the new standard for all office leases in August, 2022, effective as of January 1, 2022. The Company plans to apply the standard to their equipment leases, effective as of January 1, 2022 before December 31, 2022.

Subsequent Events

The Company has evaluated subsequent events through January 6, 2023. Refer to Note 8 for a summary of significant subsequent events.

Transactions

The transactions below were accounted for as business combinations in accordance with ASC 805, "Business Combinations." The 2022 and 2021 operating results include the effects of the acquisitions from the transaction date forward.

Context Benefit Advisors – Asset Sale

On May 21, 2020, an Asset Purchase Agreement was executed by and among Context Benefit Advisors, LLC ("Context Benefit Advisors"), a wholly owned subsidiary of Maestro Health, LLC, and The Hilb Group of North Carolina, LLC, ("Hilb") whereby Context Benefit Advisors sold to Hilb a portfolio of brokerage contracts, for an upfront cash consideration of $36,000. All assets in scope were subsequently transferred to Hilb.

Group Associates – Asset Sale

On December 28, 2020, an Asset Purchase Agreement was executed by and among Group Associates, Inc. ("Group Associates"), a wholly owned subsidiary of Maestro Health, LLC, and Benefit Partner, LLC d/b/a Salus Group ("Salus"), whereby Group Associates sold to Salus a portfolio of benefit administration and brokerage contracts, for an upfront consideration of $200,000. The transfer of the assets was completed during the second quarter of 2021 and trailing commissions due were settled by December 31, 2021.

2.Property and Equipment

At September 30, 2022 and December 31, 2021, property and equipment were comprised of the following:

	9/30/2022	12/31/2021
Furniture, fixtures, and equipment	$ 7,480,296	$ 7,443,136
Less accumulated depreciation and amortization	3,697,619	2,985,881
Net Book Value of Property and Equipment	$ 3,782,677	$ 4,457,255

Depreciation and amortization expense was $711,739 for the period ended September 30, 2022.

3.Revenue Recognition

The following is a description of principal activities from which the Company generates its revenue:

Self-Funded (SF) administrative services of the Company principally generate revenue from providing services such as coordination of benefits, large claims management and adjudication, Electronic Data Interchange (EDI), as well as medical, dental and vision administration. Fees are billed and collected from employers on a per member basis and recognized in the period such services are rendered and earned.

Clinical Care Management (CCM) revenues principally generate revenue from providing Utilization Review (UR), acute case management, chronic condition management, complex condition management and biometric screenings. Revenues are billed and recognized when the services are performed.

Cost Management (CM) revenues are generated from a variety of services. Included are Out-of-network repricing management, PBM maintenance, alternative reimbursement strategies, repricing administration, virtual care options, as well as pharmacy cost containment solutions. Revenues are billed and recognized when the services are performed.

Benefit Administrative revenues are primarily generated from Enrollment Only Services, and Cobra administration. Fees are billed and collected from employers on a per member basis and recognized in the period such services are rendered and earned.

Benefit Accounts revenues are generated primarily from FSA, HSA, and transit administration services. Fees are billed and collected on a per participant basis and recognized in the period such services are rendered and earned.

ACA Reporting (form 1094/1095 reporting) revenues are generated by either a full-service or self-service option for monthly updating. Under the self-service option, the customer accesses the platform and makes their monthly updates themselves. Under the full-service option, the customer provides the Company a file, and the Company updates the platform on their behalf. Revenue recognition for the ACA product is addressed differently for different components:

- The administration and renewal fees are recognized straight-line over the 12-month reporting period, as the performance obligations are being performed over the entire 12-month period.
- Printing and fulfillment fees are recognized in Q1 of the following year, as the Company's obligation is to print the forms and provide them to the proper taxing authority, as well as the member.

Billing for ACA services is done in two parts, therefore the Company uses unbilled A/R and deferred revenue accounts when the contract begins and utilizes revenue recognition schedules to the recognize appropriately over the reporting period.

The following table presents revenues disaggregated by services line for the period ended September 30, 2022:

Product Service Line		9/30/2022
Self-Funded Admin	$	6,269,547
Clinical Care Management		2,959,830
Cost Management		2,988,914
Benefit Administration		306,966
Benefit Accounts		1,506,795
ACA		851,256
Brokerage		28,839
Total Revenues	$	14,912,147

4.Goodwill and Intangible Assets

The Company does not have Goodwill or Intangible Assets as of September 30, 2022.

5.Commitments and Contingencies

Leases

The Company has various non-cancelable operating lease agreements for office space and other equipment through 2028. ASC842 was implemented for the three outstanding office leases in August 2022, effective January 1, 2022. Right of Use Assets of $3,187,587 and Lease Liabilities of $6,202,697 were created. As of September 30, 2022, the net book value of the Right of Use Assets and outstanding Lease Liabilities were $2,863,260 and $5,658,123 respectively.

On March 1, 2018, the Company entered into a lease agreement for premises, comprised of 10,019 rentable square feet, in Southfield, Michigan. The lease term commenced on July 2, 2018 and will continue through and expire on July 31, 2023. In accordance with the commencement of this lease agreement, the Company vacated its premises (and terminated its lease) in Bingham Farms, Michigan. The landlord was informed that the Company intends to vacate the premises at lease expiration.

On July 24, 2018, the Company entered into an amended lease agreement for the Company's corporate headquarters in Chicago, Illinois, where the Company expanded its occupied premises, extended the lease term, and modified other general lease provisions. The Company expanded its occupied premises by an additional 4,905 rentable square feet. The lease term commenced on November 1, 2018 and will continue through and expire on September 30, 2028.

On July 8, 2019, the Company entered into a lease agreement with Regus, in Bethesda, Maryland, for Office 719. The lease term commenced on July 15, 2019 and the current extension will expire on January 31, 2023. The Company intends to terminate the lease at the end of the current extension period.

On October 25, 2019, the Company entered into a lease agreement for residential housing for one of the Company's Executive Officers. The premises are comprised of 3,200 rentable square feet, in Chicago, Illinois. The lease term commenced on December 1, 2019 and will continue through and expire on November 30, 2023. This lease will be transferred to the Company Executive effective October 31, 2022.

On December 19, 2019, the Company entered into a lease agreement for premises comprised of 31,475 rentable square feet in Charlotte, North Carolina. The lease term commenced on June 1, 2020 and will continue through and expire on May 31, 2029. In accordance with the commencement of this lease agreement, the Company vacated its prior office premises in Charlotte, North Carolina and terminated that lease at its expiration date of September 30, 2021.

On May 20, 2020, the Company entered into a lease agreement with Regus, in Bethesda, Maryland, for Office 720. The lease commenced on July 1, 2020 and was on a month-to-month basis. This lease was terminated on September 30, 2021.

The future minimum lease payments required for each of the following fiscal years ending are:

Year Ending December 31,		Amount
2022	$	1,452,642
2023		1,355,988
2024		1,266,301
2025		1,309,409
2026 and Beyond		5,404,434
Total	$	10,788,774

Legal Proceedings

From time to time, the Company is involved in various litigation matters arising in the ordinary course of its business.

The Company is under investigation as whether it is in compliance with the Privacy and Security Rules per the U.S. Department of Health and Human Services' Office for Civil Rights. The Company responded to several rounds of inquiries, the last being in October 2021. It remains unclear if further information will be requested or a penalty will be assessed.

6.Income Taxes

Effective December 17, 2020, the Company elected to convert to a Limited Liability Corporation (LLC) owned by two partners. As a result, the Company will now be treated as a partnership and wrote off its deferred balances. For the 2021 and 2022 reporting periods, the Company's net losses are absorbed by their owner/partners and reported within their financial statements. An agreement exists between the parties that any tax benefit that accrues to the partners from the Company's net losses will be reinvested in the Company once those figures are finalized.

As of September 30, 2022, the Company did not have any material uncertain tax positions. The Company will be acquired by a public corporation effective October 31, 2022 and does not expect any material changes to its unrecognized tax benefits within the next 12 months. The Company classifies uncertain tax positions as non-current income tax liabilities unless expected to be paid within one year or otherwise directly related to an existing deferred tax asset, in which case the uncertain tax position is recorded net of the asset on the balance sheets. Interest and penalties are recognized in income tax expense. As of December 31, 2021, there were no accrued interest and penalties related to uncertain tax positions. The Company has filed income tax returns in the U.S. federal jurisdiction for all years since inception in 2013. For taxation years before 2017, the Company is no longer subject to U.S. Federal or state income tax examinations.

7.Debt

On February 5, 2020, the Company entered into a $10,000,000 loan agreement with AXA S.A., with a termination date as of August 5, 2020. The loan was received in full by the Company on February 5, 2020. On August 5, 2020, the loan was subsequently increased to $21,400,000, with a new termination date as of August 5, 2021. The additional amount was received in full by the Company on August 5, 2020. On August 5, 2021, the loan was extended to a termination date as of July 5, 2022. On May 12, 2022, the loan was consolidated with all other outstanding loans and extended to a termination date of May 13, 2023.

On April 15, 2020, the Company entered into a $10,000,000 loan agreement with AXA S.A., with a termination date as of October 15, 2020. The loan was received in full by the Company on April 15, 2020. On October 15, 2020, the loan was extended to a termination date as of October 15, 2021. On October 13, 2021, the loan was extended to a termination date as of July 5, 2022. On May 12, 2022, the loan was consolidated with all other outstanding loans and extended to a termination date of May 13, 2023.

On February 24, 2021, the Company entered into a $10,000,000 loan agreement with AXA S.A., with a termination date as of February 28, 2022. The loan was received in full by the Company on February 26, 2021. On February 28, 2022, the loan was extended to a termination date as of July 5, 2022. On May 12, 2022, the loan was consolidated with all other outstanding loans and extended to a termination date of May 13, 2023.

On June 17, 2021, the Company entered into a $12,000,000 loan agreement with AXA S.A., with a termination date as of June 17, 2022. The loan was received in full by the Company on June 17, 2021. On May 12, 2022, the loan was consolidated with all other outstanding loans and extended to a termination date of May 13, 2023.

On May 13, 2022, the Company consolidated all outstanding loans with AXA S.A. and entered into a new loan agreement with AXA S.A. for $59.9m, with a termination date of May 12, 2023.

8.Common Stock

On December 17, 2020, Maestro Health, Inc. was converted into Maestro Health, LLC. As a consequence, all 948 outstanding shares of Common Stock were retired and converted into 948 Membership Units. The total membership units are held by the Company's two owners. AXA Holdings U.S. Holdings, Inc. has 748 membership units and Seaview Re Holdings Inc. has 200 membership units. There have been no changes in common stock as of September 30, 2022.

9.Subsequent Events

Maestro Health, LLC Acquisition by Marpai, Inc.
On October 31, 2022, the acquisition of Maestro Health, LLC by Marpai, Inc. was closed. As part of the agreement, Marpai paid $100.00 to the Equity Seller (X.L. America, Inc. and Seaview Re Holdings, Inc.) and promised to pay the Debt Holder (AXA S.A.) $5,000,000 on 12/31/2024, $11,000,000 on 12/31/2025 and $19,000,000 on 12/31/2026 (inclusive of interest), thereby transferring the Debt Holder's receivable of $59,900,000 to Marpai. The debt holder cancelled its claim against Maestro Health for the debt instrument and any interest accrued as of October 31, 2022. The agreement also required that AXA guarantee a cash balance upon closing of $15,700,000 to fund Maestro's operations through 2023. Of which, an amount of $14 million cash transfer was received on October 27, 2022, as disclosed under Note 1.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Introduction

The following unaudited pro forma condensed combined financial information is based on the historical consolidated financial statements of Marpai, Inc. ("Marpai") and Maestro Health, LLC ("Maestro"), after giving effect to Marpai's acquisition of Maestro. The notes to the unaudited pro forma condensed combined financial information describe the reclassifications and transaction accounting adjustments to the financial information presented. Hereinafter, Marpai and Maestro are collectively referred to as the "Companies," and the Companies, subsequent to the Acquisition, are referred to herein as the "Combined Company."

The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X, as amended by the final rule, Release No. 33-10786, "Amendments to Financial Disclosures about Acquired and Disposed Businesses," and presents the combination of the historical financial information of Marpai and Maestro adjusted to give effect to Marpai's acquisition of Maestro.

The unaudited pro forma condensed combined balance sheet, which has been presented for the Combined Company as of September 30, 2022, gives effect to the transactions summarized below, as if they were consummated on September 30, 2022.

The unaudited pro forma condensed combined statements of operations, which have been presented for the nine months ended September 30, 2022, gives effect to the transactions summarized below, as if they had occurred on January 1, 2021, the beginning of the earliest period presented.

The unaudited pro forma condensed combined statements of operations, which have been presented for the year ended December 31, 2021, give effect to the transactions summarized below, as if they had occurred on January 1, 2021, the beginning of the earliest period presented. Additionally, the unaudited pro forma condensed combined statement of
operations for the year ended December 31, 2021 reflects the impact of the Continental Benefits, LLC ("Continental Benefits") acquisition by Marpai as if it occurred on January 1, 2021.

Description of the Transaction

On August 4, 2022, Marpai, a Delaware corporation entered into a Membership Interest Purchase Agreement (the "Agreement") by and among XL America Inc., a Delaware corporation, Seaview Re Holdings Inc., a Delaware corporation (XL America Inc. and Seaview Re Holdings Inc. are collectively referred to herein as the "Equity Sellers"), and AXA S.A., a French *société anonyme* (the "Debt Seller," and, together with the Equity Sellers, collectively, the "Sellers"). Pursuant to the terms of the Agreement, the Company agreed to acquire all of the membership interests (the "Units") of Maestro , a Delaware limited liability company (the "Acquisition"). The Equity Sellers own an aggregate of 100% of the issued and outstanding Units of Maestro.

Maestro is a third-party administrator for employee health and benefits, which offers an end-to-end health plan solution, integrating care management and cost containment for its customers. The Agreement contains representations and warranties customary for transactions of this nature negotiated between sophisticated purchasers and sellers acting at arm's length, certain of which are qualified as to materiality and knowledge and subject to reasonable exceptions. The closing of the Acquisition is subject to certain customary closing conditions as contained in the Agreement, including: (i) that the Equity Sellers shall have sold, assigned, transferred, conveyed and delivered to Marpai all of the Equity Sellers' rights, title, and interests in and to all of the Units; and (ii) the Debt Seller shall have irrevocably transferred and assigned to Marpai all of the Debt Seller's rights and obligations with respect to receiving payments under that certain Term Loan Agreement, dated May 11, 2022, by and between the Debt Seller and Maestro, in the principal amount of $59,900,000 (the "AXA Note").

In addition, the Sellers agreed that on the closing date Maestro's free cash balance will be not less than $15,790,000, and that net working capital excluding cash will be between negative $1,485,128 and negative $2,758,094.

In consideration for Marpai's acquisition of the Units, Marpai has agreed to pay the Sellers an aggregate purchase price (the "Purchase Price") of $19,900,000 determined on the closing date (the "Base Purchase Price"), which shall be payable on or before April 1, 2024 (the "Payment Date"), and shall accrue interest until such time that is paid, such that on the Payment Date the Purchase Price, plus all accrued and unpaid interest, shall equal $22,100,000 (for clarity, the Base Purchase Price shall be adjusted, in each case, pursuant to the terms of the Agreement). Marpai agreed to pay the Equity Sellers an amount of $100 with the balance of the Purchase Price to be paid to the Debt Seller for the repayment of the AXA Note. In no event will Marpai be responsible for any further payments for the repayment of the AXA Note other than the repayment of the Purchase Price as provided in the Agreement. Following the Payment Date, any unpaid portion of the Purchase Price shall accrue interest at ten percent (10%) per annum, compounding annually, calculated on the basis of a 365-day year for the actual number of days elapsed (the "Specified Rate"), and shall be repaid as promptly as practicable to the Debt Seller. In addition, in the event Marpai or its subsidiaries receive proceeds from the sale of any securities in a private placement or public offering of securities (each an "Offering"), then Marpai shall pay to the Debt Seller an amount equal to thirty-five percent (35%) of the net proceeds of the Offering no later than sixty (60) days after the closing of Offering until such time as the Purchase Price has been paid in full.

Notwithstanding the foregoing, Marpai shall be required to make accumulated annual payments to the Debt Seller, representing the Purchase Price, as follows: (i) $5,000,000 to be paid by December 31, 2024, (ii) $11,000,000 to be paid by December 31, 2025, and (iii) $9,000,000 to be paid by December 31, 2026. In addition, Marpai shall be obligated to pay the full amount of any remaining unpaid Purchase Price (inclusive of any accrued interest at the Specified Rate) by no later than year-end 2027, and in no event shall the Company be required to pay total cash consideration equal to more than the aggregate amount of the Purchase Price (as adjusted pursuant to the terms of the Agreement).

Anticipated Accounting Treatment for the Acquisition

The Acquisition is accounted for under the acquisition method of accounting in accordance with Accounting Standards Codification ("ASC") Topic 805, *Business Combinations* ("ASC 805"). Under the acquisition method of accounting for purposes of the unaudited pro forma condensed combined financial information, management of Marpai has deemed Marpai to be the accounting acquirer and determined a preliminary estimated purchase price, calculated as described in Note 2: Preliminary Estimated Purchase Price Allocation to the unaudited pro forma condensed combined financial information. The Maestro assets acquired and liabilities assumed in connection with the Acquisition are recorded at their estimated acquisition date fair values. A final determination of these estimated fair values will be based on the actual net assets of Maestro that existed as of November 1, 2022, the date of the Closing. Differences between these preliminary estimates and the final acquisition accounting may occur and these differences could be material.

The acquisition method of accounting is based on ASC 805 and uses the fair value concepts defined in ASC Topic 820, *Fair Value Measurements* ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value, and sets forth a fair value hierarchy that prioritizes and ranks the level of observability of inputs used to develop the fair value measurements. Fair value is defined in ASC 820 as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." This is an exit price concept for the valuation of the asset or liability. In addition, market participants are assumed to be buyers and sellers in the principal (or the most advantageous) market for the asset or liability. Fair value measurements for a non-financial asset assume the highest and best use by these market participants. Many of these fair value measurements can be highly subjective, and it is possible that other professionals applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts.

Basis of Pro Forma Presentation

The historical financial information has been adjusted to give pro forma effect to events that are directly attributable to the Acquisition. The adjustments presented on the unaudited pro forma condensed combined financial statements have been identified and presented to provide relevant information necessary for an accurate understanding of the combined company upon consummation of the Acquisition.

The unaudited pro forma condensed combined financial information should be read in conjunction with the accompanying notes to the unaudited pro forma condensed combined financial information. In addition, the unaudited pro forma condensed combined financial information was based on and should be read in conjunction with the:

- Unaudited condensed consolidated financial statements of Marpai as of September 30, 2022 and for the nine months ended September 30, 2022 and year ended December 31, 2021 and the related notes, which can be found in Marpai's Form 10Q filing for the quarter ended September 30, 2022 and in Marpai's Form 10K filing for the year ended December 31, 2021, respectively; and

- Unaudited condensed consolidated financial statements of Maestro as of September 30, 2022 and for the nine months ended September 30, 2022 and year ended December 31, 2021 and the related notes, which are included elsewhere in this filing.

The unaudited pro forma condensed combined financial information does not reflect the costs of any integration activities or benefits that may result from realization of future cost savings from operating efficiencies or revenue synergies that may result from the Acquisition.

Marpai and Maestro have not had any historical relationship prior to the Acquisition. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

The unaudited pro forma condensed combined financial information is based on the assumptions and adjustments that are described in the accompanying notes. The pro forma adjustments reflected in the unaudited pro forma condensed combined financial information are preliminary and based on estimates, subject to further revision as additional information becomes available and additional analyses are performed and have been made solely for the purpose of providing unaudited pro forma condensed combined financial information. Differences between these preliminary adjustments reflected in the unaudited pro forma condensed combined financial information as of September 30, 2022 and the final application of the accounting for the Acquisition, may occur and those differences could be material. In addition, differences between the preliminary and final adjustments may occur, as well as other changes in assets and liabilities between September 30, 2022 and the closing of the Acquisition.

The unaudited pro forma condensed combined balance sheet does not purport to represent, and is not necessarily indicative of, what the actual financial condition of the Combined Company would have been had the Acquisition taken place on September 30, 2022, nor is it indicative of the financial condition of the Combined Company as of any future date. The unaudited pro forma condensed combined statements of operations do not purport to represent, and are not necessarily indicative of, what the actual results of operations of the Combined Company would have been had the Acquisition taken place on January 1, 2021, nor are they indicative of the results of operations of the Combined Company for any future period.

The unaudited pro forma condensed combined financial information has been prepared for illustrative purposes only and are not necessarily indicative of the financial position or results of operations in future periods or the results that actually would have been realized had Marpai and Maestro been a combined company during the specified periods.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

AS OF SEPTEMBER 30, 2022

	Marpai (1) Historical	Maestro (2) Historical	Transaction Accounting Adjustments	Notes	Pro Forma Combined
ASSETS:					
Current assets:					
Cash and cash equivalents	4,747,951	5,668,301	10,121,699	(a)	20,195,018
			(100)	(b)	
			(342,833)	(c)	
Restricted cash	4,966,443	-	16,215,822	(d)	21,182,265
Accounts receivable	191,194	352,928	-		544,122
Unbilled recievable	16,332	-	-		16,332
Other receivables	56,832	1,401,962	265,528	(e)	1,724,322
Prepaid expenses and other current assets	366,307	1,036,552	-		1,402,859
Intercompany		265,528	(265,528)	(e)	-
Funds held for clients		16,215,822	(16,215,822)	(d)	-
Total current assets	10,345,059	24,941,093	9,778,766		45,064,918
Capitalized software	5,411,009	5,611,984	(5,611,984)	(f)	5,411,009
Property and equipment, net	737,441	3,782,677	(2,860,997)	(g)	1,659,121
Goodwill	2,382,917	-	4,707,354	(h)	7,090,271
Intangible assets	4,929,736	-	1,640,000	(i)	6,569,736
Operating lease right-of-use assets	1,525,639	-	2,863,260	(j)	4,081,014
			(307,885)	(k)	
Other long-term assets	80,610	4,108,650	(2,863,260)	(j)	1,326,000
Total assets	25,412,411	38,444,404	7,345,254		71,202,069
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT):					
Current liabilities:					
Accounts payable	692,919	385,601	-		1,078,520
Accrued expenses	2,338,652	2,722,273	(702,293)	(l)	6,810,398
			3,076,057	(m)	
			(624,291)	(o)	
Accrued fiduciary obligations	3,898,847	16,215,822	-		20,114,669
Employee and payroll accruals	-	3,076,057	(3,076,057)	(m)	-
Current portion of operating lease liabilities	845,790	-	1,008,995	(n)	1,854,785
Revolving line of credit	-	59,900,000	(59,900,000)	(p)	-
Deferred revenue	870,790	-	702,293	(l)	870,790
			(702,293)	(q)	
Intercompany	-	2,369	(2,369)	(p)	-
Due to related party	3,200	-	-		3,200
Total current liabilities	8,650,198	82,302,122	(60,219,958)		30,732,362
Operating lease liabilities, less current portion	728,436	-	3,807,494	(n)	4,535,930
Other long-term liabilities	45,000	5,658,122	(1,008,995)	(n)	19,945,000
			(841,633)	(k)	
			(3,807,494)	(n)	
			19,900,000	(r)	
Deferred tax liabilites	2,001,012	-	-		2,001,012
Total liabilities	11,424,646	87,960,244	(42,170,586)		57,214,304

	Marpai (1) Historical	Maestro (2) Historical	Transaction Accounting Adjustments	Notes	Pro Forma Combined
STOCKHOLDERS' EQUITY (DEFICIT)					
Common stock	2,094	-	-		2,094
Additional paid-in capital	53,445,687	194,950,143	10,121,699	(a)	53,788,520
			(100)	(b)	
			(5,611,984)	(f)	
			(2,860,997)	(e)	
			533,748	(k)	
			59,900,000	(p)	
			702,293	(q)	
			624,291	(o)	
			(19,900,000)	(r)	
			(244,465,983)	(s)	
			6,347,354	(h)	
			2,369	(p)	
Accumulated deficit	(39,460,016)	(244,465,983)	(342,833)	(c)	(39,802,849)
			244,465,983	(s)	
Total stockholders' equity (deficit)	13,987,765	(49,515,840)	49,515,840		13,987,765
Total liabilities and stockholders' equity (deficit)	25,412,411	38,444,404	7,345,254		71,202,069

(1) Derived from Marpai's unaudited condensed consolidated balance sheet as of September 30, 2022.
(2) Derived from Maestro's unaudited condensed consolidated balance sheet as of September 30, 2022.

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

NINE MONTHS ENDED SEPTEMBER 30, 2022

	Marpai (3) (Historical)	Maestro (4) Historical	Transaction Accounting Adjustments	Notes	Pro Forma Combined
Revenue	16,713,420	14,912,147	(4,531)	(u)	31,621,036
Cost and expenses					
Cost of revenue (exclusive of depreciation and amortization shown separately below)	12,323,770	-	5,968,896	(t)	18,761,217
			468,551	(u)	
General and administrative	7,940,014	-	7,816,838	(t)	18,605,374
			2,505,689	(u)	
			342,833	(c)	
Information technology	3,862,142	-	3,878,319	(t)	10,017,920
			2,277,459	(u)	
Research and development	2,684,014	-	-		2,684,014
Sales and marketing	4,829,718	-	1,077,397	(t)	6,129,172
			222,057	(u)	
Facilities	586,430	-	643,643	(u)	1,230,073
Depreciation and amortization	2,443,856	2,819,838	(36,218)	(g)	2,817,417
			(2,656,059)	(v)	
			246,000	(w)	
Loss on disposal of assets	60,471	-	-		60,471
Personnel and related expenses	-	18,741,449	(18,741,449)	(t)	-
Other selling, general and administrative expenses	-	6,121,929	(6,121,929)	(u)	-
Total costs and expenses	34,730,415	27,683,216	(2,107,973)		60,305,658
Operating loss	(18,016,995)	(12,771,069)	2,103,442		(28,684,622)
Other income (expenses)					
Interest income (expense)	(7,415)	910,918	(687,804)	(x)	215,699
Other income, net	95,565	753,802	-		849,367
Foreign exchange loss	(5,461)	-	-		(5,461)
Loss before provision for income taxes	(18,099,684)	(14,435,789)	2,791,246		(29,744,227)
Income tax expense	-	-	-		-
Net loss	(18,099,684)	(14,435,789)	2,791,246	-	(29,744,227)
Net loss per share, basic & fully diluted	**(0.90)**	-	-		**(1.49)**
Weighted average number of common shares	**20,019,116**	-	-		**20,019,116**

(3) Derived from Marpai's unaudited condensed consolidated statement of operations for the nine months ended September 30, 2022.

(4) Derived from Maestro's unaudited condensed consolidated statement of operations for the nine months ended September 30, 2022.

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2021

	Marpai (5) Historical	Continental Benefits, LLC and Subsidiary Historical (6)	Marpai (Pro Forma)	Maestro (7) Historical	Transaction Accounting Adjustments	Notes	Pro Forma Combined
Revenue	14,226,794	4,215,081	18,441,875	19,375,677	(7,995)	(u)	37,809,557
Costs and expenses							
Cost of revenue (exclusive of depreciation and amortization shown seperately below)	10,289,578	3,096,275	13,385,853	-	8,278,330	(t)	22,374,147
					709,964	(u)	
General and administrative	8,055,572	1,045,397	9,100,969	-	14,490,062	(t)	27,377,695
					3,786,664	(u)	
Information technology	2,492,060	865,966	3,358,026	-	7,279,984	(t)	14,858,676
					4,220,666	(u)	
Research and development	1,733,964	-	1,733,964	-	-		1,733,964
Sales and marketing	4,965,209	628,487	5,593,696	-	3,259,036	(t)	9,466,080
					613,348	(u)	
Facilities	589,926	184,718	774,644	-	2,062,387	(u)	2,837,031
Depreciation and amortization	1,961,733	465,939	2,427,672	3,329,689	(53,767)	(g)	2,918,952
					(3,112,642)	(v)	
					328,000	(w)	
Personnel and related expenses	-	-	-	33,226,412	(33,226,412)	(t)	-
Other selling, general and administrative expenses	-	-	-	11,401,024	(11,401,024)	(u)	-
Total costs and expenses	30,088,042	6,286,782	36,374,824	47,957,125	(2,765,404)		81,566,545
Operating loss	(15,861,248)	(2,071,701)	(17,932,949)	(28,581,448)	2,757,409		(43,756,988)
Other income (expenses)							
Interest expense (gain)	427,178	-	427,178	157,621	(161,282)	(x)	423,517
Other (income) loss	(172,513)	(16,004)	(188,517)	(277,345)	-		(465,862)
Foreign exchange loss (gain)	18,922	-	18,922	-	-		18,922
Loss before provision for income taxes	(16,134,835)	(2,055,697)	(18,190,532)	(28,461,724)	2,918,691		(43,733,565)
Income tax (benefit) expense	(150,000)	-	(150,000)	833,562	-		683,562
Net loss	(15,984,835)	(2,055,697)	(18,040,532)	(29,295,286)	2,918,691		(44,417,127)
Earnings per share, basic & fully diluted	(1.59)	-	-	-			(4.41)
Weighted average number of common shares	10,076,494	-	-	-			10,076,494

(5) Derived from Marpai's audited consolidated statement of operations for the year ended December 31, 2021.

(6) Represents the addition of Continental Benefits pre-acquisition activity for the period January 1, 2021 through March 31, 2021 and pro forma adjustments related to the Continental Benefits acquisition which is derived from Marpai's preliminary prospectus filing, dated October 25, 2021, for the period ended June 30, 2021.

(7) Derived from Maestro's audited consolidated statement of operations for the year ended December 31, 2021.

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

1. BASIS OF PRESENTATION AND DESCRIPTION OF THE ACQUISITION

On November 1, 2022, pursuant to the terms of the Membership Interest Purchase Agreement (the "Agreement"), Marpai, Inc. acquired all of the outstanding Units of Maestro. For further details on the Acquisition see the section titled Description of the Transaction.

The unaudited pro forma condensed combined financial information presents the pro forma condensed combined financial position and results of operations of the Combined Company based upon the historical consolidated financial statements of Marpai. and Maestro, after giving effect to transaction accounting adjustments related to the Acquisition and are intended to reflect the impact of such on the Combined Company's historical consolidated financial statements.

The pro forma adjustments have been prepared as if the Acquisition had been consummated on September 30, 2022 in the case of the unaudited pro forma condensed combined balance sheet, and as if the Continental Benefits acquisition, which was consummated by Marpai on April 1, 2021, and the Acquisition had been consummated on January 1, 2021, the beginning of the earliest period presented, in the case of the unaudited pro forma condensed combined statements of operations.

The adjustments presented in the unaudited pro forma condensed combined financial information have been identified and presented to provide relevant information necessary for an accurate understanding of Marpai after giving effect to the Acquisition. Management has made significant estimates and assumptions in its determination of the pro forma adjustments. As the unaudited pro forma condensed combined financial information has been prepared based on these preliminary estimates, the final amounts recorded may differ materially from the information presented.

The unaudited pro forma condensed combined financial information has been prepared using the following:

- Unaudited condensed consolidated financial statements of Marpai as of September 30, 2022 and for the nine months ended September 30, 2022 and historical statement of operations for the year ended December 31, 2021 and the related notes, which can be found in Marpai's Form 10Q filing for the quarter ended September 30, 2022 and in Marpai's Form 10K filing for the year ended December 31, 2021, respectively;

  Unaudited condensed consolidated financial statements of Marpai as of and for the period ended June 30, 2021 and the related notes, which can be found in Marpai's preliminary prospectus filing, dated October 25, 2021; and

- Unaudited condensed consolidated financial statements of Maestro as of September 30, 2022 and for the nine months ended September 30, 2022 and historical statement of operations for the year ended December 31, 2021 and the related notes, which are included elsewhere in this filing.

The Acquisition is being accounted for as a business combination, with Marpai treated as the "acquirer" and Maestro treated as the "acquired" company for financial reporting purposes. For accounting purposes, the acquirer is the entity that has obtained control of another entity and, thus, consummated a business combination. Management has determined that Marpai is the accounting acquirer and Maestro is deemed to be the acquired company for financial reporting purposes, as Marpai acquired all of the equity of Maestro for non-equity consideration and the Sellers do not hold any ownership and voting interest in Marpai.

Under the acquisition method of accounting, the total estimated purchase price of an acquisition is allocated to the net tangible and intangible assets based on their estimated fair values. Such valuations are based on available information and certain assumptions that management of Marpai believe are reasonable. The preliminary allocation of the estimated purchase price to the tangible and intangible assets acquired and liabilities assumed is based on various preliminary estimates. Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of providing the unaudited pro forma condensed combined financial information. Differences between these

preliminary estimates and the final acquisition accounting, which will be based on the actual net tangible and identifiable intangible assets that exist as of the closing of the Acquisition, may occur and these differences could be material. The differences, if any, could have a material impact on the accompanying unaudited pro forma condensed combined financial information and the Combined Company's future results of operations and financial position.

In consideration for Marpai's acquisition of the Units, Marpai has agreed to pay the Sellers an aggregate purchase price (the "Purchase Price") of $19,900,000 determined on the closing date (the "Base Purchase Price"), which shall be payable on or before April 1, 2024 (the "Payment Date"), and shall accrue interest until such time that is paid, such that on the Payment Date the Purchase Price, plus all accrued and unpaid interest, shall equal $22,100,000 (for clarity, the Base Purchase Price shall be adjusted, in each case, pursuant to the terms of the Agreement). Marpai agreed to pay the Equity Sellers an amount of $100 with the balance of the Purchase Price to be paid to the Debt Seller for the repayment of the AXA Note. In no event will Marpai be responsible for any further payments for the repayment of the AXA Note other than the repayment of the Purchase Price as provided in the Agreement.

The unaudited pro forma condensed combined balance sheet and statements of operations include certain reclassifications to align the historical financial statement presentation of Marpai and Maestro. See Notes (d), (e), (j), (l), (m), (n), (t), and (u) in Note 3: Adjustments to Unaudited Pro Forma Condensed Combined Financial Information herein for additional information on the reclassifications.

The unaudited pro forma condensed combined financial information does not reflect the following:

- Income tax effects of the pro forma adjustments. The Combined Company's management believes this unaudited pro forma condensed combined financial information to not be meaningful given the Combined Company incurred significant losses during the historical periods presented.

- Restructuring or integration activities that have yet to be determined or other costs that may be incurred to achieve cost or growth synergies of the Combined Company. As no assurance can be made that the costs will be incurred or the cost or growth synergies will be achieved, no adjustment has been made.

In addition, the unaudited pro forma condensed combined financial information does not necessarily reflect what the Combined Company's financial condition or results of operations would have been had the Acquisition occurred on the dates indicated. They also may not be useful in predicting the future financial condition and results of operations of the Combined Company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

2. PRELIMINARY ESTIMATED PURCHASE PRICE ALLOCATION

The Company has performed a preliminary valuation analysis and accordingly, the pro forma adjustments include a preliminary allocation of the purchase price of Maestro to the estimated fair values of assets acquired and liabilities assumed at the acquisition date based on certain currently available information and certain assumptions and methodologies that management believes are reasonable under the circumstances. The final allocation of the purchase price could differ materially from the preliminary allocation primarily because market prices, interest rates and other valuation variables will fluctuate over time and be different at the time of completion of the Acquisition compared to the amounts assumed for the pro forma adjustments.

The following table summarizes the allocation of the preliminary purchase:

Cash	$	15,447,067
Accounts receivable		352,928
Prepaid expenses and other current assets		1,036,552
Other receivables		1,667,490
Property and equipment		921,680
Operating lease - right of use assets		2,555,375
Goodwill		4,707,354
Trademarks		800,000
Customer relationships		840,000
Othere long-term assets		1,245,390
Account payable		(385,601)
Accrued expenses		(4,471,746)
Operating lease liabilities		(4,816,489)
Total consideration	**$**	**19,900,000**

This preliminary purchase price allocation has been used to prepare the pro forma adjustments in the unaudited pro forma condensed combined balance sheet and statements of operations. The final purchase price allocation will be determined when the Combined Company has completed the detailed valuations and necessary calculations. The final allocation could differ materially from the preliminary allocation used in the pro forma adjustments. The final allocation may include (1) changes in fair values of property and equipment, (2) changes in allocations to intangible assets such as trademarks and customer relationships as well as goodwill and (3) other changes to assets and liabilities.

3. ADJUSTMENTS TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X.

Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet

The transaction accounting adjustments included in the unaudited pro forma condensed combined balance sheet as of September 30, 2022 are as follows:

(a)Reflects the cash adjustment at the closing of the Acquisition, as stipulated in the Agreement, whereby the Sellers agreed that on the closing date, Maestro's free cash balance will be not less than $15,790,000

(b)Reflects the cash paid at the close of the Acquisition.

(c)Represents preliminary estimated direct transaction costs of $342,833 payable in cash, concurrent with the Acquisition.

(d)To reclassify funds held for clients to conform to Marpai's presentation in restricted cash.

(e)To reclassify certain receivables to conform to Marpai's presentation in other receivables.

(f)Capitalized software - To record the fair value of capitalized software.

(g)Property and equipment, net – To record the fair value of property and equipment, net, acquired in the Acquisition.

(h)Goodwill - To record goodwill in connection with the Acquisition.

(i)Intangibles assets - To record the fair value of intangible assets acquired in the Acquisition.

(j)To reclassify the other long-term assets to conform to Marpai's presentation of right-of-use assets.

(k)Represents the recording of the right-of-use asset as of the acquisition date.

(l)To reclassify accrued expenses to conform to Marpai's presentation in deferred revenue.

(m)To reclassify the Employee and payroll accruals to conform to Marpai's presentation in Accrued expenses.

(n)To reclassify the Other long-term liabilities to conform to Marpai's presentation in Current portion of operating lease liabilities, and Operating lease liabilities, less current portion.

(o)Represents the elimination of interest payable on the revolving line of credit (AXA Note).

(p)Represents the elimination of intercompany balances, which consists of the amount due under the AXA Note.

(q)Deferred revenue - To record the fair value of Deferred revenue assumed in the Acquisition.

(r)Represents the payable to Sellers for the purchase of Maestro.

(s)Represents the elimination of accumulated deficit of Maestro on the acquisition date.

Adjustments to Unaudited Pro Forma Condensed Combined Statements of Operations

The transaction accounting adjustments included in the unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2022, and year ended December 31, 2021 are as follows:

(t)To reclassify the personnel and related expenses to conform to Marpai's presentation of cost of revenue, general and administrative, information technology and sales and marketing expenses.

(u)To reclassify the other selling, general and administrative expenses to conform to Marpais's presentation of revenue, cost of revenue, general and administrative, information technology and sales and marketing expenses.

(v)To adjust depreciation and amortization expenses based on the estimates of the fair value for the acquired plant and equipment and intangible assets.

(w)To adjust amortization expenses based on the estimates of the fair value for the new intangible assets.

	Estimated Fair Value	Estimated Useful Life in Years	Amortization for NineMonths ended September 30, 2022	Amortization for Year ended December 31, 2021
Trademarks	$ 800,000	5.00	$ 120,000	$ 160,000
Customer Relationships	840,000	5.00	126,000	168,000
Total	1,640,000		246,000	328,000
Pro forma adjustments to amortization expense			$ 246,000	$ 328,000

(x)To reverse interest expense on intercompany revolving line of credit (AXA Note).