

March 13, 2024



Dear Shareholders,

Enclosed you will find Elah Holdings, Inc.'s disclosure package and audited financial results for the fiscal year 2023. In our continuing operations, our SG&A results were nearly identical to last year, while our transaction expenses classified as other operating expenses were lower. Unfortunately, we did not enjoy the same positive contributions from our discontinued operations this year, which drove our slightly larger net loss for the year.

As I reflect on the two deals we got closest to consummating in 2023, we had the largest transaction size (\$1.8 billion) we have ever drafted definitive agreements for and the smallest (\$80 million). We are casting a wide net! While it is probably easy to infer what we liked about the large deal, the small deal involved a business in a cyclical industry, so its valuation multiple was relatively low despite strong earnings, a good asset base and an excellent reputation in its market. Importantly, our deal structure was designed such that Elah could continue to seek additional business combinations after the initial acquisition while benefiting in the near term from the target's solid cash flow.

There are many paths to creating value at Elah. We are not singularly focused on a large deal. We often look at situations that we believe can grow over time in partnership with the former owner, or, as above, where creative deal structuring can allow us to build a more diversified platform. Our company's public structure and tax assets can benefit almost any profitable business. As long as we can see a path to solid, sustainable value for Elah shareholders, we attempt to be as open-minded and willing of a counterparty as possible. In the board room, we call it our "yes, we can" attitude.

We have seen an increase in opportunities in the early part of this year, and we expect the higher interest rate for longer environment and resulting downward pressure on valuation multiples to benefit Elah's deal making flexibility and capabilities in 2024.

We thank you for your continued support.

Regards,

Kyle Ross

CEO



Elah Holdings, Inc.

Principal Address:
4514 Cole Avenue, Suite 1600
Dallas, Texas 75205

Mailing Address:
1934 Old Gallows Road, Suite 350, #T09301
Tysons Corner, Virginia 22182

805-435-1255

www.elahholdings.com

Investor Relations: ir@elahholdings.com

Stockholder Inquiries: stock@elahholdings.com

Annual Report

For the Period Ending: December 31, 2023
(the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our common stock was:

739,096 as of March 13, 2024

739,096 as of December 31, 2023

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934): Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period: Yes: ☐ No: ☒

Change in Control

Indicate by check mark whether a Change in Control of the company has occurred during this reporting period: Yes: ☐ No: ☒

1) Name and address(es) of the issuer and its predecessors (if any)

Current name of the issuer and any names used by predecessor entities, along with the dates of the name changes: Elah Holdings, Inc. (May 9, 2018 – present); Real Industry, Inc. (June 1, 2015 – May 9, 2018); Signature Group Holdings, Inc. (June 11, 2010 to June 1, 2015)

Current State and Date of Incorporation or Registration: Delaware, January 2, 2014 (following a holding company reorganization and reincorporation from a Nevada corporation, originally incorporated 1972)

Standing in this jurisdiction (e.g. active, default, inactive): Active

Prior Incorporation Information for the issuer and any predecessors during the past five years: N/A

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception: N/A

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months: N/A

Address of the issuer's principal executive office: Elah Holdings, Inc., 4514 Cole Avenue, Suite 1600, Dallas, Texas 75205

Address of the issuer's principal place of business:

☒ Check box if principal executive office and principal place of business are the same address

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒

Yes: ☐

2) Security Information

Transfer Agent

Name: Computershare Investor Services
Phone: (800) 522-6645
Email: www-us.computershare.com/Investor
Address: *Standard Mail:* P.O. Box 43006, Providence, RI 02940-3006;
Overnight: 150 Royall Street, Suite 101, Canton, MA 02021

Publicly Quoted or Traded Securities:

Common Stock:

Trading symbol:	ELLH
Exact title and class of securities outstanding:	Common Stock*
CUSIP:	28413L 105
Par or stated value:	\$0.001 par value
Total shares authorized:	2,450,000 Common as of March 13, 2024
Total shares outstanding:	739,096 Common as of March 13, 2024
Total number of shareholders of record:	189 (incl. known DTC participant accounts) as of March 13, 2024

* Each share of common stock has a right attached in connection with the Company's Third Amended and Restated Rights Agreement, dated as of November 2, 2023, with Computershare, Inc., as rights agent (the "Rights Agreement"). See discussion below under subsection (A) of "Security Description" in this Disclosure Statement.

Elah has no additional classes of publicly quoted or traded securities.

Other Classes of Authorized or Outstanding Equity Securities:

Series A Junior Participating Preferred Stock:

Exact title and class of the security:	Series A Junior Participating Preferred Stock**
Par or stated value:	\$0.001 par value
Total shares authorized:	5,000 Preferred as of March 13, 2024
Total shares outstanding:	None as of March 13, 2024
Total number of shareholders of record:	N/A

** Issuable only in connection with the Rights Agreement. See discussion below under subsection (B) of "Security Description" in this Disclosure Statement.

Blank Check Preferred Stock:

Exact title and class of the security:	Preferred Stock
Par or stated value:	\$0.001 par value
Total shares authorized:	45,000 Preferred as of March 13, 2024
Total shares outstanding:	None as of March 13, 2024 (none designated as of March 13, 2024)
Total number of shareholders of record:	N/A

Security Description:

A. For common equity, describe any dividend, voting and preemption rights:

Voting Rights. Each share of our common stock has one vote on all matters submitted for action by the stockholders.

Dividend Rights. Subject to any preferential rights of any then outstanding preferred stock (none are currently outstanding), all shares of our common stock are entitled to share equally in any dividends that the Company's Board of Directors (the "Board") may declare from legally available sources. The decision to pay dividends is made by our Board and is dependent on our earnings, management's assessment of future capital needs, and other factors. We have not historically paid a dividend, and we do not expect to pay any cash dividends on our common stock in the foreseeable future.

Liquidation Rights. Upon liquidation, dissolution or winding up of the Company, after payment in full of the amounts required to be paid to holders of any then outstanding preferred stock, all shares of our common stock are entitled to share equally (together with holders of any class or series of stock entitled to participate with the common stock in the distribution of assets) in the assets available for distribution to stockholders after payment or provision for payment of all of the Company's debts and liabilities.

Transfer Restrictions. Each of the Company's Third Amended and Restated Certificate of Incorporation, as amended (the "Certificate") and the Company's Rights Agreement contain transfer restrictions intended to prevent an "ownership change" within the meaning of Section 382 of the Internal Revenue Code ("Section 382") and thereby preserve the Company's ability to use its net operating losses (tax loss carryforwards). The Certificate prohibits, without Board approval: (i) acquisitions of Company securities if such purchaser's direct, indirect or constructive ownership would exceed 4.9% of the Company's then-current outstanding common stock, (ii) acquisitions of Company securities by persons then directly, indirectly or constructively owning more than 4.9% of the Company's then-current outstanding stock, and (ii) until May 9, 2023, transfers of stock by persons then directly, indirectly or constructively owning more than 4.9% of the Company's then-current outstanding stock.

The Rights Agreement provides that the Board can trigger the rights thereunder upon (i) acquisitions by persons or groups if such persons or groups would beneficially own more than 5% of the Company's then-current outstanding stock after such acquisition or transaction, (ii) tender offers or (iii) exchange offers, in each instance except as exempted under the Rights Agreement. To effectuate the mechanics of the Rights Agreement, one right attaches to each share of the Company's common stock, and once the protections of the Rights Agreement are triggered, each right entitles the holder to purchase one one-thousandth of a share of Series A Junior Participating Preferred Stock, thus allowing the holder to purchase at a heavily reduced price shares of the Company's common stock or, in the event of a unauthorized merger or business acquisition, the equity of a counterparty. Alternatively, once triggered, the Board may elect to exchange each outstanding right for one share of common stock or one-thousandth of a share of Series A Junior Participating Preferred Stock, or, for a limited period after trigger, to redeem the rights at \$0.001 per right. Copies of the Certificate and the Rights Agreement (including a full summary thereof at Exhibit C thereto) are available under the "Corporate Documents" section of the Company's website at <http://www.elahholdings.com/CorporateDocuments/default.aspx>.

Other Matters. The rights, preferences and privileges of holders of our common stock are subject to the terms of any series of preferred stock that may be issued in the future. The Company's common stock does not have preemption rights.

B. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions:

Series A Junior Participating Preferred Stock. Of the 50,000 shares of the Company's Capital Stock authorized for issuance as preferred stock, 5,000 shares have been designated as Series A Junior Participating Preferred Stock, and no shares are currently outstanding. The Series A Junior Participating Preferred Stock exists to facilitate the tax benefit protections of the Rights Agreement, discussed in response to subsection (A) above.

Blank Check Preferred. The Certificate authorizes the Board to issue up to 45,000 "blank check" shares of preferred stock in one or more series, from time to time, and, with respect to each series, without stockholder approval, determine the designations and the powers, preferences and rights, and the qualifications, limitations and restrictions thereof, including the voting rights, dividend rights, redemption rights and terms, liquidation preferences, and conversion or exchange rights.

C. Describe any other material rights of common or preferred stockholders: Please refer to the Company's responses to subsections (A) and (B) above.

D. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report: N/A

3) Issuance History

A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☒ Yes: ☐

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities: No: ☒ Yes: ☐

4) Issuer's Business, Products and Services

A. Summarize the issuer's business operations.

Elah Holdings, Inc. is a Delaware holding company that is continuing to execute the longstanding business strategy of Real Industry (and previously Signature Group Holdings, Inc.) of seeking to acquire profitable businesses in the commercial and industrial markets, supporting the performance of such acquisitions post-closing and managing legacy assets. We have historically operated through subsidiaries.

A key element to our business strategy is utilizing our considerable United States ("U.S.") federal net operating tax loss carryforwards ("NOLs"). Our federal NOLs were predominantly generated by legacy businesses, and as of December 31, 2023, total \$1.0 billion, approximately \$650 million of which begin to expire if not used before our 2027 tax year. The ultimate realization of our deferred tax assets, including our federal NOLs, depends on our ability to generate future U.S. federal taxable income through the implementation of our business plan.

B. Please list any subsidiaries, parent company, or affiliated companies.

The Company's direct subsidiaries are SGGH, LLC and Cosmedicine, LLC; all of the Company's subsidiaries are discontinued operations. SGGH, LLC, and its subsidiaries include the legacy operations of Fremont, a diversified financial and insurance services business, which, by virtue of a series of asset sales and changes in operating strategy, became discontinued operations in June 2010, over ten years ago.

C. Describe the issuers' principal products or services: N/A

5) Issuer's Facilities

The Company does not maintain any facilities or own real property and is not a party to any lease. Our employees work remotely, and to the extent any employee utilizes office space from time to time, it is paid for on a month-to-month basis.

6) All Officers, Directors, and Control Persons of the Company

The table below sets forth certain information regarding beneficial ownership of the Company's common stock as of March 13, 2024 by (i) each of our directors, (ii) each of our executive officers, (iii) all of our directors and executive officers as a group, and (iv) each person, or group of affiliated persons, known to us to beneficially own more than 5% of our outstanding common stock. To our knowledge, except as otherwise indicated below, each of the persons named in the table has sole voting and investment power with respect to all shares beneficially owned, subject to applicable community property and similar laws.

Beneficial ownership is determined in accordance with the SEC rules. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options, warrants, or other rights held by that person that were exercisable as of March 13, 2024, or will become exercisable within 60 days after March 13, 2024, are deemed outstanding, but such shares are not deemed outstanding for purposes of computing the percentage ownership of any other person.

Names of All Officers, Directors or Control Persons	Affiliation with Company (e.g. Officer Title/Director/Owner of 5% or more)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding (* Less than 1%)	Notes, including Names of Control Person(s) if a Corporate Entity
Kyle Ross	Chief Executive Officer, President, Chief Investment Officer	Los Angeles, CA	4,332	Common	*	Shares reported include (i) 1,161 shares and (ii) 3,171 options to purchase shares that have vested in full (exercise price of \$64.29/share). These stock options vested over a three-year period, with full vesting in May 2021 (the "Option Terms").
Michael Hobey	Chief Financial Officer, EVP, Treasurer	Barcelona, Spain	1,775	Common	*	Shares reported include (i) 295 shares and (ii) 1,480 options to purchase shares that have vested in full (exercise price of \$64.29/share). These stock options vested on the Option Terms.
Kelly G. Howard	General Counsel, EVP, Corporate Secretary	Oak Hill, VA	2,968	Common	*	Shares reported include (i) 219 shares and (ii) 2,749 options to purchase shares that have vested in full (exercise price of \$64.29/share). These stock options vested on the Option Terms.
C. Clark Webb	Chairman of the Board; 5% beneficial holder	Dallas, TX	185,514	Common	25.10%	Shares include (i) 1,075 shares directly owned by Mr. Webb, and (ii) 184,439 shares indirectly owned jointly with Mr. Alpert through 210/RELY Partners, LP (the "210 Shares"). 210/RELY Investment, LLC is the general partner of, and may be deemed to beneficially own certain securities of 210/RELY Partners. 210 Capital, LLC is the sole member of, and may be deemed to beneficially own certain securities of 210/RELY Investment. Covenant RHA Partners, LP and CCW/LAW Holdings, LLC are the members of, and may be deemed to beneficially own certain securities owned by, 210 Capital. Mr. Webb is the sole member of, and may be deemed to beneficially own certain securities owned by, CCW/LAW Holdings. RHA Investments, Inc. is the general partner of, and may be deemed to beneficially own certain securities owned by, Covenant RHA Partners. Mr. Alpert is the President and sole shareholder of, and may be deemed to beneficially own certain securities owned by, RHA Investments. This description of the ownership of ELLH shares shall not be deemed an admission that such persons are, for purposes

						of Section 13(d), 13(g) or 16 of the Securities Exchange Act of 1934, as amended, or for any other purpose, the beneficial owners of any securities so described, and Messrs. Webb and Alpert and the foregoing entities disclaim beneficial ownership of the securities so described, except to the extent of the pecuniary interest of such persons in such securities, if any.
Robert H. Alpert	Director; 5% beneficial holder	Dallas, TX	184,439	Common	24.95%	Shares represent the 210 Shares discussed above.
Randolph E. Brown	Director	Dallas, TX	22,123	Common	2.99%	Shares held by The Randolph E. Brown 5X5 Trust.
Richard A. Shapiro	Director	Stamford, CT	2,538	Common	*	Shares held in personal account.
Douglas Tabor	Director	Dallas, TX	35,750	Common	4.83%	Shares include (i) 25,750 shares held directly, and (ii) 10,000 shares held indirectly through Texas Time Express.
All Directors & Officers as a Group		--	255,000	Common	34.50%	
210/RELY Partners, LP	5% holder	Dallas, TX	184,439	Common	24.95%	Please see the discussion of the 210 Shares above. <i>Contact Info:</i> Caryn Peebles, 210 Capital, 4514 Cole Avenue, Suite 1600, Dallas, TX 75205
Goldman Sachs BDC, Inc.	5% holder	New York, NY	111,650	Common	15.11%	Pursuant to a Schedule 13D jointly filed by the entities with the SEC on May 18, 2019, Goldman Sachs Asset Management, LP (“GSAM”) reported it had shared voting and dispositive power over an aggregate 181,036 shares as follows: (i) 46,214 shares held directly by Goldman Sachs BDC, Inc. (“GSBDC”); (ii) 69,386 shares held directly by Goldman Sachs Private Middle Market Credit LLC; and (iii) 65,436 shares held directly by Goldman Sachs Middle Market Lending Corp. (“GSMMLC”, and such three entities, the “GS Purchasers”). Subsequently, GSAM informed the Company that as of October 12, 2020, GSMMLC merged with and into GSBDC and GSBDC holds all ELLH shares formerly held by GSMMLC. GSAM is an investment adviser registered under the Investment Advisers Act of 1940, as amended, and serves as the investment adviser to each of the GS Purchasers, and as such may be deemed to beneficially own the ELLH shares beneficially held by each GS Purchaser. This description of the ownership of ELLH shares shall not be deemed an admission that GSAM is, for purposes of Section 13(d), 13(g) or 16 of the Securities Exchange Act of 1934, as amended, or for any other purpose, the beneficial owners of the aforementioned securities directly held by each of the GS Purchasers. <i>Contact Info:</i> Peter Lim, GSAM, 200 West Street, New York, NY 10282.
Goldman Sachs Private Middle Market Credit LLC	5% holder	New York, NY	69,386	Common	9.39%	
OCM Opps 7b Real Holdings, LLC	5% holder	Los Angeles, CA	59,785	Common	8.09%	This is a fund owned by Oaktree Capital Management, LLC. <i>Contact Info:</i> Henry Orren, Oaktree Capital Management, LLC, 333 S. Grand Avenue, 28th Floor, Los Angeles, CA 90071.

7) Legal/Disciplinary History

A. None of the persons or entities listed above have, in the past 10 years, been the subject of:

1. An indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);
2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;
3. A finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;
4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above;
5. An order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities; or
6. A U.S. Postal Service false representation letter, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S. mail.

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None; for more information on legal matters relating to the Company and its subsidiaries, please refer to Note 8 "Commitments and Contingencies – Legal Proceedings" of our annual financial statements for the year ended December 31, 2023.

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers:

Accountant or Auditor (Please note: Quarterly financial statements are unaudited.)

Name: Christopher Krogh
Firm: Baker Tilly US, LLP
Address: 11150 Santa Monica Blvd; Ste 600
Los Angeles, CA 90025
Phone: (818) 981 2600
Email: christopher.krogh@bakertilly.com

The Company utilizes internal resources for its securities counsel and investor relations:

Securities Counsel

Name: Kelly G. Howard, General Counsel
Firm: Elah Holdings, Inc.
Address: 1934 Old Gallows Road,
Suite 350, #T09301
Tysons Corner, Virginia 22182
Phone: 805-835-1255
Email: stock@elahholdings.com

Investor Relations

Name: Michael Hobey, Chief Financial Officer
Firm: Elah Holdings, Inc.
Address: 4514 Cole Avenue, Suite 1600
Dallas, Texas 75205
Phone: 805-835-1255
Email: ir@elahholdings.com

All other means of Investor Communication:

X (Twitter): @elah_inc

LinkedIn: www.linkedin.com/company/elah-holdings-inc/

The Company's Press Releases are posted to <http://www.elahholdings.com/press-releases/default.aspx>

9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by Kelly G. Howard, General Counsel, Employee of the Issuer.

B. The following financial statements were prepared in accordance with: ☐ IFRS ☒ U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name	Title	Relationship to the Issuer	Qualifications
Kyle Ross	Chief Executive Officer, President, Chief Investment Officer	Employee	Mr. Ross has been the Chief Executive Officer, President, and Chief Investment Officer of the Company since May 2018. Previously, Mr. Ross held the CEO, President and CIO roles and was a member of the Board of the Company (then called Real Industry) from August 2016 to November 2017. Mr. Ross served as the Company's Chief Financial Officer from March 2011 to August 2016. Mr. Ross was part of the team that sponsored the Company's predecessor entity, Fremont General Corporation's ("Fremont") reorganization process in bankruptcy, joining the reorganized entity as an Executive Vice President in June 2010. Prior to participating in the Fremont bankruptcy, Mr. Ross was a cofounder of Signature Capital Partners, LLC, a special situations investment firm formed in 2004. Mr. Ross was directly involved in all of Signature Capital's investment activities. Mr. Ross began his career with the investment banking firm Murphy Noell Capital where he was directly involved in more than 20 transactions, including both healthy and distressed mergers and acquisitions, capital raises, and debt restructurings. Mr. Ross holds a Bachelor of Science degree and a Bachelor of Arts degree from the Haas School of Business and the College of Letters and Science, respectively, at the University of California, Berkeley.
Michael Hobey	Chief Financial Officer, EVP, Treasurer	Employee	Mr. Hobey has been the Chief Financial Officer of the Company since May 2018. Previously, Mr. Hobey served as President, Interim CEO and CFO of the Company (then called Real Industry) through its November 2017 to May 2018 restructuring period. Mr. Hobey was CFO of the Company from September 2016 to November 2017. Prior to that, he served as CFO of the Company's former subsidiary, Real Alloy and, prior to its acquisition by Real Industry in February 2015, Mr. Hobey served as the CFO of the Global Recycling & Specification Alloys business unit of Aleris. Mr. Hobey joined Aleris in June 2006 as Vice President, Corporate Development and was named Vice President and Treasurer in July 2009. Before joining Aleris, he served as Vice President in the Investment Banking Division at Citigroup Global Markets and held various positions with McDonnell Douglas and Boeing immediately following college. Mr. Hobey holds a Bachelor of Science degree in Mechanical Engineering from Brown University and a Master of Business Administration degree from the Sloan School of Management at the Massachusetts Institute of Technology.
Laura Contreras	Controller	Contractor	Ms. Contreras has served as the Company's Controller since mid 2018. She has over 25 years' experience in financial and operational management, with expertise with a variety of industries and serving companies in a wide range of stages (including growth, preparation for sale, evaluation of strategic alternatives or distress). Outside of the Company, she has served, <i>inter alia</i> , as the Chief Financial Officer of Cambelt International, Tropicale Foods, FocalPoint Partners and North American Breaker (a former subsidiary of the Company until January 2015), and the interim CFO at numerous entities in transition, distress or bankruptcy. Ms. Contreras holds a Bachelor of Arts degree in Accounting from Colorado State University, Metropolitan State Campus, has received her CPA certification and is an Enrolled Agent.

The Company's audited financial statements for the fiscal year ended December 31, 2023 are provided at Appendix A to this Disclosure Report. The Company's prior audited financial statements, including for fiscal years ended December 31, 2022 and 2021, and the Company's unaudited quarterly statements, including for the fiscal quarters ended March 31, 2023, June 30, 2023, and September 30, 2023, are also available on the OTCIQ website, as well as available on the Company's website, www.elahholdings.com, under "Financial Releases."

10) Issuer Certifications

Principal Executive Officer:

I, Kyle Ross, certify that:

1. I have reviewed this disclosure statement for Elah Holdings, Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: 3/13/2024

/s/ Kyle Ross

Kyle Ross, Chief Executive Officer

Principal Financial Officer:

I, Michael J. Hobey, certify that:

1. I have reviewed this disclosure statement of Elah Holdings, Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: 3/13/2024

/s/ Michael J. Hobey

Michael J. Hobey, Chief Financial Officer

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

We are including this cautionary statement to make applicable the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These audited annual financial statements and accompanying Letter from our CEO contain forward-looking statements, as defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are subject to risks and uncertainties and are based on our current expectations, estimates, and projections about the businesses and prospects of the Company (“we” or “us”), as well as the beliefs and certain assumptions made by management. All statements other than statements about historical or current facts, including, without limitation, statements about our business strategy, plans, and objectives of management and our future prospects, are forward-looking statements. Words such as “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “may,” “should,” “will” and variations of these words are intended to identify forward-looking statements. Such statements speak only as of the date hereof and are subject to change. We undertake no obligation to revise or update publicly any forward-looking statements for any reason, unless otherwise required by law. These statements are not guarantees of future performance and are subject to certain risks, uncertainties, and assumptions that are difficult to predict. Accordingly, actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors.

Forward-looking statements may discuss, among other matters: our financial and operational results, as well as our expectations for future financial trends and performance of our business in future periods; our operating and transactional strategy; risks and uncertainties associated with our business, our strategy and the impact of our concluded reorganization under Chapter 11 of Title 11 of the United States Code; the adequacy of our capital resources and financing capability; the Company’s ability to execute on its strategic plan to evaluate, finance and close potential M&A opportunities; our long-term outlook; our preparation for current and future market conditions; our ability to identify and negotiate with transaction partners, the operations and financial position of potential transaction partners, and the availability and terms of financing for potential transactions; potential changes in federal, state and local tax rates; the impact of international conflict, supply chain disruptions and related matters (such as U.S. economic performance) on our business, our stock price or our ability to negotiate, finance and consummate a transaction; the impact of upcoming legislation or national elections; the ability of the Company to classify, preserve and utilize the net operating loss tax carryforwards (NOLs); and any statements or assumptions underlying any of the foregoing. Important factors that may cause such differences include, but are not limited to, changes in our cash needs as compared to our historical operations; volatility in the capital markets for financing acquisitions; the impact of U.S. tax legislation and any other changes in U.S. or non-U.S. tax laws on our operations or the value of our NOLs; our ability to successfully identify, acquire, finance and integrate companies and businesses that perform and meet expectations after completion of such acquisitions, especially when coupled with the effects of the current and near-term U.S. and global economic environment; our ability to achieve and maintain future profitability; our ability to control operating costs and other expenses; that general economic conditions may be worse than expected; that competition may increase significantly; adverse litigation; changes in laws or government regulations or policies affecting our current business operations and/or our legacy businesses, as well as those risks and uncertainties disclosed in the document entitled “Risks Factors relating to Elah Holdings, Inc.” available under the “Corporate Documents” section of the Company’s website at <http://www.elahholdings.com/Corporate-Documents/default.aspx>. These Risk Factors are incorporated into this Disclosure Statement by reference.

* * *

IMPORTANT NOTE REGARDING THESE FINANCIAL STATEMENTS

These condensed consolidated annual financial statements with footnotes for the fiscal years ended December 31, 2023 and 2022 (“Financial Statements”) have been prepared in accordance with United States generally accepted accounting principles (“GAAP”) for year-end financial information. As a result of rounding, some of the financial tables included in this financial report may not foot.

* * *

Appendix A: Audited Financial Statements for the Years Ended December 31, 2023 and December 31, 2022

APPENDIX A

AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

* * *

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Elah Holdings, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Elah Holdings, Inc. (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the Board of Directors and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective or complex judgments. We determined that there were no critical audit matters.

/s/ BAKER TILLY US, LLP

We have served as the Company's auditor since 2019.

Los Angeles, California
March 13, 2024

ELAH HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS

(\$ in thousands, except per share and par value amounts)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 9,252	\$ 11,575
Prepaid expenses and other current assets	134	67
Current assets of discontinued operations	405	402
Total current assets	9,792	12,044
Other noncurrent assets	167	235
TOTAL ASSETS	\$ 9,959	\$ 12,279
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Trade payables	\$ 147	\$ 42
Accrued liabilities	513	517
Total current liabilities	660	558
TOTAL LIABILITIES	\$ 660	\$ 558
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Preferred stock, Series A Junior Participating and Blank Check; \$ 0.001 par value; 50,000 shares authorized; none issued or outstanding	-	-
Common Stock, \$0.001 par value; at December 31, 2023 and December 31, 2022, 2,450,000 shares authorized, 739,096 shares issued and outstanding	1	1
Additional paid-in capital	36,978	36,978
Accumulated deficit	(27,680)	(25,258)
Total stockholders' equity	9,299	11,721
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 9,959	\$ 12,279

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

ELAH HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(\$ in thousands, except per share amounts)	Twelve Months Ended	
	December 31, 2023	December 31, 2022
Revenues	\$ 16	\$ 21
Selling, general and administrative expenses	2,052	2,076
Other operating expense, net	295	678
Operating loss	(2,331)	(2,733)
Loss from continuing operations before income taxes	(2,331)	(2,733)
Income tax expense	-	-
Loss from continuing operations	(2,331)	(2,733)
(Loss) Earnings from discontinued operations, net of income taxes	(91)	380
Net Loss	<u>\$ (2,422)</u>	<u>\$ (2,353)</u>
LOSS PER SHARE:		
Net loss	(2,422)	(2,353)
Basic and diluted (loss) earnings per share:		
Continuing operations	(3.16)	(3.70)
Discontinued operations	(0.12)	0.52
Basic and diluted (loss) per share	<u>\$ (3.28)</u>	<u>\$ (3.18)</u>

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

ELAH HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands, except shares)	Preferred Stock		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Paid-in	Deficit	Stockholders'
					Capital		Equity
Balance, December 31, 2021	—	\$ —	739,096	\$ 1	\$ 36,976	\$ (22,905)	\$ 14,072
Net loss	—	—	—	—	—	(2,353)	(2,353)
Share-based compensation expense	—	—	—	—	2	—	2
Balance, December 31, 2022	—	\$ —	739,096	\$ 1	\$ 36,978	\$ (25,258)	\$ 11,721
Net loss	—	—	—	—	—	(2,422)	(2,422)
Balance, December 31, 2023	—	\$ —	739,096	\$ 1	\$ 36,978	\$ (27,680)	\$ 9,299

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

ELAH HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$ in thousands)	Twelve Months Ended	
	December 31, 2023	December 31, 2022
Cash flows from operating activities:		
Net loss from continuing operations	\$ (2,331)	\$ (2,733)
(Loss) Earnings from discontinued operations	(91)	380
Net cash (used in) provided by operating activities:		
Share-based compensation expense	-	2
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(67)	1
Current assets of discontinued operations	(3)	(193)
Other noncurrent assets	68	107
Trade payables	105	34
Accrued liabilities	(4)	37
Net cash (used in) provided by operating activities	(2,323)	(2,365)
Net change in cash and cash equivalents	(2,323)	(2,365)
Cash and cash equivalents, beginning of period	11,575	13,940
Cash and cash equivalents, end of period	<u>\$ 9,252</u>	<u>\$ 11,575</u>

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

ELAH HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—BUSINESS AND OPERATIONS

Elah Holdings, Inc. (“Elah Holdings”), formerly known as Real Industry, Inc. (“Real Industry”; Elah Holdings and Real Industry in these consolidated financial statements, the “Company”, “we” or “us”), is a Delaware holding company that is continuing to execute the longstanding business strategy of Real Industry (and previously Signature Group Holdings, Inc.) of seeking to acquire profitable businesses in the commercial and industrial markets, supporting the performance of such acquisitions post-closing and managing legacy assets. Our legacy assets include a participation interest in a pool of commercial mortgages (reported in Continuing Operations) and subordinated residential mortgage backed securities (reported in Discontinued Operations). We have historically operated through subsidiaries.

A key element to our business strategy is utilizing our considerable United States (“U.S.”) federal net operating tax loss carryforwards (“NOLs”). Our federal NOLs were predominantly generated by legacy businesses, and as of December 31, 2023, total \$1.0 billion, approximately \$650 million of which begin to expire if not used before our 2027 tax year. The ultimate realization of our deferred tax assets, including our federal NOLs, depends on our ability to generate future U.S. federal taxable income through the implementation of our business plan.

On May 9, 2018, with the completion of its court- and stockholder-approved plan of reorganization (the “Plan”) under Chapter 11 of Title 11 of the United States Code (the Bankruptcy Code), Real Industry qualified to “go dark” from periodic reporting with the Securities and Exchange Commission and voluntarily deregistered its common stock under the Securities Act of 1934. For additional information on the Chapter 11 cases of Real Industry and its prior subsidiary Real Alloy Holding, Inc., please refer to our financial statements for the year ended December 31, 2019.

NOTE 2—PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Presentation

The accompanying consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”), and comprise the accounts of Elah Holdings, Inc. and its wholly owned and majority owned subsidiaries. As a result of rounding, some of the financial tables included in this financial report may not foot. The Company has evaluated subsequent events through the date of issuance of this financial report.

Discontinued operations

U.S. GAAP requires the results of operations of a component of an entity that either has been disposed of or is classified as held for sale to be reported as discontinued operations in the consolidated financial statements if the sale or disposition represents a strategic shift that has (or will have) a major effect on an entity’s operations and financial results.

At December 31, 2023 and December 31, 2022, discontinued operations include Elah’s subsidiary SGGH, LLC (“SGGH”), which includes the legacy activity of Fremont General Corporation (“Fremont”) and its former subsidiaries. See Note 3—*Discontinued Operations* for additional information about our discontinued operations.

Basis of consolidation

The Company evaluates its relationship with other entities for consolidation and to identify whether such entities are variable interest entities (“VIE”) and to assess whether the Company is the primary beneficiary of such entities. As of December 31, 2023 and December 31, 2022, the Company did not have any VIEs. All intercompany transactions have been eliminated in consolidation.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash on deposit at financial institutions and other short-term liquid investments. Cash and cash equivalents are stated at cost, which approximates fair value due to their short-term maturities and market interest rates. All highly liquid investment instruments with maturities of three months or less are classified as cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents. The Company maintains its cash in checking accounts at federally insured financial institutions in excess of federally insured limits.

Use of estimates

Management has made a number of estimates and assumptions relating to the Company's assets and liabilities and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in accordance with U.S. GAAP. Significant areas requiring the use of management estimates relate primarily to the valuation of deferred income taxes. Actual results could differ from those estimates.

Business combinations

Business combinations are accounted for using the acquisition method where the purchase price paid is allocated to the assets acquired and liabilities assumed, and noncontrolling interest, if applicable, based on their estimated fair values. Any excess purchase price over the fair value of the net assets acquired is recorded as goodwill. Although the Company completed no business combinations in the periods covering these financial statements, this policy is still in effect in light of the Company's business strategy.

Fair value measurements

In accordance with ASC 820, Fair Value Measurement, the Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3—Inputs that are both significant to the fair value measurement and unobservable.

We endeavor to utilize the best available information in measuring fair value. Where appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads, and credit considerations. Such adjustments are generally based on available market evidence and unobservable inputs. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. As of December 31, 2023 and December 31, 2022, there were no assets or liabilities carried at fair value on a recurring or non-recurring basis. As of December 31, 2023 and December 31, 2022, cash and cash equivalents and prepaid expenses were the only financial assets reported by the Company in continuing operations and there were no financial liabilities other than accounts payable and accrued liabilities. The carrying amounts reported in the consolidated balance sheets for these financial instruments approximate fair value because of their short-term nature.

Income taxes

Deferred income taxes are computed using the liability method, under which deferred income taxes represent the tax effect of differences between the financial and income tax bases of assets and liabilities. As a result of generating operating losses since 2006, among other factors, the Company has determined that sufficient uncertainty exists as to the realizability of certain deferred tax assets and, as such, has placed a valuation allowance of \$235.3 million on its U.S. deferred tax assets as of December 31, 2023. U.S. tax benefits and related U.S. deferred tax assets will be recognized if the Company considers realization of the net U.S. deferred tax assets to be more likely than not, or to the extent that U.S. deferred tax liabilities are recognized in connection with business combinations.

Uncertain tax positions that meet the more likely than not recognition threshold are measured to determine the amount of benefit to recognize. An uncertain tax position is measured at the largest amount of benefit that management believes has a greater than 50% likelihood of realization upon settlement. The Company classifies interest income as revenue and penalties as a component of income tax expense.

NOTE 3—DISCONTINUED OPERATIONS

SGGH and its subsidiaries include the legacy operations of Fremont, a diversified financial and insurance services business, which, by virtue of a series of asset sales and changes in operating strategy, became discontinued operations in June 2010, over ten years ago. As of December 31, 2023, the majority of SGGH's approximately \$0.4 million in assets were cash and cash equivalents, and it maintained

negligible liabilities. Additionally, it owns several subordinated residential mortgage backed securities (“RMBS”) that have been valued at zero since 2008 as the cash flows received are not estimable nor predictable. For the twelve months ended December 31, 2023 no cash was received from the RMBS securities, and for the twelve months ended December 31, 2022, one particular RMBS cash flowed to SGGH in an aggregate amount of \$0.6 million, which was the primary contributor to the \$0.4 million of earnings in discontinued operations. Collections on the RMBS are recognized as income upon notification from the trustee under the RMBS that distributable amounts have been released. Expenses incurred in Discontinued Operations include third party legal, administrative and organizational costs that in the aggregate amounted to \$0.1 million in fiscal year 2023.

The results of operations, financial condition and cash flow activity of discontinued operations have been separately identified on the consolidated financial statements.

NOTE 4—INCOME TAXES

The following table reflects income or loss from continuing operations before income taxes by domestic and foreign tax jurisdictions for the years ended December 31, 2023 and 2022:

(In thousands)	Year Ended December 31,	
	2023	2022
U.S.	\$ (2,331)	\$ (2,733)
Foreign	-	-
Loss from continuing operations before income taxes	<u>\$ (2,331)</u>	<u>\$ (2,733)</u>

The Company had no income tax expense, within continuing operations or discontinued operations, for the years ended December 31, 2023 and 2022.

The following table provides a reconciliation of the effective tax rates in the consolidated statements of operations from continuing operations for the years ended December 31, 2023 and 2022 with the statutory U.S. federal income tax rate of 21.0%:

	Year Ended December 31,	
	2023	2022
U.S. federal statutory rate	21.0%	21.0%
State income taxes	7.3%	7.3%
Deferred tax valuation allowance	(63.0%)	(25.5%)
Revisions to prior years	34.6%	(2.9%)
Other	0.1%	0.1%
Effective tax rate	<u>0.0%</u>	<u>0.0%</u>

The Company had no activity related to unrecognized tax benefits for the years ended December 31, 2023 and 2022.

The recognition of unrecognized tax benefits as of December 31, 2023 and 2022 which would impact the effective tax rate for each year, were each zero. Interest and penalties related to unrecognized tax benefits are recognized as a component of income tax expense. For the years ended December 31, 2023 and 2022, the interest and penalty amounts were each zero.

Deferred income taxes are a component of continuing operations and include the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and for income tax reporting purposes. The components of the Company’s deferred tax assets, liabilities and valuation allowances as of December 31, 2023 and 2022 are summarized in the following table:

(In thousands)	Year Ended December 31,	
	2023	2022
Deferred tax assets:		
Net operating loss carryforwards	\$ 240,080	\$ 238,283
Compensation	216	212
Interest expense carryforward	67	71
Intangible assets	99	45
Other	15	15
Total deferred tax assets	240,477	238,627
Deferred tax valuation allowance	(235,266)	(233,698)
Deferred tax assets, net of valuation allowance	5,211	4,928
Deferred tax liabilities:		
Property, plant and equipment	(4)	(4)
Federal benefit of state tax deferreds	(5,207)	(4,925)
Total deferred tax liabilities	(5,211)	(4,928)
Net deferred tax assets	\$ -	\$ -

Management assesses deferred tax assets to consider whether it is more likely than not that the deferred tax assets will be realized. The ultimate realization of deferred tax assets depends on the ability to generate taxable income during the periods and in jurisdictions in which the temporary difference become deductible. As a result of generating losses since 2006, among other factors, we determined that sufficient uncertainty exists as to the realizability of our deferred tax assets and have placed a valuation allowance on nearly all of its U.S. deferred tax assets. The following table provides information about the activity of our deferred tax valuation allowance for the years ended December 31, 2023 and 2022:

(In thousands)	Year Ended December 31,	
	2023	2022
Balance, beginning of period	\$ 233,698	\$ 233,034
Additions recorded in the provision for income taxes	1,568	665
Balance, end of period	\$ 235,266	\$ 233,698

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, as well as various state and local jurisdictions. With few exceptions, the 2017 through 2022 tax years remain open to examination. Due to the existing NOLs, the Company is still subject to audit for certain loss years prior to 2008 by the IRS and by various state taxing authorities as the NOLs for a particular year are utilized. In October 2016, the IRS notified the Company of its intention to audit the Company's 2014 federal tax return, although there has been no communication from the IRS in more than seven years regarding this matter.

As of December 31, 2023, the Company has U.S. federal NOLs of approximately \$1.0 billion, which is the same as reported in its audited financial statement as of December 31, 2022. The U.S. federal NOLs generated prior to December 31, 2017 have a 20-year life and begin to expire after the 2027 tax year. Additionally, the Company has state NOLs in various jurisdictions, which aggregate to \$327.7 million before valuation allowances. Utilization of the NOLs and tax credits may be subject to substantial annual limitation due to "change of ownership" provision of the Internal Revenue Code of 1986. The annual limitation may result in expiration of net operating losses and credit carryforwards before utilization.

NOTE 5—EQUITY

As of December 31, 2023 and December 31, 2022, the Company's total issued and outstanding common stock was 739,096 shares. As of December 31, 2023 and December 31, 2022 the Company had an aggregate 8,120 options to purchase shares of Common Stock outstanding, and no other outstanding equity awards. 7,400 of these stock options were issued to the Company's executive officers on January 24, 2019. By December 31, 2023, all 7,400 of these options have vested. The options have an exercise price of \$64.29 per share. The Company valued the option grant at \$0.3 million using the Black Scholes methodology based on a ten year life, the 10 year US Treasury rate at date of issue for the risk-free rate, no dividends assumed and volatility of 50% which was based upon the Company's historic volatility. Options to purchase 720 shares of common stock outstanding were issued to a Company employee January 22, 2021. These options vested in full on January 22, 2022. The options have an exercise price of \$79.15 per share. The Company valued the option grant at approximately \$30 thousand using the Black Scholes methodology based on a ten year life, the 10 year US Treasury rate at date of issue for the risk-free rate, no dividends assumed and volatility of 50% which was based upon the Company's historic volatility. The Company recognized \$0 and \$2 thousand of expense related to all outstanding options in the years ended December 31, 2023 and

December 31, 2022, respectively. No options were exercised, converted, forfeited or expired during the periods ended December 31, 2023 or December 31, 2022.

Defined Contribution Plan

The Company has a 401(k) defined contribution plan that covers substantially all employees. The match of employee contributions under the defined contribution plan was approximately \$40 thousand in each of the years ended December 31, 2023 and 2022 as reported as part of continuing operations.

NOTE 6—LOSS PER SHARE

For the years ended December 31, 2023 and 2022, loss per share is computed by dividing net loss attributable to the Company available to common shareholders by the weighted average number of common shares outstanding for the December 31, 2023 and 2022 annual reporting periods, respectively.

The impact of all outstanding vested and unvested shares of common stock options are excluded from diluted loss per share as their impact would be antidilutive. The total potentially dilutive common stock equivalents from vested options at December 31, 2023 and December 31, 2022 were each 8,120.

The following table sets forth the computation of basic and diluted loss per share for our one class of common stock for the years ended December 31, 2023 and 2022:

(In thousands, except share and per share amounts)	Twelve Months Ended	
	December 31, 2023	December 31, 2022
Loss from continuing operations	\$ (2,331)	\$ (2,733)
(Loss) Earnings from discontinued operations, net of income taxes	(91)	380
Net loss	(2,422)	(2,353)
Numerator for basic and diluted loss per share	<u>\$ (2,422)</u>	<u>\$ (2,353)</u>
Denominator for basic and diluted loss per share—Weighted average shares outstanding		
Weighted average shares outstanding	739,096	739,096
Basic and diluted (loss) earnings per share:		
Continuing operations	\$ (3.16)	\$ (3.70)
Discontinued operations	(0.12)	0.52
Basic and diluted loss per share	<u>\$ (3.28)</u>	<u>\$ (3.18)</u>

NOTE 7—SEGMENT INFORMATION

For the periods presented herein, the Company has operated as one single segment and continues to execute its longstanding business strategy of seeking to acquire profitable businesses in the commercial and industrial markets and supporting the performance of such acquisitions post-closing.

NOTE 8—COMMITMENTS AND CONTINGENCIES

Legal Proceedings

The Company and its predecessors have historically been named as a defendant in or as a party to a number of legal actions or proceedings that arose in the ordinary course of business. In some of these actions and proceedings, claims for monetary damages have been asserted and may be asserted in any such future actions and proceedings. In view of the inherent difficulty of predicting the outcome of such legal actions and proceedings, management generally cannot predict what the eventual outcome of such matters will be, what the timing of the ultimate resolution of such matters will be, or what the eventual loss related to such matter may be, if any.

In accordance with applicable accounting guidance, management establishes an accrued liability for litigation when those matters present loss contingencies that are both probable and reasonably estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. The estimated loss is based upon currently available information and is subject to significant judgment, a variety of assumptions, and known and unknown uncertainties. The matters underlying the estimated loss may change from time to time, and actual results may vary significantly from the current estimate. Therefore, an estimate of loss represents what management believes to be an estimate of loss only for certain matters meeting these criteria. It does not represent the Company's maximum loss exposure.

Management does not believe that judgments or settlements arising from pending or threatened legal matters, individually or in the aggregate, could have a material adverse effect on the consolidated financial position, results of operations or cash flows of the Company. However, in light of the inherent uncertainties involved in any matters, some of which are beyond the Company's control, and the very large or indeterminate damages sought in any possible matter, an adverse outcome could be material to the Company's results of operations or cash flows for any particular reporting period.

RMBS Defense, Indemnity and Contribution Matters. In connection with residential mortgage-backed securities offerings ("RMBS Offerings") involving loans originated by a subsidiary of Fremont, Fremont Investment & Loans ("FIL"), either or both of FIL and its subsidiary entered into loan purchase agreements, underwriting agreements and indemnification and contribution agreements, which contained or incorporated various representations and warranties relating to the loans. Investment banks involved in these RMBS Offerings have been sued in a number of actions concerning their activities related to subprime mortgages ("RMBS Actions"), where SGGH or its former businesses is not a named defendant. SGGH has received demands for defense, indemnity and contribution from defendants in various RMBS Actions. SGGH has rejected each of these demands on several grounds. There is no assurance that SGGH or its former businesses will not be named as defendants in additional RMBS Actions, be sued to enforce claimed rights to defense, indemnity and contribution, or receive additional demands for defense, indemnity and contribution. It is SGGH's intention to vigorously defend any such claims, but SGGH cannot presently predict whether such claims will be pursued or what the outcome would be.

Subpoenas for Information and Documents. In addition to the above-described RMBS Actions, SGGH has received and responded to a number of subpoenas for information from federal agencies and other third-parties in civil litigation matters in which SGGH is not a defendant, but which concern home mortgage transactions involving Fremont's origination and sale of whole loans, and certain RMBS Offerings.