

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

**FORM 10-Q**  
**(Mark One)**

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

For the quarterly period ended **June 30, 2023**

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number **001-41108**

**Capitalworks Emerging Markets Acquisition Corp**

(Exact name of registrant as specified in its charter)

**Cayman Islands**

(State or other jurisdiction of  
incorporation or organization)

**98-1598114**

(IRS Employer  
Identification No.)

**353 Lexington Avenue, Suite 502  
New York, NY 10016**

(Address of principal executive offices and zip code)

**(646) 202-1838**

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Units, each consisting of one Class A ordinary share, par value \$0.0001 per share, and one-half of one redeemable warrant</b>	<b>CMCAU</b>	<b>The Nasdaq Stock Market LLC</b>
<b>Class A ordinary shares, par value \$0.0001 per share, included as part of the units</b>	<b>CMCA</b>	<b>The Nasdaq Stock Market LLC</b>
<b>Redeemable warrants included as part of the units, each whole warrant exercisable for one Class A ordinary share at an exercise price of \$11.50</b>	<b>CMCAW</b>	<b>The Nasdaq Stock Market LLC</b>

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of August 21, 2023, there were 9,998,396 Class A Ordinary Shares, par value \$0.0001 per share, and one Class B Ordinary Share, par value \$0.0001 per share, of the registrant issued and outstanding.

**CAPITALWORKS EMERGING MARKETS ACQUISITION CORP**  
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**PART 1 – FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**CAPITALWORKS EMERGING MARKETS ACQUISITION CORP**

**BALANCE SHEETS**

	<u>June 30, 2023</u> (unaudited)	<u>March 31, 2023</u>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 12,920	\$ 90,283
Prepaid expenses	171,216	151,872
Total Current Assets	<u>184,136</u>	<u>242,155</u>
Investments held in the Trust Account	45,110,418	240,442,010
Total Assets	<u>\$ 45,294,554</u>	<u>\$ 240,684,165</u>
<b>LIABILITIES, ORDINARY SHARES SUBJECT TO POSSIBLE REDEMPTION AND SHAREHOLDERS' DEFICIT</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 853,724	\$ 558,731
Advances from related party	50,000	—
Working Capital Loan Agreement – Sponsor	1,050,000	800,000
Accrued offering costs	71,812	71,812
Total Current Liabilities	<u>2,025,536</u>	<u>1,430,543</u>
Derivative warrant liabilities	1,867,600	1,916,320
Forward purchase agreement liability	1,064,954	864,223
Deferred underwriting commission	8,050,000	8,050,000
Total liabilities	<u>13,008,090</u>	<u>12,261,086</u>
<b>COMMITMENTS AND CONTINGENCIES (Note 6)</b>		
Class A ordinary shares subject to possible redemption; 4,248,397 and 23,000,000 shares (at redemption value), respectively, as of June 30, 2023 and March 31, 2023	<u>45,110,418</u>	<u>240,442,010</u>
<b>Shareholders' Deficit:</b>		
Preference shares, \$0.0001 par value; 5,000,000 shares authorized; none issued and outstanding	—	—
Class A ordinary shares, \$0.0001 par value, 500,000,000 shares authorized, 5,749,999 shares issued and outstanding (excluding 4,248,397 and 23,000,000 shares, respectively, subject to possible redemption as of June 30, 2023 and March 31, 2023)	575	—
Class B ordinary shares, \$0.0001 par value, 50,000,000 shares authorized, 1 and 5,750,000 shares issued and outstanding	—	575
Additional paid-in capital	—	—
Accumulated deficit	(12,824,529)	(12,019,506)
Total Shareholders' Deficit	<u>(12,823,954)</u>	<u>(12,018,931)</u>
Total Liabilities, Ordinary Shares Subject to Possible Redemption and Shareholders' Deficit	<u>\$ 45,294,554</u>	<u>\$ 240,684,165</u>

The accompanying notes are an integral part of the unaudited financial statements.

**CAPITALWORKS EMERGING MARKETS ACQUISITION CORP****STATEMENTS OF OPERATIONS  
(UNAUDITED)**

	<b>For the Three Months Ended June 30, 2023</b>	<b>For the Three Months Ended June 30, 2022</b>
<b>EXPENSES</b>		
General and administrative services - related party	\$ 60,000	\$ 60,000
Operating and formation expenses	543,012	259,948
<b>TOTAL EXPENSES</b>	<b>603,012</b>	<b>319,948</b>
<b>OTHER INCOME (EXPENSE)</b>		
Investment income earned on investment held in Trust Account	1,811,142	307,310
Change in fair value of Forward Purchase Agreement Liability	(200,731)	(232,844)
Change in fair value of derivative warrants	48,720	1,853,680
<b>TOTAL OTHER INCOME - NET</b>	<b>1,659,131</b>	<b>1,928,146</b>
<b>Net income attributable to ordinary shares</b>	<b>\$ 1,056,119</b>	<b>\$ 1,608,198</b>
<b>Weighted average number of Class A ordinary shares outstanding, basic and diluted</b>	<b>17,570,759</b>	<b>23,000,000</b>
<b>Basic and diluted net income per Class A ordinary share</b>	<b>\$ 0.05</b>	<b>\$ 0.06</b>
<b>Weighted average number of Class B ordinary shares outstanding, basic and diluted</b>	<b>3,348,902</b>	<b>5,750,000</b>
<b>Basic and diluted net income per Class B ordinary share</b>	<b>\$ 0.05</b>	<b>\$ 0.06</b>

The accompanying notes are an integral part of the unaudited financial statements.

**CAPITALWORKS EMERGING MARKETS ACQUISITION CORP**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT  
(UNAUDITED)**

**FOR THE THREE MONTHS ENDED JUNE 30, 2023**

	Class A Ordinary Shares		Class B Ordinary Shares		Additional Paid-In Capital	Accumulated Deficit	Shareholders' Deficit
	Shares	Amount	Shares	Amount			
<b>Balance as of April 1, 2023</b>	—	\$ —	5,750,000	\$ 575	\$ —	\$ (12,019,506)	\$ (12,018,931)
Remeasurement of Class A ordinary shares to redemption value	—	—	—	—	—	(1,861,142)	(1,861,142)
Conversion of Class B ordinary shares to Class A ordinary shares	5,749,999	575	(5,749,999)	(575)	—	—	—
Net income	—	—	—	—	—	1,056,119	1,056,119
<b>Balance June 30, 2023</b>	<b>5,749,999</b>	<b>\$ 575</b>	<b>1</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (12,824,529)</b>	<b>(12,823,954)</b>

**FOR THE THREE MONTHS ENDED JUNE 30, 2022**

	Class B Ordinary Shares		Additional Paid-In Capital	Accumulated Deficit	Total Shareholders' Deficit
	Shares	Amount			
<b>Balance, April 1, 2022</b>	5,750,000	\$ 575	\$ —	\$ (11,164,576)	\$ (11,164,001)
Remeasurement of Class A ordinary shares to redemption value	—	—	—	(307,310)	(307,310)
Net income	—	—	—	1,608,198	1,608,198
<b>Balance, June 30, 2022</b>	<b>5,750,000</b>	<b>\$ 575</b>	<b>\$ —</b>	<b>\$ (9,863,688)</b>	<b>\$ (9,863,113)</b>

The accompanying notes are an integral part of the unaudited financial statements.

**CAPITALWORKS EMERGING MARKETS ACQUISITION CORP**

**STATEMENTS OF CASH FLOWS  
(UNAUDITED)**

	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 1,056,119	\$ 1,608,198
Adjustments to reconcile net income to net cash used in operating activities:		
Investment income earned on investments held in the Trust Account	(1,811,142)	(307,310)
Change in fair value of derivative warrant liabilities	(48,720)	(1,853,680)
Change in fair value of Forward Purchase Agreement Liability	200,731	232,844
Changes in operating assets and liabilities:		
Prepaid expenses	(19,344)	76,702
Other current assets	—	44,626
Accounts payable and accrued expenses	294,993	13,126
<b>Net Cash Used In Operating Activities</b>	<b>(327,363)</b>	<b>(185,494)</b>
<b>Cash Flows From Investing Activities:</b>		
Cash withdrawn from Trust Account in connection with redemption	197,192,734	—
Cash deposited into Trust Account	(50,000)	—
<b>Net Cash Provided By Investing Activities</b>	<b>197,142,734</b>	<b>—</b>
<b>Cash Flows From Financing Activities:</b>		
Redemptions of Class A ordinary shares	(197,192,734)	—
Proceeds from Working Capital Loan Agreement	250,000	—
Proceeds from related party advances	50,000	—
<b>Net Cash Used In Financing Activities</b>	<b>(196,892,734)</b>	<b>—</b>
<b>Net change in cash</b>	<b>(77,363)</b>	<b>(185,494)</b>
<b>Cash at beginning of period</b>	<b>90,283</b>	<b>969,261</b>
<b>Cash at end of period</b>	<b>\$ 12,920</b>	<b>\$ 783,767</b>
<b>Supplemental disclosure of non-cash financing activities:</b>		
Class A ordinary shares remeasurement adjustment	\$ 1,861,142	\$ 307,310

The accompanying notes are an integral part of the unaudited financial statements.

**CAPITALWORKS EMERGING MARKETS ACQUISITION CORP**  
**NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 — DESCRIPTION OF ORGANIZATION, BUSINESS OPERATIONS AND GOING CONCERN**

Capitalworks Emerging Markets Acquisition Corp (the “Company”) was incorporated in the Cayman Islands on April 20, 2021. The Company was formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses (the “Business Combination”). The Company is not limited to a particular industry or sector for purposes of consummating a Business Combination. The Company is an early stage and emerging growth company and, as such, the Company is subject to all of the risks associated with early stage and emerging growth companies.

As of June 30, 2023, the Company had not commenced any operations. All activity for the period from April 20, 2021 (inception) through June 30, 2023 relates to the Company’s formation, initial public offering consummated on December 3, 2021 (“Initial Public Offering”) and search for a prospective target company, which is described below. The Company will not generate any operating revenues until after the completion of an initial Business Combination, at the earliest. The Company generates non-operating income in the form of interest income from the proceeds derived from the Initial Public Offering and the Private Placement (as defined below) deposited in the Trust Account (as defined below). The Company has selected March 31 as its fiscal year end.

***Lexasure Business Combination***

On March 1, 2023, the Company announced the execution of a definitive business combination agreement (the “Lexasure Business Combination Agreement”) with Lexasure Financial Group Limited, a Cayman Islands exempted company limited by shares (together with its successors, “Lexasure”), Lexasure Financial Holdings Corp., a Cayman Islands exempted company limited by shares (“Pubco”), CEMAC Merger Sub Inc., a Cayman Islands exempted company limited by shares and a wholly-owned subsidiary of Pubco, Lexasure Merger Sub Inc., a Cayman Islands exempted company limited by shares and a wholly-owned subsidiary of Pubco, CEMAC Sponsor LP, a Cayman Islands exempted limited partnership (the “Sponsor”), in the capacity as the representative from and after the Effective Time (as defined below) for the shareholders of the Company and Pubco (other than the former Lexasure shareholders), and Ian Lim Teck Soon, an individual, in the capacity as the representative from and after the Effective Time for the former Lexasure shareholders, for a proposed business combination among the parties (the “Lexasure Business Combination”). Pursuant to the Lexasure Business Combination Agreement, Pubco will serve as the parent company of each of the Company and Lexasure following the consummation of the Lexasure Business Combination. Capitalized terms used but not defined in this subsection “Lexasure Business Combination” shall have the respective meanings given to them in the Lexasure Business Combination Agreement.

The total consideration to be paid by Pubco to Lexasure’s shareholders at the Closing (the “Merger Consideration”) will be an amount equal to \$250,000,000 plus the amount of aggregate net proceeds actually received by Lexasure between signing and Closing of the Lexasure Business Combination Agreement in respect of investments in the Company’s securities. The Merger Consideration will be payable in new Pubco Ordinary Shares, each valued at a price per share equal to the price per share at which the Public Shareholders (as defined below) may redeem their ordinary shares (as defined in Note 7) in connection with the Closing.

The Public Shareholders who do not redeem their ordinary shares in connection with the Transactions will receive one Pubco Ordinary Share per ordinary share of the Company.

In addition, the Lexasure shareholders will have the contingent right to receive up to an aggregate maximum of 5,000,000 additional Pubco Ordinary Shares (the “Earnout Shares”) as contingent consideration after the Closing based on Pubco, Lexasure and their respective subsidiaries achieving certain adjusted net income milestones for the fiscal years ending June 30, 2023 and June 30, 2024, as follows:

- (i) an aggregate of 2,500,000 Earnout Shares will be issued to the Lexasure shareholders in the event that adjusted net income for the Earnout Year ending June 30, 2023 is at least \$18,000,000; and
- (ii) an aggregate of 2,500,000 Earnout Shares will be issued to the Lexasure shareholders in the event that the combined adjusted net income for both Earnout Years is at least \$41,000,000.

The Closing is subject to typical conditions.

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Upon the execution of the Lexasure Business Combination Agreement, the Company received an automatic three-month extension to June 3, 2023 to consummate an initial business combination. On May 23, 2023, the Company held an extraordinary general meeting of shareholders of the Company, at which the Company's shareholders approved, among other things, an amendment to the Charter to extend the date by which the Company must consummate an initial Business Combination to March 3, 2024, and to permit the Board, in its sole discretion, to elect to wind up the Company's operations on an earlier date than March 3, 2024.

In connection with the Lexasure Business Combination Agreement, the Company entered into two side letters with Lexasure; one letter dated April 18, 2023, and the other dated April 19, 2023 (the "Financials Side Letter"). Pursuant to the Financials Side Letter, Lexasure agreed to loan the Company reasonable amounts that the Company is obligated to deposit into the Trust Account in connection with the Extension and related expenses such as the filing of an additional Quarterly Report on Form 10-Q, up to a maximum of \$600,000 (the "Lexasure Loan"), in the event that the PCAOB audited financial statements of Lexasure and its subsidiaries are not delivered on or before May 1, 2023 and/or the PCAOB reviewed quarterly financial statements of Lexasure and its subsidiaries are not delivered on or before May 7, 2023. The Lexasure Loan is unsecured and interest free. In connection with the Lexasure Loan, at the closing of the Lexasure Business Combination (or in the event that the Lexasure Business Combination Agreement is terminated in accordance with its terms and the Company consummates another transaction constituting a Business Combination, upon the consummation of such Business Combination (an "Alternative Closing")), the Sponsor has agreed to transfer a number of ordinary shares to Lexasure or its designee equal to (x) the amount of the Lexasure Loan that is used by the Company and not returned to Lexasure at or prior to the closing of the Lexasure Business Combination or Alternative Closing (less any amounts applied pursuant to the termination fee provision of the Lexasure Business Combination Agreement), divided by (y) \$10.00 per share. The Company will repay the Lexasure Loan amount directly to Lexasure at the closing of the Lexasure Business Combination, and in the event of the termination of the Lexasure Business Combination Agreement for any reason, the Lexasure Loan shall be cancelled and no amounts shall be owed by the Company, provided that any amounts advanced by Lexasure pursuant to the Financials Side Letter shall reduce the amounts payable by Lexasure pursuant to the termination fee provision of the Lexasure Business Combination Agreement. As of June 30, 2023, the Company had borrowed \$50,000 under the Lexasure Loan.

### **Initial Public Offering**

The registration statement for the Company's Initial Public Offering was declared effective on November 30, 2021. On December 3, 2021, the Company consummated the Initial Public Offering of 20,000,000 units ("Units" and, with respect to the ordinary shares included in the Units sold, the "Public Shares" and the warrants included in the Units sold, the "Public Warrants"), generating gross proceeds of \$200,000,000 (as described in Note 3).

Simultaneously with the closing of the Initial Public Offering, the Company consummated the private sale (the "Private Placement") of an aggregate of 10,500,000 warrants (the "Private Placement Warrants" and together with the Public Warrants, the "warrants") to the Sponsor at a purchase price of \$1.00 per Private Placement Warrant, generating gross proceeds to the Company in the amount of \$10,500,000.

On December 3, 2021, the underwriters purchased an additional 3,000,000 Units pursuant to the exercise of the over-allotment option in full. The Units were sold at an offering price of \$10.00 per Unit, generating additional gross proceeds to the Company of \$30,000,000. Also, in connection with the full exercise of the over-allotment option, the Sponsor purchased an additional 1,200,000 Private Placement Warrants at a purchase price of \$1.00 per warrant for total gross proceeds of \$1,200,000.

As of December 3, 2021, transaction costs amounted to \$13,428,526 consisting of \$4,600,000 of underwriting fees, \$8,050,000 of deferred underwriting fees payable (which are held in a trust account with Continental Stock Transfer & Trust Company ("Continental") acting as trustee (the "Trust Account") and \$778,526 of other offering costs related to the Initial Public Offering. Cash of \$12,920 was held outside of the Trust Account on June 30, 2023 and available for working capital purposes. As described in Note 6, the \$8,050,000 deferred underwriting fees are contingent upon the consummation of the Business Combination within the Combination Period (as defined below).

Following the closing of the Initial Public Offering on December 3, 2021, an amount of \$234,600,000 (\$10.20 per Unit) from the net proceeds of the Initial Public Offering and the Private Placement was placed in the Trust Account which may be invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act of 1940, as amended (the "Investment Company Act"), with a maturity of 185 days or less or in any open-ended investment company that holds itself out as a money market fund selected by the Company meeting the conditions of Rule 2a-7 of the Investment Company Act, as determined by the Company, until the earlier of: (i) the consummation of a Business Combination or (ii) the distribution of the Trust Account, as



described below. However, to mitigate the risk of the Company being deemed to have been operating as an unregistered investment company (including under the subjective test of Section 3(a)(1)(A) of the Investment Company Act), the Company intends to, on or prior to the 24-month anniversary of the effective date of the registration statement related to the Initial Public Offering, instruct Continental to liquidate the U.S. government treasury obligations or money market funds held in the Trust Account and thereafter to hold all funds in the Trust Account in cash items until the earlier of consummation of its Business Combination or liquidation.

### **Business Combination**

The Company's management has broad discretion with respect to the specific application of the net proceeds of the Initial Public Offering and Private Placement, although substantially all of the net proceeds are intended to be and have been applied generally toward consummating a Business Combination. The stock exchange listing rules require that the Business Combination must be with one or more operating businesses or assets with a fair market value equal to at least 80% of the assets held in the Trust Account (excluding the amount of deferred underwriting commissions and taxes payable on the income earned on the Trust Account). The Company will only complete a Business Combination if the post-Business Combination company owns or acquires 50% or more of the issued and outstanding voting securities of the target or otherwise acquires a controlling interest in the target business sufficient for it not to be required to register as an investment company under the Investment Company Act. There is no assurance that the Company will be able to successfully effect a Business Combination.

The Company will provide the holders of the outstanding Public Shares (the "Public Shareholders") with the opportunity to redeem all or a portion of their Public Shares either (i) in connection with a shareholder meeting called to approve the Business Combination or (ii) by means of a tender offer in connection with the Business Combination. The decision as to whether the Company will seek shareholder approval of a Business Combination or conduct a tender offer will be made by the Company. The Public Shareholders will be entitled to redeem their Public Shares for a pro rata portion of the amount then in the Trust Account. There will be no redemption rights upon the completion of a Business Combination with respect to the Company's warrants. The Public Shares subject to redemption will be recorded at a redemption value and classified as temporary equity upon the completion of the Initial Public Offering in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 480 "*Distinguishing Liabilities from Equity*" ("ASC 480").

All of the Public Shares contain a redemption feature that allows for the redemption of such Public Shares in connection with the Company's liquidation, if there is a shareholder vote or tender offer in connection with the Company's Business Combination and in connection with certain amendments to the Company's amended and restated memorandum and articles of associates (the "Charter"). In accordance with the rules of the U.S. Securities and Exchange Commission (the "SEC") and its guidance on redeemable equity instruments, which has been codified in ASC 480-10-S99, redemption provisions not solely within the control of a company require ordinary shares subject to redemption to be classified outside of permanent equity. Given that the Public Shares will be issued with other freestanding instruments (i.e., the Public Warrants), the initial carrying value of the Class A ordinary shares (as defined in Note 7) classified as temporary equity were allocated proceeds determined in accordance with ASC Topic 470-20, "*Debt with Conversion and other Options*". The Class A ordinary shares are subject to ASC 480-10-S99. If it is probable that the equity instrument will become redeemable, the Company has the option to either (i) accrete changes in the redemption value over the period from the date of issuance (or from the date that it becomes probable that the instrument will become redeemable, if later) to the earliest redemption date of the instrument or (ii) recognize changes in the redemption value immediately as they occur and adjust the carrying amount of the instrument to equal the redemption value at the end of each reporting period. The Company has elected to recognize the changes immediately. The Public Shares are redeemable and are classified as such on the Company's balance sheets until such date that a redemption event takes place. Redemptions of the Public Shares may be subject to the satisfaction of conditions, including minimum cash conditions, pursuant to an agreement relating to the Business Combination.

If the Company seeks shareholder approval of the Business Combination, the Company will proceed with a Business Combination only if the Company receives an ordinary resolution under Cayman Islands law approving a Business Combination, which requires the affirmative vote of a majority of the shareholders who attend and vote at a general meeting of the Company, or such other vote as required by law or stock exchange rule. If a shareholder vote is not required and the Company does not decide to hold a shareholder vote for business or other legal reasons, the Company will, pursuant to its Charter, conduct the redemptions pursuant to the tender offer rules of the SEC, and file tender offer documents containing substantially the same information as would be included in a proxy statement with the SEC prior to completing a Business Combination. If the Company seeks shareholder approval in connection with a Business Combination, the Sponsor has agreed to vote its Founder Shares (as defined in Note 5) and any Public Shares held by it in favor of approving a Business Combination. Additionally, each Public Shareholder may elect to redeem their Public Shares, without voting, and if they do vote, irrespective of whether they vote for or against a proposed Business Combination.

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Notwithstanding the foregoing, if the Company seeks shareholder approval of the Business Combination and the Company does not conduct redemptions pursuant to the tender offer rules, a Public Shareholder, together with any affiliate of such shareholder or any other person with whom such shareholder is acting in concert or as a “group” (as defined under Section 13 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), will be restricted from redeeming its shares with respect to more than an aggregate of 15% of the Public Shares without the Company’s prior written consent.

The Sponsor has agreed (a) to waive its redemption rights with respect to any Founder Shares and Public Shares held by it in connection with the completion of a Business Combination and (b) not to propose an amendment to the Charter (i) to modify the substance or timing of the Company’s obligation to allow redemption in connection with the Company’s initial Business Combination or to redeem 100% of the Public Shares if the Company does not complete a Business Combination within the Combination Period (as defined below) or (ii) with respect to any other provision relating to shareholders’ rights or pre-initial Business Combination activity, unless the Company provides the Public Shareholders with the opportunity to redeem their Public Shares upon approval of any such amendment.

The Company has a 27-month period, from the closing of the Initial Public Offering to March 3, 2024 (or such earlier date as determined by the Company’s Board of Directors (the “Board”)) as extended by the Extension (as defined in Note 10), unless further extended pursuant to the Charter, to consummate a Business Combination (the “Combination Period”). If the Company has not completed a Business Combination within the Combination Period, the Company will (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than ten business days thereafter, redeem 100% of the Public Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest earned and not previously released to the Company to pay its taxes, if any (less up to \$100,000 of interest to pay dissolution expenses), divided by the number of then issued and outstanding Public Shares, which redemption will completely extinguish the rights of the Public Shareholders as shareholders (including the right to receive further liquidating distributions, if any), and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the Company’s remaining Public Shareholders and the Board, liquidate and dissolve, subject in each case to the Company’s obligations under Cayman Islands law to provide for claims of creditors and the requirements of other applicable law. There will be no redemption rights or liquidating distributions with respect to the Company’s warrants, which will expire worthless if the Company fails to complete a Business Combination within the Combination Period.

The Sponsor has agreed to waive its rights to liquidating distributions from the Trust Account with respect to the Founder Shares it will receive if the Company fails to complete a Business Combination within the Combination Period. However, if the Sponsor or any of its respective affiliates acquire Public Shares, such Public Shares will be entitled to liquidating distributions from the Trust Account if the Company fails to complete a Business Combination within the Combination Period. The underwriters have agreed to waive their rights to their deferred underwriting commission (see Note 6) held in the Trust Account in the event the Company does not complete a Business Combination within the Combination Period, and in such event, such amounts will be included with the other funds held in the Trust Account that will be available to fund the redemption of the Public Shares. In the event of such distribution, it is possible that the per share value of the assets remaining available for distribution will be less than the Initial Public Offering price per Unit (\$10.00).

In order to protect the amounts held in the Trust Account, the Sponsor has agreed that it will be liable to the Company if and to the extent any claims by a third party (other than the Company’s independent registered public accounting firm) for services rendered or products sold to the Company, or a prospective target business with which the Company has discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account to below the lesser of (1) \$10.20 per Public Share and (2) the actual amount per Public Share held in the Trust Account as of the date of the liquidation of the Trust Account, if less than \$10.20 per Public Share, due to reductions in the value of trust assets, in each case net of the interest that may be withdrawn to pay taxes. This liability will not apply to any claims by a third party who executed a waiver of any and all rights to seek access to the Trust Account and as to any claims under the Company’s indemnity of the underwriters of the Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the “Securities Act”). In the event that an executed waiver is deemed to be unenforceable against a third party, the Sponsor will not be responsible to the extent of any liability for such third-party claims. The Company will seek to reduce the possibility that the Sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers (other than the Company’s independent registered public accounting firm), prospective target businesses or other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

### ***Redemption and Extension***

On May 18, 2023 and May 22, 2023, the Company entered into non-redemption agreements with the Sponsor and certain unaffiliated third parties (individually, an “NRA Holder” and collectively, the “NRA Holders”) in exchange for the NRA Holder or NRA Holders agreeing either not to request redemption, or to reverse any previously submitted redemption demand with respect to an aggregate of 4,399,737 Class A ordinary shares sold in the Initial Public Offering in connection with the 2023 Extraordinary Meeting (as defined below). In consideration of the foregoing agreement, immediately prior to, and substantially concurrently with, the closing of a Business Combination, (i) the Sponsor (or its designees) will surrender and forfeit to the Company, for no consideration, an aggregate of 1,099,935 Class A ordinary shares (the “NRA Forfeited Shares”) and (ii) the Company shall issue to the NRA Holders a number of Class A ordinary shares equal to the NRA Forfeited Shares.

On May 23, 2023, the Company held an extraordinary general meeting of shareholders of the Company (the “2023 Extraordinary Meeting”), at which the Company’s shareholders approved, among other things, an amendment to the Charter to extend the date by which the Company must consummate an initial Business Combination to March 3, 2024, and to permit the Board, in its sole discretion, to elect to wind up the Company’s operations on an earlier date than March 3, 2024 (the “Extension”). In connection with the vote to approve the Extension, the holders of 18,751,603 Class A ordinary shares properly exercised their right to redeem their shares for cash at a redemption price of approximately \$10.51 per share, for an aggregate redemption amount of \$197,192,734, in connection with the 2023 Extraordinary Meeting. As a result of the approvals at the 2023 Extraordinary Meeting, the Company will deposit into the Trust Account \$50,000 per month, or portion thereof, that is needed to complete a Business Combination, for up to an aggregate of \$450,000. On June 6, 2023, the first \$50,000 was deposited into the Trust Account. On July 3, 2023 and August 3, 2023, respectively, the second and third payments of \$50,000 were deposited into the Trust Account pursuant to this deposit structure.

On May 23, 2023, the Company issued an aggregate of 5,749,999 Class A ordinary shares to the Sponsor, upon the conversion of an equal number of Class B ordinary shares held by the Sponsor (the “Founder Conversion”). The 5,749,999 Class A ordinary shares issued in connection with the Founder Conversion are subject to the same restrictions as applied to the Class B ordinary shares before the Founder Conversion, including, among others, certain transfer restrictions, waiver of redemption rights and the obligation to vote in favor of an initial Business Combination as described in the IPO Prospectus. Following the Founder Conversion and the redemptions in connection with the Extension, there were 9,998,396 Class A ordinary shares issued and outstanding and one Class B ordinary share issued and outstanding.

### ***Going Concern Consideration***

As of June 30, 2023, the Company had cash of \$12,920 and a working capital deficit of \$1,841,400. Further, the Company has incurred and expects to continue to incur significant costs in pursuit of its financing and acquisition plans. In connection with the Company’s assessment of going concern considerations in accordance with FASB Accounting Standards Update (“ASU”) Topic 2014-15, “*Disclosures of Uncertainties about an Entity’s Ability to Continue as a Going Concern*,” the Company’s management has determined that these liquidity risks, as well as if the Company is unsuccessful in consummating an initial Business Combination within the Combination Period, the requirement that the Company cease all operations, redeem the Public Shares and thereafter liquidate and dissolve raises substantial doubt about the ability to continue as a going concern. The Company’s management has determined that the Company does not have funds that are sufficient to fund the working capital needs of the Company until the consummation of an initial Business Combination or the winding up of the Company as stipulated in the Charter. The accompanying financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America (“GAAP”), which contemplate continuation of the Company as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### ***Risks and Uncertainties***

The Company’s management is currently evaluating the impact of the COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company’s financial position, results of its operations and/or search for a target company, the specific impact is not readily determinable as of the date of the balance sheet.

Additionally, as a result of the military action commenced in February 2022 by the Russian Federation and Belarus in the country of Ukraine and related economic sanctions, the Company’s ability to consummate a Business Combination, or the operations of a target business with which the Company ultimately consummates a Business Combination, may be materially and adversely affected. In addition, the Company’s ability to consummate a transaction may be dependent on the ability to raise equity and debt financing which

may be impacted by these events, including as a result of increased market volatility, or decreased market liquidity in third-party financing being unavailable on terms acceptable to the Company or at all. The impact of this action and related sanctions on the world economy and the specific impact on the Company's financial position, results of operations and/or ability to consummate a Business Combination are not yet determinable.

The accompanying financial statements do not include any adjustments that might result from the outcome of the above uncertainties.

## **NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### ***Basis of Presentation***

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Article 8 of Regulation S-X of the SEC.

Certain information and note disclosures normally included in the financial statements prepared in accordance with US GAAP have been condensed. As such, the information included in these financial statements should be read in conjunction with the audited financial statements as of March 31, 2023 filed with the SEC on Form 10-K on July 14, 2023. In the opinion of the Company's management, these condensed financial statements include all adjustments, which are only of a normal and recurring nature, necessary for a fair statement of the Company's financial position as of June 30, 2023 and the Company's results of operations and cash flows for the periods presented. The results of operations for the three months ended June 30, 2023 are not necessarily indicative of the results to be expected for the full year ending March 31, 2024.

### ***Emerging Growth Company***

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012, as amended (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

### ***Use of Estimates***

The preparation of the accompanying financial statements in conformity with GAAP requires the Company's 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 balance sheet.

Making estimates requires the Company's management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the balance sheet, which the Company's management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

### ***Cash and Cash Equivalents***

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company had cash of \$12,920 and \$90,283 as of June 30, 2023 and March 31, 2023, respectively. The Company had no cash equivalents as of June 30, 2023 and March 31, 2023.

### ***Investments held in Trust Account***

The Company's portfolio of investments is comprised solely of U.S. Treasury Bills, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 185 days or less, or investments in money market funds that invest in U.S. government securities, or a combination thereof. The Company's investments held in the Trust Account are classified as trading securities. Trading securities are presented on the accompanying balance sheet at fair value at the end of each reporting period. Gains and losses resulting from the change in fair value of these securities is included in gain on investments held in Trust Account in the accompanying statement of operations. The estimated fair values of investments held in the Trust Account are determined using available market information.

At June 30, 2023 and March 31, 2023, the Company had approximately \$45.1 million and \$240.4 million in investments held in the Trust Account, respectively.

### ***Offering Costs associated with the Initial Public Offering***

The Company complies with the requirements of ASC Topic 340-10-S99-1 and SEC Staff Accounting Bulletin Topic 5A, "Expenses of Offering". Offering costs were allocated to the separable financial instruments issued in the Initial Public Offering. Upon completion of the Initial Public Offering, offering costs associated with warrant liabilities are expensed as incurred. Offering costs associated with the Units were allocated between temporary equity and the Public Warrants by the relative fair value method. Offering costs of \$778,526 consisted principally of costs incurred in connection with preparation for the Initial Public Offering. These offering costs, together with the underwriting commissions of \$12,650,000 (or \$4,600,000 paid in cash upon the closing of the Initial Public Offering and a deferred fee of \$8,050,000), were allocated between temporary equity, the Public Warrants and the Private Placement Warrants in a relative fair value method upon completion of the Initial Public Offering. Of these costs, \$778,526 were allocated to the Public Warrants, the Private Placement Warrants and the Forward Purchase Agreement (as defined in Note 6) and are charged to the statement of operations.

### ***Class A Ordinary Shares subject to Possible Redemption***

The Company accounts for its Class A ordinary shares subject to possible redemption in accordance with the guidance enumerated in ASC 480. Ordinary shares subject to mandatory redemption is classified as a liability instrument and is measured at fair value. Conditionally redeemable ordinary shares (including ordinary shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, ordinary shares are classified as shareholders' equity. The Company's Class A ordinary shares feature certain redemption rights that are considered by the Company to be outside of the Company's control and subject to the occurrence of uncertain future events. Accordingly, at June 30, 2023 and March 31, 2023, the 4,248,397 and 23,000,000 Class A ordinary shares, respectively, subject to possible redemption in the amount of approximately \$45.1 million and \$240.4 million, respectively, are presented as temporary equity, outside of the shareholders' deficit section of the accompanying balance sheets.

The Company recognizes changes in redemption value immediately as they occur and adjusts the carrying value of redeemable Class A ordinary shares to equal the redemption value at the end of each reporting period. Immediately upon the closing of the Initial Public Offering, the Company recognized a measurement adjustment from initial book value to redemption amount value. As of June 30, 2023, the change in the carrying value of redeemable Class A ordinary shares resulted in charges against deficit of approximately \$1.9 million. For the year ended March 31, 2023, the change in the carrying value of redeemable Class A ordinary shares resulted in charges against additional paid-in capital and accumulated deficit of approximately \$5.8 million.

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At June 30, 2023 and March 31, 2023, the Class A ordinary shares reflected in the accompanying balance sheets is reconciled in the following table:

		<b>Shares</b>
<b>Class A ordinary shares subject to possible redemption – April 1, 2023</b>	\$ 234,616,409	23,000,000
Remeasurement of carrying value to redemption value	5,825,601	—
<b>Class A ordinary shares subject to possible redemption – March 31, 2023</b>	<b>\$ 240,442,010</b>	<b>23,000,000</b>
Current period remeasurement of carrying value to redemption value	1,861,142	—
Withdrawal from Trust	(197,192,734)	(18,751,604)
<b>Class A ordinary shares subject to possible redemption – June 30, 2023</b>	<b>\$ 45,110,418</b>	<b>4,248,397</b>

**Net income per share**

Net income per share is computed by dividing net income by the weighted average number of ordinary shares outstanding during the period. The Company applies the two-class method in calculating earnings per share. Earnings and losses are shared pro rata between the two classes of shares. The calculation of diluted income per ordinary share does not consider the effect of the warrants issued in connection with the (i) Initial Public Offering, (ii) exercise of over-allotment and (iii) Private Placement, since their inclusion would be anti-dilutive under the two-class method. As a result, diluted earnings per ordinary share is the same as basic earnings per ordinary share for the periods presented. The warrants are exercisable to purchase 23,200,000 Class A ordinary shares in the aggregate.

The following table reflects the calculation of basic and diluted net income per ordinary share (in dollars, except per share amounts):

	<b>Three Months Ended June 30, 2023</b>	<b>Three Months Ended June 30, 2022</b>
<i>Class A ordinary share</i>		
Numerator: Income allocable to Class A ordinary share	\$ 887,051	\$ 11,126,028
Denominator: Basic and diluted weighted average shares outstanding	17,570,759	7,866,667
Basic and diluted net income per share, Class A ordinary share	<u>\$ 0.05</u>	<u>\$ 1.41</u>
<i>Class B ordinary share</i>		
Numerator: Income allocable to Class B ordinary share	\$ 169,068	\$ 8,132,373
Denominator: Basic and diluted weighted average shares outstanding	3,348,902	5,750,000
Basic and diluted net income per share, Class B ordinary share	<u>\$ 0.05</u>	<u>\$ 1.41</u>

**Income Taxes**

The Company follows the asset and liability method of accounting for income taxes under ASC Topic 740, “Income Taxes” (“ASC 740”). Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of June 30, 2023 and March 31, 2023. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position. The Company is subject to income tax examinations by major taxing authorities since inception.



There is currently no taxation imposed on income by the Government of the Cayman Islands. In accordance with Cayman Islands income tax regulations, income taxes are not levied on the Company. Consequently, income taxes are not reflected in the accompanying balance sheets.

### ***Concentration of Credit Risk***

Financial instruments that potentially subject the Company to concentrations of credit risk consist of a cash account in a financial institution, which, at times, may exceed the Federal Depository Insurance Corporation coverage limit of \$250,000. The Company has not experienced losses on this account.

### ***Fair Value of Financial Instruments***

“Fair value” is defined as the price that would be received for sale of an asset or paid to transfer of a liability, in an orderly transaction between market participants at the measurement date. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers include:

- “Level 1”, defined as observable inputs such as quoted prices (unadjusted) for identical instruments in active markets;
- “Level 2”, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- “Level 3”, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

See Note 9 for additional information regarding liabilities measured at fair value.

### ***Derivative Financial Instruments***

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives in accordance with ASC Topic 815, “*Derivatives and Hedging*” (“ASC 815”). The Company’s derivative instruments are recorded at fair value as of the closing date of the Initial Public Offering (December 3, 2021) and re-valued at each reporting date, with changes in the fair value reported in the statements of operations. Derivative assets and liabilities are classified on the accompanying balance sheets as current or non-current based on whether or not net-cash settlement or conversion of the instrument could be required within 12 months of the balance sheet date. The Company has determined the Public Warrants, the Private Placement Warrants and the Forward Purchase Agreement are each a derivative instrument. As the Public Warrants, the Private Placement Warrants and the Forward Purchase Agreement meet the definition of a derivative, the Public Warrants, the Private Placement Warrants and the Forward Purchase Agreement are measured at fair value at issuance and at each reporting date in accordance with ASC Topic 820, “*Fair Value Measurement*”, with changes in fair value recognized in the statement of operations in the period of change.

### **Warrant Instruments**

The Company accounts for the Public Warrants and the Private Placement Warrants issued in connection with the Initial Public Offering and the Private Placement in accordance with the guidance contained in ASC 815, whereby under that provision, the Public Warrants and the Private Placement Warrants do not meet the criteria for equity treatment and must be recorded as a liability. Accordingly, the Company classifies the warrant instrument as a liability at fair value and adjust the instrument to fair value at each reporting period. This liability will be re-measured at each balance sheet date until the Public Warrants and the Private Placement Warrants are exercised or expire, and any change in fair value will be recognized in the Company's statement of operations. The fair value at issuance was calculated using a Monte Carlo simulation model to value the Public Warrants and a modified Black-Scholes model to value the Private Placement Warrants. The valuation models utilize inputs and other assumptions and may not be reflective of the price at which they can be settled. Such warrant classification is also subject to re-evaluation at each reporting period. Due to the terms within the warrant agreement, as of March 31, 2022 and for all periods subsequent to the detachment of the Public Warrants from the Units, the Public Warrant quoted market price will be used to calculate the fair value of the Private Placement Warrants as of each relevant reporting date. Upon issuance of the Private Placement Warrants, the Company recorded a charge of \$1,532,700 for the excess fair value of Private Placement Warrant liabilities over the proceeds received.

### **Recent Accounting Standards**

In August 2020, the FASB issued ASU Topic 2020-06, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)* ("ASU 2020-06") to simplify accounting for certain financial instruments. ASU 2020-06 eliminates the current models that require separation of beneficial conversion and cash conversion features from convertible instruments, and simplifies the derivative scope exception guidance pertaining to equity classification of contracts in an entity's own equity. The new standard also introduces additional disclosures for convertible debt and freestanding instruments that are indexed to and settled in an entity's own equity. ASU 2020-06 amends the diluted earnings per share guidance, including the requirement to use the if-converted method for all convertible instruments. ASU 2020-06 is effective January 1, 2024 and should be applied on a full or modified retrospective basis, with early adoption permitted beginning on January 1, 2021. The Company is currently assessing the impact, if any, it would have on its financial position, results of operations or cash flows.

The Company's management does not believe that any other recently issued, but not yet effective, accounting standards, if currently adopted, would have a material effect on the accompanying financial statements.

### **NOTE 3 — INITIAL PUBLIC OFFERING**

Pursuant to the Initial Public Offering, the Company sold 20,000,000 Units at a purchase price of \$10.00 per Unit generating gross proceeds to the Company in the amount of \$200,000,000. Each Unit consists of one Public Share and one-half of one Public Warrant, with each whole Public Warrant entitling the holder thereof to purchase one Class A ordinary share at a price of \$11.50 per share, subject to adjustment (as described in Note 8).

On December 3, 2021, the underwriters purchased an additional 3,000,000 Units pursuant to the exercise in full of the over-allotment option. The Units were sold at an offering price of \$10.00 per Unit, generating additional gross proceeds to the Company of \$30,000,000.

As a result of the closing of the Initial Public Offering and the full exercise of the over-allotment option, the Company sold a total of 23,000,000 Units generating gross proceeds of \$230,000,000.

### **NOTE 4 — PRIVATE PLACEMENT**

Simultaneously with the closing of the Initial Public Offering, the Company consummated the Private Placement and sold an aggregate of 10,500,000 Private Placement Warrants at a purchase price of \$1.00 per Private Placement Warrant, generating gross proceeds to the Company in the amount of \$10,500,000.

On December 3, 2021, the underwriters exercised their over-allotment option in full. In connection with the full exercise of the over-allotment option, the Sponsor purchased an additional 1,200,000 Private Placement Warrants at a purchase price of \$1.00 per warrant for total gross proceeds of \$1,200,000. As a result of the closing of the Initial Public Offering and the full exercise of the over-allotment option, the Company sold a total of 11,700,000 Private Placement Warrants generating gross proceeds of \$11,700,000.



A portion of the proceeds from the Private Placement was added to the proceeds from the Initial Public Offering held in the Trust Account. If the Company does not complete a Business Combination within the Combination Period, the proceeds from the Private Placement held in the Trust Account will be used to fund the redemption of the Public Shares (subject to the requirements of applicable law) and the Private Placement Warrants will be worthless.

The Private Placement Warrants (including the Class A ordinary shares issuable upon exercise of the Private Placement Warrants) will not be transferable, assignable or salable until 30 days after the completion of an initial Business Combination, subject to certain exceptions.

## **NOTE 5 — RELATED PARTIES**

### ***Founder Shares***

On May 12, 2021, the Sponsor received 5,750,000 of the Class B ordinary shares (the “Founder Shares”) in exchange for cash of \$25,000. The Founder Shares included an aggregate of up to 750,000 shares subject to forfeiture to the extent that the underwriters’ over-allotment was not exercised in full or in part, so that the number of Founder Shares would equal, on an as-converted basis, approximately 20% of the Company’s issued and outstanding ordinary shares after the Initial Public Offering. Due to the full exercise of the over-allotment option by the underwriters, these 750,000 shares are no longer subject to forfeiture.

The Sponsor has agreed, subject to limited exceptions, not to transfer, assign or sell any of the Founder Shares until the earlier of: (A) one year after the completion of a Business Combination and (B) subsequent to a Business Combination, (x) if the last reported sale price of the Class A ordinary shares equals or exceeds \$12.00 per share (as adjusted for stock splits, stock capitalizations, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after a Business Combination, or (y) the date on which the Company completes a liquidation, merger, capital stock exchange or other similar transaction that results in all of the Public Shareholders having the right to exchange their ordinary shares for cash, securities or other property.

On May 23, 2023, the Company issued an aggregate of 5,749,999 Class A ordinary shares to the Sponsor, upon the conversion of an equal number of Class B ordinary shares held by the Sponsor. The 5,749,999 Class A ordinary shares issued in connection with the Founder Conversion are subject to the same restrictions as applied to the Class B ordinary shares before the Founder Conversion, including, among others, certain transfer restrictions, waiver of redemption rights and the obligation to vote in favor of an initial Business Combination as described in the IPO Prospectus. Following the Founder Conversion and the redemptions in connection with the Extension, there were 9,998,396 Class A ordinary shares issued and outstanding and one Class B ordinary share issued and outstanding.

### ***General and Administrative Services***

Commencing on the date the Units were first listed on the Nasdaq Stock Market (“Nasdaq”), the Company has agreed to pay an affiliate of the Sponsor a total of \$20,000 per month for office space, utilities and secretarial and administrative support. Upon completion of the initial Business Combination or the Company’s liquidation, the Company will cease paying these monthly fees. During the three months ended June 30, 2023 and 2022, the Company incurred \$60,000 of expenses. The outstanding balance was \$80,000 and \$20,000 at June 30, 2023 and March 31, 2023, respectively.

### ***Promissory Note — Related Party***

On May 12, 2021, the Company issued an unsecured promissory note to the Sponsor (the “IPO Promissory Note”), pursuant to which the Company may borrow up to an aggregate principal amount of \$300,000. The IPO Promissory Note was non-interest bearing and payable on the earlier of (i) December 31, 2021 or (ii) the consummation of the Initial Public Offering. During the period from inception to December 3, 2021, the Company borrowed \$280,000 pursuant to the IPO Promissory Note. Such borrowings were repaid in full at the closing of the Initial Public Offering on December 3, 2021. No additional borrowings are allowed under the Promissory Note.

### ***Working Capital Loans***

In order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company’s officers and directors may, but are not obligated to, loan the Company funds as may be required (“Working

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Capital Loans”). In the event that a Business Combination does not close, the Company may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loans, but no proceeds held in the Trust Account would be used to repay the Working Capital Loans.

On February 1, 2023, a loan agreement was entered into by and between the Company and the Sponsor (the “WCL Agreement”), pursuant to which the Sponsor agreed to provide the Working Capital Loan of up to \$1,500,000 to the Company.

As of June 30, 2023 and March 31, 2023, the Company had borrowed \$1,050,000 and \$800,000. At June 30, 2023 \$450,000 was available under the WCL Agreement.

### ***Extension Loan***

The Company initially had 15 months from the closing of the Initial Public Offering to consummate an initial Business Combination, with an automatic three-month extension if it has signed a definitive agreement with respect to an initial Business Combination within such 15-month period (an “Automatic Extension”).

If the Company anticipated that it would not be able to consummate its initial Business Combination within the initial 15 months and was not entitled to an Automatic Extension, it may, by resolution of the Board if requested by the Sponsor, extend the period of time to consummate a Business Combination by an additional three months (for a total of up to 18 months to complete a Business Combination), subject to the Sponsor depositing additional funds into the Trust Account (a “Paid Extension”). In connection with an Automatic Extension or a Paid Extension as described above, Public Shareholders would not be offered the opportunity to vote on or redeem their shares. Pursuant to the terms of the Charter and the trust agreement entered into between the Company and Continental, as amended, in order to extend the time available for the Company to consummate its initial Business Combination in connection with a Paid Extension, the Sponsor or its affiliates or designees, upon ten days’ advance notice prior to the deadline, would have to deposit into the Trust Account \$2,300,000 on or prior to the date of the deadline. Any such payments would be made in the form of a loan (an “Extension Loan”). Any such Extension Loan would be non-interest bearing and payable upon the consummation of the Business Combination. If the Company completes its initial Business Combination, it would, at the option of the Sponsor, repay such loaned amounts out of the proceeds of the Trust Account released to it or convert a portion or all of the total Extension Loan amount into warrants at a price of \$1.00 per warrant, which warrants would be identical to the Private Placement Warrants. If the Company does not complete a Business Combination, it would not repay such Extension Loans. Furthermore, the letter agreement with the Company’s initial shareholders contains a provision pursuant to which the Sponsor has agreed to waive its right to be repaid for such Extensions Loan out of the funds held in the Trust Account in the event that the Company does not complete a Business Combination. The Sponsor and its affiliates or designees were not obligated to make any Extension Loan.

Upon the execution of the Lexasure Business Combination Agreement, the Company received an Automatic Extension of the time it had to consummate a Business Combination until June 3, 2023 and a Paid Extension was not needed.

On May 23, 2023, the Company held the 2023 Extraordinary Meeting, at which the Company’s shareholders approved, among other things, an amendment to the Charter to extend the date by which the Company must consummate an initial Business Combination to March 3, 2024, and to permit the Board, in its sole discretion, to elect to wind up the Company’s operations on an earlier date than March 3, 2024.

### ***Lexasure Loan***

Pursuant to the Financial Side Letter, Lexasure agreed to loan the Company reasonable amounts that the Company is obligated to deposit into the Trust Account in connection with the Extension and related expenses such as the filing of an additional Quarterly Report on Form 10-Q, up to a maximum of \$600,000 (in the event that the PCAOB audited financial statements of Lexasure and its subsidiaries are not delivered on or before May 1, 2023 and/or the PCAOB reviewed quarterly financial statements of Lexasure and its subsidiaries are not delivered on or before May 7, 2023). The Lexasure Loan is unsecured and interest free. In connection with the Lexasure Loan, at the closing of the Lexasure Business Combination or an Alternative Closing, the Sponsor has agreed to transfer a number of ordinary shares to Lexasure or its designee equal to (x) the amount of the Lexasure Loan that is used by the Company and not returned to Lexasure at or prior to the closing of the Lexasure Business Combination or Alternative Closing (less any amounts applied pursuant to the termination fee provision of the Lexasure Business Combination Agreement), divided by (y) \$10.00 per share. The Company will repay the Lexasure Loan amount directly to Lexasure at the closing of the Lexasure Business Combination, and in the event of the termination of the Lexasure Business Combination Agreement for any reason, the Lexasure Loan shall be cancelled and no amounts shall be owed

by the Company, provided that any amounts advanced by Lexasure pursuant to the Financials Side Letter shall reduce the amounts payable by Lexasure pursuant to the termination fee provision of the Lexasure Business Combination Agreement.

As of June 30, 2023, the Company had borrowed \$50,000 under the Lexasure Loan.

## **NOTE 6 — COMMITMENTS AND CONTINGENCIES**

### ***Registration Rights***

The holders of the Founder Shares, Private Placement Warrants and warrants that may be issued upon conversion of Working Capital Loans or Extension Loan (and any ordinary shares issuable upon the exercise of the Private Placement Warrants or warrants issued upon conversion of the Working Capital Loans or Extension Loan and upon conversion of the Founder Shares) are entitled to registration rights pursuant to a registration rights agreement requiring the Company to register such securities for resale (in the case of the Founder Shares, only after conversion to Class A ordinary shares). The holders of these securities are entitled to make up to three demands, excluding short form registration demands, that the Company register such securities. In addition, the holders have certain “piggy-back” registration rights with respect to registration statements filed subsequent to completion of a Business Combination and rights to require the Company to register for resale such securities pursuant to Rule 415 under the Securities Act. However, the registration rights agreement provides that the Company will not be required to effect or permit any registration or cause any registration statement to become effective until the securities covered thereby are released from their lock-up restrictions. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

### ***Underwriting Agreement***

The Company granted the underwriters a 45-day option from the date of Initial Public Offering to purchase up to 3,000,000 additional Units to cover over-allotments, if any, at the Initial Public Offering price less the underwriting discounts and commissions. On December 3, 2021, the underwriters purchased an additional 3,000,000 Units pursuant to the full exercise of the over-allotment option. The Units were sold at an offering price of \$10.00 per Unit, generating additional gross proceeds to the Company of \$30,000,000.

The underwriters were paid a cash underwriting discount of \$0.20 per Unit, or \$4,600,000, upon the closing of the Initial Public Offering. In addition, the underwriters are entitled to a deferred fee of \$0.35 per Unit, or \$8,050,000. The deferred fee will become payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement.

### ***Forward Purchase Agreement***

The Company entered into a Forward Purchase Agreement, as amended (the “Forward Purchase Agreement”) with Camber Base, LLC, (“Camber”) pursuant to which Camber, or any of its subsidiaries or affiliates, may, at the sole written election of Camber, purchase up to \$20.0 million units (the “Forward Purchase Units”), for \$10.00 per Forward Purchase Unit, in a private placement that will close substantially concurrently with the closing of the Business Combination. One Forward Purchase Unit consists of one Class A ordinary share, at \$11.50 per share, subject to adjustment, and one-half of one warrant to purchase Class A Ordinary Shares (a “Forward Purchase Warrant”).

The Forward Purchase Warrants will have the same terms as the Public Warrants, and the Forward Purchase Shares will be identical to the Public Shares, except the Forward Purchase Shares will be subject to transfer restrictions and certain registration rights.

Camber’s commitment to purchase securities pursuant to the Forward Purchase Agreement is intended to provide the Company with a minimum funding level for a Business Combination. The proceeds from the sale of the Forward Purchase Securities may be used as part of the consideration to be paid to the sellers in a Business Combination, pay for expenses incurred in connection with a Business Combination or for working capital in the post-transaction company. Subject to the conditions in the Forward Purchase Agreement, the purchase of the Forward Purchase Securities will be a binding obligation of Camber, regardless of whether any Class A ordinary shares are redeemed by the public shareholders in connection with a Business Combination.

### **Vendor Agreements**

As of June 30, 2023, the Company had incurred unpaid legal fees of \$324,054 which are included in accounts payable and accrued expenses and accrued offering costs on the accompanying balance sheets. These fees will only become due and payable upon the consummation of a Business Combination.

### **Consulting Agreements**

On November 27, 2022, the Company entered into an agreement (the “2022 Consulting Agreement”) with a transactional and strategic advisory firm (the “First Strategic Advisor”) for advisory services in connection with a potential Business Combination. Pursuant to the 2022 Consulting Agreement, if the Company consummates a Business Combination, the Company shall pay the First Strategic Advisor, at the consummation of the Business Combination, a cash fee (the “Capital Markets Advisory Fee”) in the amount equal to (i) \$1,500,000 plus (ii) an incremental advisory fee (an “Incremental Advisory Fee”) based on the value of the proceeds held in the Trust Account immediately prior to the closing of the Business Combination (the “Trust Proceeds”). If the Trust Proceeds are: (i) greater than \$58,650,000 but less than or equal to \$117,300,000, the Company will pay the First Strategic Advisor an Incremental Advisory Fee of \$250,000; (ii) greater than \$117,300,000 but less than or equal to \$175,950,000, the Company will pay the First Strategic Advisor an Incremental Advisory Fee of \$1,000,000; or (iii) greater than \$175,950,000, the Company will pay the First Strategic Advisor an Incremental Advisory Fee of \$2,500,000. The Capital Markets Advisory Fee shall be due and payable to the First Strategic Advisor by the Company at the consummation of the Business Combination. If the Business Combination does not occur or is abandoned, the First Strategic Advisor will not be entitled to the Capital Markets Advisory Fee. The Company will also reimburse the First Strategic Advisor for all reasonable documented out-of-pocket expenses incurred in connection with the 2022 Consulting Agreement, provided that such expenses will not exceed \$25,000 in the aggregate without the prior written approval of the Company.

On August 3, 2023, the Company, the First Strategic Advisor, Sponsor, Roberta Brzezinski, and Herman Kotze entered into an amendment to the 2022 Consulting Agreement. This amendment, among other things, revised the terms of the Capital Markets Advisory Fee under the 2022 Consulting Agreement. Pursuant to the amendment, (i) if the Trust Proceeds are equal to or greater than \$4 million, the Company will pay the First Strategic Advisor a Capital Markets Advisory Fee of \$500,000 in cash, plus shares of common stock of the public company entity that survives the Business Combination which stock is listed on the New York Stock Exchange or Nasdaq Global Market (the “Stock”), equal to \$500,000 and (ii) if the Trust Proceeds are less than \$4 million, the Company will pay the First Strategic Advisor a Capital Markets Advisory Fee in Stock equal to \$1,000,000. The number of shares of Stock owed to the First Strategic Advisor shall be calculated by dividing (x) the total value of the Stock payable by (y) the VWAP of the Stock over the five (5) trading days immediately preceding the date of the initial filing of the registration statement registering the Stock of the public company entity that survives the Business Combination, provided that clause (y) shall not be less than \$4.00. The Capital Markets Advisory Fee shall be due and payable to the First Strategic Advisor by the Company at the consummation of the Business Combination. If the Business Combination does not occur or is abandoned, the First Strategic Advisor will not be entitled to the Capital Markets Advisory Fee. This amendment also provides for certain registration rights for the Stock issuable to the First Strategic Advisor.

On February 1, 2023, the Company entered into a separate agreement with another transactional and strategic advisory firm (the “Second Strategic Advisor”) to provide consulting, advisory and related services in connection with a potential Business Combination. Upon consummation of a Business Combination, the Second Strategic Advisor will purchase from the Company 250,000 Class B ordinary shares at a purchase price of \$0.04 per share or \$10,000 in aggregate. It is the intention of the Company to amend the agreement to replace any reference to “Class B ordinary shares” with “Class A ordinary shares”.

### **Non-redemption Agreements**

On May 18, 2023 and May 22, 2023, the Company entered into non-redemption agreements with the NRA Holders in exchange for the NRA Holders agreeing either not to request redemption, or to reverse any previously submitted redemption demand with respect to an aggregate of 4,399,737 Class A ordinary shares sold in the Initial Public Offering in connection with the 2023 Extraordinary Meeting. In consideration of the foregoing agreement, immediately prior to, and substantially concurrently with, the closing of a Business Combination, (i) the Sponsor (or its designees) will surrender and forfeit to the Company, for no consideration, an aggregate of 1,099,935 NRA Forfeited Shares and (ii) the Company shall issue to the NRA Holders a number of Class A ordinary shares equal to the NRA Forfeited Shares.

## **NOTE 7 — SHAREHOLDERS' DEFICIT**

### ***Preference Shares***

The Company is authorized to issue 5,000,000 preference shares with a par value of \$0.0001 per share with such designations, voting and other rights and preferences as may be determined from time to time by the Board. As of June 30, 2023 and March 31, 2023, there were no preference shares issued or outstanding.

### ***Class A Ordinary Shares***

The Company is authorized to issue 500,000,000 Class A ordinary shares with a par value of \$0.0001 per share. Holders of Class A ordinary shares are entitled to one vote for each share. As of June 30, 2023 and March 31, 2023, there were 5,749,999 and no Class A ordinary shares issued or outstanding, excluding 4,248,397 and 23,000,000, respectively, Class A ordinary shares subject to redemption. As of June 30, 2023 and March 31, 2023, there were 4,248,397 and 23,000,000 Class A ordinary shares, respectively, that were classified as temporary equity in the accompanying balance sheets.

### ***Class B Ordinary Shares***

The Company is authorized to issue 50,000,000 Class B ordinary shares with a par value of \$0.0001 per share (the "Class B ordinary shares", together with the Class A ordinary shares, the "ordinary shares"). Holders of Class B ordinary shares are entitled to one vote for each share. On May 23, 2023, the Company converted 5,749,999 Class B ordinary shares to Class A ordinary shares. As of June 30, 2023 and March 31, 2023, there were one and 5,750,000, respectively, Class B ordinary share(s) issued and outstanding.

Only holders of the Class B ordinary shares have the right to vote on the election of directors prior to the Business Combination. Holders of ordinary shares, including holders of Class A ordinary shares and holders of Class B ordinary shares, will vote together as a single class on all matters submitted to a vote of the Company's shareholders except as otherwise required by law. In connection with its initial Business Combination, the Company may enter into a shareholders agreement or other arrangements with the shareholders of the target or other investors to provide for voting or other corporate governance arrangements that differ from those in effect upon completion of the Initial Public Offering.

The Class B ordinary shares will automatically convert into Class A ordinary shares at the time of a Business Combination (or earlier at the option of the holders thereof), on a one-for-one basis, subject to adjustment. In the case that additional Class A ordinary shares, or equity-linked securities, are issued or deemed issued in excess of the amounts issued in the Initial Public Offering and related to the closing of a Business Combination, the ratio at which Class B ordinary shares shall convert into Class A ordinary shares will be adjusted (unless the holders of a majority of the then-outstanding Class B ordinary shares agree to waive such adjustment with respect to any such issuance or deemed issuance) so that the number of Class A ordinary shares issuable upon conversion of all the Class B ordinary shares will equal, in the aggregate, on an as-converted basis, 20% of the sum of the total number of all ordinary shares outstanding upon the completion of Initial Public Offering plus all Class A ordinary shares and equity-linked securities issued or deemed issued in connection with a Business Combination (net of the number of Class A ordinary shares redeemed in connection with a Business Combination), excluding any shares or equity-linked securities issued or issuable to any seller of an interest in the target to us in a Business Combination.

## **NOTE 8 — WARRANTS LIABILITIES**

Public Warrants may only be exercised for a whole number of shares. No fractional warrants were issued upon separation of the Units and only whole warrants trade. The Public Warrants will become exercisable on the later of (a) 30 days after the completion of a Business Combination and (b) 12 months from the closing of the Initial Public Offering. The Public Warrants will expire five years after the completion of a Business Combination or earlier upon redemption or liquidation.

The Company will not be obligated to deliver any Class A ordinary share pursuant to the exercise of a warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act covering the issuance of the Class A ordinary shares issuable upon exercise of the warrants is then effective and a current prospectus relating to those Class A ordinary shares is available, subject to the Company satisfying its obligations with respect to registration, or a valid exemption from registration is available. No warrant will be exercisable for cash or on a cashless basis, and the Company will not be obligated to issue any shares to

holders seeking to exercise their warrants, unless the issuance of the shares upon such exercise is registered or qualified under the securities laws of the state of residence of the exercising holder, or an exemption from registration is available.

The Company has agreed that as soon as practicable, but in no event later than 30 business days after the closing of a Business Combination, the Company will use its commercially reasonable efforts to file, following the closing of a Business Combination, with the SEC a registration statement covering the issuance of the Class A ordinary shares issuable upon exercise of the warrants and to maintain a current prospectus relating to those Class A ordinary shares effective until the warrants expire or are redeemed in accordance with the provisions of the warrant agreement. Notwithstanding the above, if the Class A ordinary share is at the time of any exercise of a warrant not listed on a national securities exchange such that it satisfies the definition of a “covered security” under Section 18(b)(1) of the Securities Act, the Company may, at its option, require holders of Public Warrants who exercise their warrants to do so on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act and, in the event the Company so elects, the Company will not be required to file or maintain in effect a registration statement, but will use its commercially reasonable efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available. If a registration statement covering the issuance of the Class A ordinary shares issuable upon exercise of the warrants is not effective by the sixtieth day after the closing of the initial Business Combination, warrant holders may, until such time as there is an effective registration statement and during any period when the Company will have failed to maintain an effective registration statement, exercise warrants on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act or another exemption, but the Company will use its commercially reasonable efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available.

***Redemption of Warrants When the Price per Class A Ordinary Share Equals or Exceeds \$18.00***

Once the warrants become exercisable, the Company may redeem the outstanding Public Warrants:

- in whole and not in part;
- at a price of \$0.01 per Public Warrant;
- upon a minimum of 30 days’ prior written notice of redemption, or the 30-day redemption period to each warrant holder; and
- if, and only if, the last reported sale price of the Class A ordinary shares equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganization, recapitalizations and the like) for any 10 trading days within a 20-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to warrant holders.

If and when the warrants become redeemable by the Company, the Company may exercise its redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

***Redemption of Warrants When the Price per Class A Ordinary Share Equals or Exceeds \$10.00***

Once the warrants become exercisable, the Company may redeem the outstanding warrants:

- in whole and not in part;
- at a price of \$0.10 per warrant provided that the holder will be able to exercise their warrants on cashless basis prior to redemption and receive that number of shares based on the redemption date and the fair market value of the Class A ordinary shares;
- upon a minimum of 30 days’ prior written notice of redemption;
- if, and only if, the last reported sale price of the Class A ordinary share equals or exceeds \$10.00 per share (as adjusted for stock splits, stock dividends, reorganization, recapitalizations and the like) for any 10 trading days within a 20-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to the warrant holders; and

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- if, and only if, the Private Placement Warrants are also concurrently exchanged at the same price (equal to a number of Class A ordinary share) as the outstanding Public Warrants, as described above.

If the Company calls the Public Warrants for redemption, as described above, its management will have the option to require any holder that wishes to exercise the Public Warrants to do so on a “cashless basis,” as described in the warrant agreement. The exercise price and number of ordinary shares issuable upon exercise of the Public Warrants may be adjusted in certain circumstances including in the event of a stock dividend, extraordinary dividend or recapitalization, reorganization, merger or consolidation. However, except as described below, the Public Warrants will not be adjusted for issuances of ordinary shares at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the Public Warrants. If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of Public Warrants will not receive any of such funds with respect to their Public Warrants, nor will they receive any distribution from the Company’s assets held outside of the Trust Account with respect to such Public Warrants. Accordingly, the Public Warrants may expire worthless.

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

The Company accounts for the 23,200,000 warrants issued in connection with the Initial Public Offering (including 11,500,000 Public Warrants and 11,700,000 Private Placement Warrants) in accordance with the guidance contained in ASC 815-40. Such guidance provides that because the warrants do not meet the criteria for equity treatment thereunder, each warrant must be recorded as a liability.

The accounting treatment of derivative financial instruments requires that the Company record a derivative liability upon the closing of the Initial Public Offering. Accordingly, the Company classifies each warrant as a liability at its fair value and the warrants are allocated a portion of the proceeds from the issuance of the Units equal to its fair value. This liability is subject to re-measurement at each balance sheet date. With each such re-measurement, the warrant liability is adjusted to fair value, with the change in fair value recognized in the Company’s statement of operations. The Company reassess the classification at each balance sheet date. If the classification changes as a result of events during the period, the warrants are reclassified as of the date of the event that causes the reclassification.

Upon issuance of the derivative warrants, the Company recorded a derivative liability of \$26,239,200 on the balance sheets. The proceeds received from the sale of the Private Placement Warrants exceeded the fair value of the Private Placement Warrants, and the Company recorded a charge of \$1,532,700 to the statement of operations.

**NOTE 9 — FAIR VALUE MEASUREMENTS**

The following table presents information about the Company’s assets and liabilities that are measured at fair value as of June 30, 2023 and March 31, 2023, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

<b>Description</b>	<b>Level</b>	<b>June 30, 2023</b>	<b>March 31, 2023</b>
<b>Assets:</b>			
Investments held in Trust Account	1	\$ 45,110,418	\$ 240,442,010
<b>Liabilities:</b>			
Warrant liability – Private Placement Warrants	2	\$ 941,850	\$ 966,420
Warrant liability – Public Warrants	1	925,750	949,900
Forward Purchase Agreement liability	2	1,064,954	864,223

The Public Warrants, the Private Placement Warrants and the Forward Purchase Agreement are accounted for as liabilities in accordance with ASC 815-40 and are presented within liabilities on the accompanying balance sheets. The warrant liabilities and



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Forward Purchase Agreement liability are measured at fair value at inception and on a recurring basis, with changes in fair value presented within change in fair value of warrant liabilities in the statement of operations.

Upon initial issuance, the Company used a Monte Carlo simulation model to value the Public Warrants and a modified Black-Scholes model to value the Private Placement Warrants and the Forward Purchase Agreement liability. The Company allocated the proceeds received from (i) the sale of Units (which is inclusive of one Class A ordinary share and one-half of one Public Warrant), (ii) the sale of Private Placement Warrants, (iii) the sale of the Forward Purchase Agreement and (iv) the issuance of Class B ordinary shares, first to the warrants and the Forward Purchase Agreement based on their fair values as determined at initial measurement, with the remaining proceeds allocated to Class A ordinary shares subject to possible redemption (temporary equity) and Class B ordinary shares (permanent equity) based on their relative fair values at the initial measurement date. Upon initial issuance, the Public Warrants, the Private Placement Warrants and the Forward Purchase Agreement were classified within Level 3 of the fair value hierarchy at the measurement dates due to the use of unobservable inputs. Inherent in pricing models are assumptions related to expected share-price volatility, expected life and risk-free interest rate. The Company estimates the volatility of its ordinary shares based on historical volatility that matches the expected remaining life of the warrants. The risk-free interest rate is based on the U.S. Treasury zero-coupon yield curve on the grant date for a maturity similar to the expected remaining life of the warrants. The expected life of the warrants is assumed to be equivalent to their remaining contractual term. Transfers to/from Levels 1, 2 and 3 are recognized at the end of the reporting period in which a change in valuation technique or methodology occurs.

The warrants are measured at fair value on a recurring basis. The Public Warrants were initially valued using a Monte Carlo Simulation which at initial issuance was a Level 3 measurement. As of June 30, 2023 and March 31, 2023, the Public Warrants were valued using the instrument's trading price as of the balance sheet date, which is considered to be a Level 1 measurement due to the use of an observable market quote in an active market. At initial measurement, the Private Placement Warrants were valued using a Modified Black-Scholes Option Pricing Model, which is considered to be a Level 3 fair value measurement. The primary unobservable input utilized in determining the fair value of the Private Placement Warrants was the expected volatility of the ordinary shares. Due to the attributes of the Private Placement Warrants, at June 30, 2023 and March 31, 2023, the Private Placement Warrants were valued using the Public Warrants trading price and considered to be a Level 2 fair value measurement.

As of June 30, 2023 and March 31, 2023, the warrant derivative liability was \$1,867,600 and \$1,916,320, respectively. In addition, for the three months ended June 30, 2023 and 2022, the Company recorded \$48,720 and \$1,853,680, respectively, as a gain on the change in fair value of the derivative warrants on the statements of operations.

The Forward Purchase Agreement is measured at fair value on a recurring basis. At initial measurement, the Forward Purchase Agreement was valued using a Modified Black-Scholes Option Pricing Model, which is considered to be a Level 3 fair value measurement. The primary unobservable input utilized in determining the fair value of the Forward Purchase Agreement was the expected volatility of the ordinary shares. Due to the attributes of the Forward Purchase Agreement, at June 30, 2023 and March 31, 2023, the Forward Purchase Agreement was valued using the Public Warrants publicly listed trading price and considered to be a Level 2 fair value measurement.

As of June 30, 2023 and March 31, 2023, the Forward Purchase Agreement liability was \$1,064,954 and \$864,223 respectively. In addition, for the three months ended June 30, 2023 and 2022, the Company recorded a loss of \$200,731 and \$232,844, respectively, on the change in fair value on the statements of operations, respectively.

The key inputs into the discount model for the Forward Purchase Agreement were as follows:

	June 30, 2023	March 31, 2023
Risk-free interest rate	5.30 %	4.69 %
Expected life of Forward Purchase Agreement	0.33 years	0.17 years
Dividend yield	0 %	0 %
Probability of business combination	70 %	70.0 %



**NOTE 10 — SUBSEQUENT EVENTS**

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the financial statements were issued. Based upon this review, except as set forth below, the Company did not identify any subsequent events that would have required adjustment to or disclosure in the accompanying financial statements.

As a result of the approvals at the 2023 Extraordinary Meeting, the Company will deposit into the Trust Account \$50,000 per month, or portion thereof, that is needed to complete a Business Combination, for up to an aggregate of \$450,000. On July 3, 2023 and August 3, 2023, respectively, the second and third payments of \$50,000 were deposited into the Trust Account.

On August 3, 2023, the Company, the First Strategic Advisor, Sponsor, Roberta Brzezinski, and Herman Kotze entered into an amendment to the 2022 Consulting Agreement. This amendment, among other things, revised the terms of the Capital Markets Advisory Fee under the 2022 Consulting Agreement. Pursuant to the amendment, (i) if the Trust Proceeds are equal to or greater than \$4 million, the Company will pay the First Strategic Advisor a Capital Markets Advisory Fee of \$500,000 in cash, plus shares of common stock of the public company entity that survives the Business Combination which stock is listed on the New York Stock Exchange or Nasdaq Global Market, equal to \$500,000 and (ii) if the Trust Proceeds are less than \$4 million, the Company will pay the First Strategic Advisor a Capital Markets Advisory Fee in Stock equal to \$1,000,000. The number of shares of Stock owed to the First Strategic Advisor shall be calculated by dividing (x) the total value of the Stock payable by (y) the VWAP of the Stock over the five (5) trading days immediately preceding the date of the initial filing of the registration statement registering the Stock of the public company entity that survives the Business Combination, provided that clause (y) shall not be less than \$4.00. The Capital Markets Advisory Fee shall be due and payable to the First Strategic Advisor by the Company at the consummation of the Business Combination. If the Business Combination does not occur or is abandoned, the First Strategic Advisor will not be entitled to the Capital Markets Advisory Fee. This amendment also provides for certain registration rights for the Stock issuable to the First Strategic Advisor.

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

References in this report (the "Quarterly Report") to "we," "us" or the "Company" refer to Capitalworks Emerging Markets Acquisition Corp. References to our "management" or our "management team" refer to our officers and directors, and references to the "Sponsor" refer to CEMAC Sponsor LP. The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the unaudited condensed financial statements and the notes thereto contained elsewhere in this Quarterly Report. Certain capitalized terms used but not defined in the below discussion and elsewhere in this Quarterly Report have the meanings ascribed to them in the footnotes to the accompanying financial statements included as part of this Quarterly Report.

### **Cautionary Note Regarding Forward-Looking Statements**

This Quarterly Report includes "forward-looking statements" that are not historical facts and involve risks and uncertainties that could cause actual results to differ materially from those expected and projected. All statements, other than statements of historical fact included in this Quarterly Report including, without limitation, statements herein regarding the Company's financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. Words such as "expect," "believe," "anticipate," "intend," "estimate," "seek" and variations and similar words and expressions are intended to identify such forward-looking statements. Such forward-looking statements relate to future events or future performance, but reflect management's current beliefs, based on information currently available. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements. For information identifying important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, please refer to the Risk Factors section of the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2023 filed with the U.S. Securities and Exchange Commission (the "SEC") on July 14, 2023. The Company's securities filings can be accessed on the EDGAR section of the SEC's website at [www.sec.gov](http://www.sec.gov). Except as expressly required by applicable securities law, the Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

### **Overview**

We are a blank check company incorporated as a Cayman Islands exempted company for the purpose of effecting a Business Combination. Our Sponsor, CEMAC Sponsor LP, is a Cayman Islands exempted limited partnership.

### **Recent Development**

On August 3, 2023, we entered into an amendment to the 2022 Consulting Agreement with the First Strategic Advisor, Sponsor, Roberta Brzezinski, and Herman Kotze. This amendment, among other things, revised the terms of the Capital Markets Advisory Fee under the 2022 Consulting Agreement. Pursuant to the amendment, (i) if the Trust Proceeds are equal to or greater than \$4 million, we will pay the First Strategic Advisor a Capital Markets Advisory Fee of \$500,000 in cash, plus shares of common stock of the public company entity that survives the Business Combination which stock is listed on the New York Stock Exchange or Nasdaq Global Market, equal to \$500,000 and (ii) if the Trust Proceeds are less than \$4 million, the Company will pay the First Strategic Advisor a Capital Markets Advisory Fee in Stock equal to \$1,000,000. The number of shares of Stock owed to the First Strategic Advisor shall be calculated by dividing (x) the total value of the Stock payable by (y) the VWAP of the Stock over the five (5) trading days immediately preceding the date of the initial filing of the registration statement registering the Stock of the public company entity that survives the Business Combination, provided that clause (y) shall not be less than \$4.00. The Capital Markets Advisory Fee shall be due and payable to the First Strategic Advisor by the Company at the consummation of the Business Combination. If the Business Combination does not occur or is abandoned, the First Strategic Advisor will not be entitled to the Capital Markets Advisory Fee. This amendment also provides for certain registration rights for the Stock issuable to the First Strategic Advisor.

### **Factors That May Adversely Affect our Results of Operations**

Our results of operations and our ability to complete a Business Combination may be adversely affected by various factors that could cause economic uncertainty and volatility in the financial markets, many of which are beyond our control. Our business could be impacted by, among other things, downturns in the financial markets or in economic conditions, increases in oil prices, inflation, increases in interest rates, supply chain disruptions, declines in consumer confidence and spending, the ongoing effects of the COVID-19 pandemic, including resurgences and the emergence of new variants, and geopolitical instability, such as the military conflict in

Ukraine. We cannot at this time fully predict the likelihood of one or more of the above events, their duration or magnitude or the extent to which they may negatively impact our business and our ability to complete a Business Combination; however, Management continues to evaluate the impact of these factors. The financial statements and notes thereto included elsewhere in this Report do not include any adjustments that might result from the outcome of this uncertainty.

## **Results of Operations**

As of June 30, 2023, we had not commenced any operations. All activity for the period from April 20, 2021 (inception) through June 30, 2023 relates to our formation and the Initial Public Offering and, subsequent to the closing of the Initial Public Offering, identifying a target company for a Business Combination and costs related to the Lexasure Business Combination. We have neither engaged in any operations nor generated any revenues to date. We will not generate any operating revenues until after the completion of our Business Combination, at the earliest. We will generate non-operating income in the form of interest income on cash and cash equivalents from the proceeds derived from the Initial Public Offering. We incur increased expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance), as well as for due diligence and transaction expenses.

For the three months ended June 30, 2023, we had a net income of \$1,056,119, which consisted primarily of interest income earned on cash and marketable securities held in Trust Account amounting to \$1,811,142, and change in fair value of the derivative warrant liability of \$48,720, partially offset by formation and operating costs amounting to \$543,012, change in fair value of the forward purchase agreement liability of \$200,731 and administrative fees of \$60,000.

For the three months ended June 30, 2022, we had net income of \$1,608,198, which resulted from a gain on the change in fair value of the derivative warrant liability of \$1,853,680 and interest income on investments held in the Trust Account in the amount of \$307,310, partially offset by operating costs of \$319,948 and a loss on the change in fair value of the forward purchase agreement liability of \$232,844.

We do not have any long-term debt obligations, capital lease obligations, operating lease obligations, purchase obligations or long-term liabilities.

As of June 30, 2023 and March 31, 2023, we did not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K.

## **Liquidity and Capital Resources; Going Concern**

As of June 30, 2023, we had \$12,920 in cash and a working capital deficit of approximately \$1.8 million.

In order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of our officers and directors may, but are not obligated to, loan us Working Capital Loans as may be required. Such Working Capital Loans would be evidenced by promissory notes. The Working Capital Loans may be repaid upon completion of a Business Combination, without interest. Such warrants would be identical to the Private Placement Warrants. In the event that a Business Combination does not close, we may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loans, but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. On February 1, 2023, we executed the WCL Agreement, a Working Capital Loan pursuant to which the Sponsor agreed to loan us funds up to \$1,500,000. As of June 30, 2023, we had borrowed \$1,050,000 and had \$450,000 available to us under the WCL Agreement.

For the three months ended June 30, 2023, net cash used in operating activities was \$327,363, which was due to non-cash adjustments to net income related to the change in fair value of the derivative warrant liability of \$48,720, and interest income on investments held in the Trust Account of \$1,811,142, partially offset by net income of \$1,056,119 and non-cash adjustment to net income related to the change in fair value of the forward purchase agreement liability of \$200,731 and changes in operating assets and liabilities of \$275,649.

For the three months ended June 30, 2022, net cash used in operating activities was \$185,494, which was due to non-cash adjustments to net income related to the change in fair value of the derivative warrant liability of \$1,853,680 and interest income on investments held in the Trust Account of \$307,310, partially offset by net income of \$1,608,198 and non-cash adjustment to net income related to the change in fair value of the forward purchase agreement liability of \$232,844 and changes in operating assets and liabilities of \$134,454.

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For the three months ended June 30, 2023, net cash provided by investing activities was \$197,142,734, which was primarily due to the withdrawals from Trust for redemptions. Net cash used in financing activities was \$196,892,734, which was primarily due to repayment of Class A ordinary shares subject to redemption.

For the three months ended June 30, 2022, there were no cash flows from investing or financing activities.

Based on the foregoing, it is possible that the \$12,920 in cash held outside the Trust Account on June 30, 2023 might not be sufficient to allow us to operate for at least 12 months from the date of this Report, assuming that a Business Combination is not consummated during that time. Until consummation of the Business Combination, we have used and may continue to use these funds to pay existing accounts payable, identify and evaluate prospective Business Combination candidates, perform due diligence on prospective target businesses, pay for travel expenditures, select the target business to merge with or acquire, and structure, negotiate and consummate the Business Combination.

We can raise additional capital through Working Capital Loans from the Sponsor, or an affiliate of the Sponsor, or certain of our officers and directors, or through loans from third parties. If we are unable to raise additional capital, we may be required to take additional measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing operations, suspending the pursuit of our business plan, and reducing overhead expenses. We cannot provide assurance that new financing will be available to us on commercially acceptable terms, if at all. These conditions raise substantial doubt about our ability to continue as a going concern for a reasonable period of time, which is considered to be one year from the issuance date of these financial statements.

### **Contractual Obligations**

#### ***General and Administrative Services***

Commencing on the date the Units were first listed on Nasdaq, we agreed to pay an affiliate of the Sponsor a total of \$20,000 per month for office space, utilities and secretarial and administrative support. Upon completion of the Business Combination or our liquidation, we will cease paying these monthly fees. During the three months ended June 30, 2023 and 2022, respectively, we incurred \$60,000 of expenses. As of June 30, 2023 and March 31, 2023, the outstanding balance was \$80,000 and \$20,000, respectively.

#### ***Registration Rights***

The holders of the Founder Shares, Private Placement Warrants and Warrants that may be issued upon conversion of Working Capital Loans or an extension loan (and any Ordinary Shares issuable upon the exercise of the Private Placement Warrants or Warrants issued upon conversion of the Working Capital Loans or an extension loan and upon conversion of the Founder Shares) are entitled to registration rights pursuant to the Founder Shares Registration Rights Agreement, which requires us to register such securities for resale (in the case of the Founder Shares, only after conversion to Class A Ordinary Shares). The holders of these securities are entitled to make up to three demands, excluding short form registration demands, that we register such securities. In addition, the holders have certain “piggy-back” registration rights with respect to registration statements filed subsequent to completion of a Business Combination and rights to require us to register for resale such securities pursuant to Rule 415 under the Securities Act. However, the Founder Shares Registration Rights Agreement provides that we will not be required to effect or permit any registration or cause any registration statement to become effective until the securities covered thereby are released from their lock-up restrictions. We will bear the expenses incurred in connection with the filing of any such registration statements.

#### ***Underwriting Agreement***

The underwriters of the IPO were paid a cash underwriting discount of \$0.20 per Unit, or \$4,600,000, upon the closing of the Initial Public Offering. In addition, the underwriters are entitled to a deferred fee of \$0.35 per Unit, or \$8,050,000. The deferred fee will become payable to the underwriters from the amounts held in the Trust Account solely in the event that we complete a Business Combination, subject to the terms of the underwriting agreement.

#### ***Consulting Agreements***

On November 27, 2022, we entered into the 2022 Consulting Agreement with the First Strategic Advisor for advisory services in connection with a potential Business Combination. Pursuant to the 2022 Consulting Agreement, if we consummate an Business Combination, we shall pay the First Strategic Advisor, at the consummation of the Business Combination, a Capital Markets Advisory

Fee in cash in the amount equal to (i) \$1,500,000 plus (ii) an Incremental Advisory Fee based on the value of the Trust Proceeds. If the Trust Proceeds are: (i) greater than \$58,650,000 but less than or equal to \$117,300,000, we will pay the First Strategic Advisor an Incremental Advisory Fee of \$250,000; (ii) greater than \$117,300,000 but less than or equal to \$175,950,000, we will pay the First Strategic Advisor an Incremental Advisory Fee of \$1,000,000; or (iii) greater than \$175,950,000, we will pay the First Strategic Advisor an Incremental Advisory Fee of \$2,500,000. The fee shall be due and payable to the First Strategic Advisor by us at the consummation of the Business Combination. If the Business Combination does not occur or is abandoned, the First Strategic Advisor will not be entitled to the fee. We will also reimburse the First Strategic Advisor for all reasonable documented out-of-pocket expenses incurred in connection with the 2022 Consulting Agreement, provided that such expenses will not exceed \$25,000 in the aggregate without our prior written approval. On August 3, 2023, we, the First Strategic Advisor, Sponsor, Roberta Brzezinski, and Herman Kotze entered into an amendment to the 2022 Consulting Agreement. This amendment, among other things, revised the terms of the Capital Markets Advisory Fee under the 2022 Consulting Agreement. Pursuant to the amendment, (i) if the Trust Proceeds are equal to or greater than \$4 million, the Company will pay the First Strategic Advisor a Capital Markets Advisory Fee of \$500,000 in cash, plus shares of common stock of the public company entity that survives the Business Combination which stock is listed on the New York Stock Exchange or Nasdaq Global Market, equal to \$500,000 and (ii) if the Trust Proceeds are less than \$4 million, the Company will pay the First Strategic Advisor a Capital Markets Advisory Fee in Stock equal to \$1,000,000. The number of shares of Stock owed to the First Strategic Advisor shall be calculated by dividing (x) the total value of the Stock payable by (y) the VWAP of the Stock over the five (5) trading days immediately preceding the date of the initial filing of the registration statement registering the Stock of the public company entity that survives the Business Combination, provided that clause (y) shall not be less than \$4.00. The Capital Markets Advisory Fee shall be due and payable to the First Strategic Advisor by the Company at the consummation of the Business Combination. If the Business Combination does not occur or is abandoned, the First Strategic Advisor will not be entitled to the Capital Markets Advisory Fee. This amendment also provides for certain registration rights for the Stock issuable to the First Strategic Advisor.

On February 1, 2023, we entered into a separate agreement with the Second Strategic Advisor to provide consulting, advisory and related services in connection with a potential Business Combination. Upon consummation of a Business Combination, the Second Strategic Advisor will purchase from us 250,000 Class B ordinary shares at a purchase price of \$0.04 per share or \$10,000 in aggregate. It is the intention of the Company to amend the agreement to replace any reference to “Class B ordinary shares” with “Class A ordinary shares”.

### **Critical Accounting Estimates and Policies**

This “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations,” is based on the financial statements and the notes thereto contained elsewhere in this Report, which have been prepared in accordance with GAAP. The preparation of the financial statements and the notes thereto contained elsewhere in this Report requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in our financial statements. On an ongoing basis, we evaluate our estimates and judgments, including those related to fair value of financial instruments and accrued expenses. We base our estimates on historical experience, known trends and events and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We have identified the following as its critical accounting policies:

#### ***Class A Ordinary Shares Subject to Possible Redemption***

All of the Class A ordinary shares sold as part of the Units in the Initial Public Offering contain a redemption feature that allows for the redemption of such Public Shares in connection with our liquidation, if there is a shareholder vote or tender offer in connection with the Business Combination and in connection with certain amendments to the Amended and Restated Memorandum and Articles of Association. In accordance with SEC and its staff’s guidance on redeemable equity instruments, which has been codified in ASC Topic 480-10-S99 “Accounting for Redeemable Equity Instruments” (“ASC 480-10-S99”), redemption provisions not solely within our control require Ordinary Shares subject to redemption to be classified outside of permanent equity.

The Class A Ordinary Shares are subject to SEC and its staff’s guidance on redeemable equity instruments, which has been codified in ASC 480-10-S99. If it is probable that the equity instrument will become redeemable, we have the option to either accrete changes in the redemption value over the period from the date of issuance (or from the date that it becomes probable that the instrument will become redeemable, if later) to the earliest redemption date of the instrument or to recognize changes in the redemption value immediately as they occur and adjust the carrying amount of the instrument to equal the redemption value at the end of each reporting period. We recognize changes in redemption value immediately as they occur. Immediately upon the closing of the Initial Public Offering, we

recognized the remeasurement from initial book value to redemption amount value. The change in the carrying value of redeemable Ordinary Shares resulted in charges against additional paid-in capital and accumulated deficit.

### ***Net Income (Loss) Per Ordinary Share***

We comply with accounting and disclosure requirements of ASC Topic 260, “Earnings Per Share.” Our statement of operations includes a presentation of income (loss) per share for Ordinary Shares subject to possible redemption in a manner similar to the two-class method of income per share. The remeasurement associated with the redeemable Class A Ordinary Shares is excluded from net income (loss) per ordinary share as the redemption value approximates fair value. We have not considered the effect of the Public Warrants or the Private Placement Warrants to purchase an aggregate of 23,200,000 of our Class A Ordinary Shares in the calculation of diluted income per share, since their exercise is contingent upon future events. Net income (loss) per share, basic and diluted, for Class A and Class B non-redeemable Ordinary Shares is calculated by dividing the net income (loss), adjusted for income or loss attributable to Class A redeemable Ordinary Shares, by the weighted average number of Class A and Class B non-redeemable Ordinary Shares outstanding for the period. Class A and Class B non-redeemable Ordinary Shares includes the Founder Shares as these shares do not have any redemption features and do not participate in the income or losses of the Trust Account. At June 30, 2023 and 2022, we did not have any dilutive securities and other contracts that could, potentially, be exercised or converted into Ordinary Shares and then share in the earnings of our Company. As a result, diluted income (loss) per share is the same as basic income per share for the period presented.

### ***Warrants***

We account for the Public Warrants and the Private Placement Warrants issued in connection with the Initial Public Offering and the Private Placement in accordance with the guidance contained in ASC Topic 815, “Derivatives and Hedging” whereby under that provision, the Public Warrants and the Private Placement Warrants do not meet the criteria for equity treatment and must be recorded as a liability. Accordingly, we classify the warrant instrument as a liability at fair value and adjust the instrument to fair value at each reporting period. This liability will be re-measured at each balance sheet date until the Public Warrants and the Private Placement Warrants are exercised or expire, and any change in fair value will be recognized in our statement of operations. The fair value at issuance was calculated using a Monte Carlo simulation model to value the Public Warrants and a modified Black-Scholes model to value the Private Placement Warrants. The valuation models utilize inputs and other assumptions and may not be reflective of the price at which they can be settled. Such warrant classification is also subject to re-evaluation at each reporting period. Upon issuance of the Private Warrants, we recorded a charge of \$1,532,700 for the excess fair value of private warrant liabilities over the proceeds received.

### ***Forward Purchase Agreement***

We entered into the Forward Purchase Agreement, as amended, with the Forward Purchase Investor pursuant to which the Forward Purchase Investor, or any of its subsidiaries or affiliates, may, at the sole written election of the Forward Purchase Investor, purchase up to \$20.0 million Forward Purchase Units, for \$10.00 per Forward Purchase Unit, in a private placement that will close substantially concurrently with the closing of our Business Combination. One Forward Purchase Unit consists of one Forward Purchase Share and one-half of one Forward Purchase Warrant. The Forward Purchase Warrants will have the same terms as the Public Warrants, and the Forward Purchase Shares will be identical to the Class A Ordinary Shares included in the Units sold in the Initial Public Offering, except the Forward Purchase Shares will be subject to transfer restrictions and certain registration rights.

### ***Recent Accounting Pronouncements***

In August 2020, the FASB issued ASU Topic 2020 06, “Debt -Debt with Conversion and Other Options (Subtopic 470 20) and Derivatives and Hedging --Contracts in Entity’s Own Equity (Subtopic 815 40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity” (“ASU 2020 06”), which simplifies accounting for convertible instruments by removing major separation models required under current GAAP. ASU 2020 06 also removes certain settlement conditions that are required for equity-linked contracts to qualify for the derivative scope exception, and it simplifies the diluted earnings per share calculation in certain areas. We adopted ASU 2020-06 upon inception. Adoption of ASU 2020 06 did not impact our financial position, results of operations or cash flows.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

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

#### **ITEM 4. CONTROLS AND PROCEDURES.**

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under Securities Exchange Act of 1934, as amended (the “Exchange Act”) is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial and accounting officer (our “Certifying Officers”), to allow timely decisions regarding required disclosure.

##### *Evaluation of Disclosure Controls and Procedures*

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Certifying Officers carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2023. In connection with the preparation of the Quarterly Report, management, with the participation of the Certifying Officers, determined that a material weakness existed solely related to our accounting for complex financial instruments and that our disclosure controls and procedures were not effective as of June 30, 2023. This material weakness resulted in the restatement of our previously issued (i) audited balance sheet included in our Current Report on Form 8-K as of December 3, 2021, filed with the SEC on December 9, 2021 and (ii) unaudited interim financial statements included in our Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2021, filed with the SEC on February 14, 2022, in each case, to treat the Forward Purchase Agreement as a liability. As such, management, with the participation of the Certifying Officers, determined that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were not effective as of June 30, 2023.

A material weakness is a deficiency, or a combination of deficiencies, in disclosure controls and procedures or internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented, or detected and corrected on a timely basis.

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

If we identify any new material weakness in the future, any such newly identified material weakness could limit our ability to prevent or detect a misstatement of our accounts or disclosures that could result in a material misstatement of our annual or interim financial statements. In such case, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, investors may lose confidence in our financial reporting and our stock price may decline as a result. We cannot assure you that the measures we have taken to date, or any measures we may take in the future, will be sufficient to avoid potential future material weaknesses.

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

##### *Changes in Internal Control Over Financial Reporting*

Other than as described below, during the most recently completed fiscal quarter, there has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

In light of the restatement of our prior period financial statements as described above, we plan to enhance our processes to identify and appropriately apply applicable accounting requirements to better evaluate and understand the nuances of the complex accounting



standards that apply to our financial statements. Management has implemented remediation steps to improve our disclosure controls and procedures and our internal control over financial reporting. Specifically, we expanded and improved our review process for complex securities and related accounting standards. We plan to further improve this process by enhancing access to accounting literature and identification of third-party professionals with whom to consult regarding complex accounting applications and any enhancements or changes in interpretation or implementation thereof. The elements of our remediation plan can only be accomplished over time, and we can offer no assurance that these initiatives will ultimately have the intended effects.



**PART II - OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

To the knowledge of our management team, there is no litigation currently pending or contemplated against us, any of our officers or directors in their capacity as such or against any of our property.

**ITEM 1A. RISK FACTORS**

As of the date of this Quarterly Report, there have been no material changes to the risk factors previously disclosed in our filings with the SEC, including our (i) Registration Statement and (ii) Annual Report on Form 10-K for the fiscal year ended March 31, 2023, as filed with the SEC on July 14, 2023. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. Additional risks could arise that may also affect our business or ability to consummate an initial Business Combination. We may disclose changes to such risk factors or disclose additional risk factors from time to time in our future filings with the SEC.

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

None. For a description of the use of proceeds generated in our Initial Public Offering and Private Placement, see Part II, Item 2 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, as filed with the SEC on August 15, 2022. There has been no material change in the planned use of proceeds from the Company's Initial Public Offering and Private Placement as described in the Registration Statement.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

None.

## ITEM 6. EXHIBITS

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

<b>Exhibit No.</b>	<b>Description</b>
3.1	<a href="#">Amendment to the Amended and Restated Memorandum and Articles of Association (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, as filed with the SEC on May 30, 2023)</a>
10.1	<a href="#">Side Letter, dated April 18, 2023, by and between the Company and Lexasure (incorporated by reference to Exhibit 10.16 of the Company's Annual Report on Form 10-K, as filed with the SEC on July 14, 2023)</a>
10.2	<a href="#">Side Letter, dated April 19, 2023, by and between the Company and Lexasure (incorporated by reference to Exhibit 10.17 of the Company's Annual Report on Form 10-K, as filed with the SEC on July 14, 2023)</a>
10.3	<a href="#">Form of Non-Redemption Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed with the SEC on May 16, 2023)</a>
10.4	<a href="#">Amendment to the Investment Management Trust Agreement, dated May 23, 2023, by and between the Company and Continental (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, as filed with the SEC on May 30, 2023)</a>
31.1*	<a href="#">Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2*	<a href="#">Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1**	<a href="#">Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2**	<a href="#">Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS*	XBRL Instance Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

\* Filed herewith.

\*\* Furnished herewith.

**SIGNATURES**

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

**Capitalworks Emerging Markets Acquisition Corp**

Date: August 21, 2023

By: /s/ Roberta Brzezinski

Name: Roberta Brzezinski

Title: Chief Executive Officer (Principal Executive Officer)

Date: August 21, 2023

By: /s/ Herman G. Kotzé

Name: Herman G. Kotzé

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

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO RULE 13A-14(A) AND RULE 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Roberta Brzezinski, certify that:

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

Date: August 21, 2023

By: /s/ Roberta Brzezinski

Name: Roberta Brzezinski

Title: Chief Executive Officer

(Principal Executive Officer)

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**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO RULE 13A-14(A) AND RULE 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Herman G. Kotzé, certify that:

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

Date: August 21, 2023

By: /s/ Herman G. Kotzé

Name: Herman G. Kotzé

Title: Chief Financial Officer

(Principal Financial and Accounting Officer)

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

In connection with the Quarterly Report of Capitalworks Emerging Markets Acquisition Corp (the "Company") on Form 10-Q for the quarterly period ended June 30, 2023, as filed with the Securities and Exchange Commission (the "Report"), I, Roberta Brzezinski, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted by §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

Date: August 21, 2023

By: /s/ Roberta Brzezinski

Name: Roberta Brzezinski

Title: Chief Executive Officer

*(Principal Executive Officer)*

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

In connection with the Quarterly Report of Capitalworks Emerging Markets Acquisition Corp (the "Company") on Form 10-Q for the quarterly period ended June 30, 2023, as filed with the Securities and Exchange Commission (the "Report"), I, Herman G. Kotzé, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted by §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

Date: August 21, 2023

By: /s/ Herman G. Kotzé

Name: Herman G. Kotzé

Title: Chief Financial Officer

*(Principal Accounting and Financial Officer)*

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