

Integrated Wellness Acquisition (WEL) / 10-Q / 2023 Q3 Quarterly report

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[Table of Contents](#)

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2023

or

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

For the transition period from_____ to _____

Commission File No. 001-41131

INTEGRATED WELLNESS ACQUISITION CORP

(Exact name of registrant as specified in its charter)

Cayman Islands98-1615488

(State or other jurisdiction of incorporation or organization)(I.R.S. Employer Identification No.)

59 N. Main Street, Suite 1
Florida, NY 10921

(Address of Principal Executive Offices, including zip code)

(845) 651-5039

(Registrant’s telephone number, including area code)

148 N Main Street
Florida, NY 10921

(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
Units, each consisting of one Class A ordinary share, \$0.0001 par value, and one-half of one redeemable warrant	WEL.U	The New York Stock Exchange
Class A ordinary shares, par value \$.0001 per share	WEL	The New York Stock Exchange
Redeemable warrants, each exercisable for one Class A ordinary share for \$11.50 per share	WEL.WS	The New York Stock Exchange

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.

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[Table of Contents](#)

INTEGRATED WELLNESS ACQUISITION CORP

FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
PART I – FINANCIAL INFORMATION	1
Item 1. Financial Statements	1
Condensed Consolidated Balance Sheets as of September 30, 2023 (unaudited) and December 31, 2022	1
Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2023 and 2022 (unaudited)	2
Condensed Consolidated Statements of Changes in Class A Ordinary Shares Subject to Possible Redemption and Shareholders’ Deficit for the Three and Nine Months Ended September 30, 2023 and 2022 (unaudited)	3
Condensed Consolidated Statement of Cash Flows for the Nine Months Ended September 30, 2023 and 2022 (unaudited)	4
Notes to Condensed Consolidated Financial Statements (unaudited)	5
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	19
Item 3. Quantitative and Qualitative Disclosures about Market Risk	23
Item 4. Controls and Procedures.	23
PART II – OTHER INFORMATION	25
Item 1. Legal Proceedings	25
Item 1A. Risk Factors	25
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	25
Item 3. Defaults Upon Senior Securities	25
Item 4. Mine Safety Disclosures	25
Item 5. Other Information	25
Item 6. Exhibits	26
SIGNATURES	27

[Table of Contents](#)

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

INTEGRATED WELLNESS ACQUISITION CORP CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2023 (unaudited)	December 31, 2022
ASSETS		
Current assets		
Cash	\$ 12,047	\$ 436,972
Prepaid expenses	23,750	365,545
Total Current Assets	35,797	802,517
Non-current assets:		
Marketable securities held in Trust Account	59,055,248	118,992,274
Total Non-current Assets	59,055,248	118,992,274
TOTAL ASSETS	\$ 59,091,045	\$ 119,794,791
LIABILITIES, CLASS A ORDINARY SHARES SUBJECT TO POSSIBLE REDEMPTION AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accrued expenses	\$ 1,267,239	\$ 212,784
Accounts payable	265,956	56,654
Due to related party	218,568	25,500
Promissory note – related party	1,790,000	—
Total Current Liabilities	3,541,763	294,938
Non-current liabilities:		
Deferred underwriter's fee payable	4,025,000	4,025,000
Total Noncurrent Liabilities	4,025,000	4,025,000
Total Liabilities	7,566,763	4,319,938
Commitments and Contingencies (Note 5)		
Class A ordinary shares subject to possible redemption, \$0.0001 par value; 479,000,000 shares authorized; 5,391,272 and 11,500,000 shares issued and outstanding at redemption value as of September 30, 2023 and December 31, 2022, respectively	59,055,248	118,992,274
Stockholders' Deficit		
Preference shares, \$0.0001 par value, 1,000,000 shares authorized; none issued and outstanding	—	—
Class A ordinary shares subject to possible redemption, \$0.0001 par value; 479,000,000 shares authorized; 0 shares issued and outstanding (excluding 5,391,272 and 11,500,000 shares subject to possible redemption as of September 30, 2023 and December 31, 2022, respectively)	—	—
Class B ordinary shares, \$0.0001 par value; 20,000,000 shares authorized; 2,875,000 shares issued and outstanding	288	288
Additional paid-in capital	—	—
Accumulated deficit	(7,531,254)	(3,517,709)
Total Shareholders' Deficit	(7,530,966)	(3,517,421)
TOTAL LIABILITIES, CLASS A ORDINARY SHARES SUBJECT TO POSSIBLE REDEMPTION AND SHAREHOLDERS' DEFICIT	\$ 59,091,045	\$ 119,794,791

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

[Table of Contents](#)

INTEGRATED WELLNESS ACQUISITION CORP
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Formation and operating costs	\$ 93,992	\$ 15,052	\$ 338,141	\$ 51,941
Accounting and legal expenses	201,383	45,232	1,338,932	155,496
Listing fees	21,250	21,250	63,750	154,107
Insurance expense	88,555	115,995	320,545	347,985
Advertising and marketing	6,668	7,812	161,656	11,303
Administrative expenses	210	215	522	3,117
Operating expenses	412,058	205,556	2,223,546	723,949
Loss from operations	(412,058)	(205,556)	(2,223,546)	(723,949)
Other income (expense):				
Earnings on marketable securities held in the Trust Account	797,857	315,343	3,002,579	480,989
Unrealized (loss) gain on marketable securities held in Trust Account	(41,724)	—	251,339	985
Total other income	756,133	315,343	3,253,918	481,974
Net income (loss)	\$ 344,075	\$ 109,787	\$ 1,030,372	\$ (241,975)
Basic and diluted weighted average shares outstanding of redeemable Class A ordinary shares	5,391,272	11,500,000	8,814,845	11,500,000
Basic and diluted net income (loss) per share, redeemable Class A ordinary shares	\$ 0.12	\$ 0.01	\$ 0.23	\$ (0.01)
Basic and diluted weighted average shares outstanding of non-redeemable Class B ordinary shares	2,875,000	2,875,000	2,875,000	2,875,000
Basic and diluted net loss per share, non-redeemable Class B ordinary shares	\$ (0.11)	\$ (0.01)	\$ (0.34)	\$ (0.05)

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

[Table of Contents](#)

INTEGRATED WELLNESS ACQUISITION CORP

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN CLASS A ORDINARY SHARES SUBJECT TO
POSSIBLE REDEMPTION AND SHAREHOLDERS’ DEFICIT (UNAUDITED)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

	Class A		Class B		Additional	Accumulated	Total
	Ordinary Shares Subject to Possible Redemption		Ordinary Shares		Paid-in	Deficit	Shareholders’
	Shares	Amount	Shares	Amount	Capital	Deficit	Deficit
Balance – January 1, 2023	11,500,000	\$ 118,992,274	2,875,000	\$ 288	\$ —	\$ (3,517,709)	\$ (3,517,421)
Accretion of Class A ordinary shares to redemption amount	—	2,415,762	—	—	—	(2,415,762)	(2,415,762)
Net income	—	—	—	—	—	173,235	173,235
Balance – March 31, 2023	11,500,000	121,408,036	2,875,000	288	—	(5,760,236)	(5,759,948)
Redemption of Class A ordinary shares	(6,108,728)	(64,980,943)	—	—	—	—	—
Accretion of Class A ordinary shares to redemption amount	—	1,392,022	—	—	—	(1,392,022)	(1,392,022)
Net income	—	—	—	—	—	513,062	513,062
Balance – June 30, 2023	5,391,272	57,819,115	2,875,000	288	—	(6,639,196)	(6,638,908)
Accretion of Class A ordinary shares to redemption amount	—	1,236,133	—	—	—	(1,236,133)	(1,236,133)
Net income	—	—	—	—	—	344,075	344,075
Balance – September 30, 2023	5,391,272	\$ 59,055,248	2,875,000	\$ 288	\$ —	\$ (7,531,254)	\$ (7,530,966)

	Class A		Class B		Additional	Accumulated	Total
	Ordinary Shares Subject to Possible Redemption		Ordinary Shares		Paid-in	Deficit	Shareholders’
	Shares	Amount	Shares	Amount	Capital	Deficit	Deficit
Balance – January 1, 2022	11,500,000	\$ 117,300,361	2,875,000	\$ 288	\$ —	\$ (2,393,337)	\$ (2,393,049)
Accretion of Class A ordinary shares to redemption amount	—	11,780	—	—	—	(11,780)	(11,780)
Net loss	—	—	—	—	—	(229,189)	(229,189)
Balance – March 31, 2022	11,500,000	117,312,141	2,875,000	288	—	(2,634,306)	(2,634,018)
Accretion of Class A ordinary shares to redemption amount	—	154,851	—	—	—	(154,851)	(154,851)
Net loss	—	—	—	—	—	(122,573)	(122,573)
Balance –June 30, 2022	11,500,000	117,466,992	2,875,000	288	—	(2,911,730)	(2,911,442)
Accretion of Class A ordinary shares to redemption amount	—	315,343	—	—	—	(315,343)	(315,343)
Net income	—	—	—	—	—	109,787	109,787
Balance – September 30, 2022	11,500,000	\$ 117,782,335	2,875,000	\$ 288	\$ —	\$ (3,117,286)	\$ (3,116,998)

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

[Table of Contents](#)

INTEGRATED WELLNESS ACQUISITION CORP
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ended September 30,	
	2023	2022
Cash Flows from Operating Activities:		
Net income (loss)	\$ 1,030,372	\$ (241,975)
Adjustments to reconcile net income to net cash used in operating activities:		
Earnings on marketable securities held in Trust Account	—	(480,989)
Unrealized earnings on marketable securities held in Trust Account	(251,339)	(985)
Changes in operating assets and liabilities:		
Prepaid expenses	341,795	(488,884)
Accounts payable and accrued expenses	1,263,758	10,812
Due to related party	193,068	—
Accrued offering costs	—	(27,282)
Net cash provided by (used in) operating activities	2,577,654	(1,229,303)
Cash Flows from Investing Activities:		
Purchase of marketable securities in Trust Account	(1,790,000)	—
Dividends received from earnings on Trust Account	—	315,343
Reinvestment of earnings in Trust Account	(3,002,579)	(315,343)
Proceeds from redemption of marketable securities held in Trust Account	64,980,943	—
Net cash provided by investing activities	60,188,364	—
Cash Flows from Financing Activities:		
Proceeds from promissory note – related party	1,790,000	—
Payment of shareholder redemptions	(64,980,943)	—
Net cash used in financing activities	(63,190,943)	—
Net Change in Cash	(424,925)	(1,229,303)
Cash – Beginning	436,972	1,760,884
Cash – Ending	\$ 12,047	\$ 531,581
Non-Cash Investing and Financing Activities:		
Accretion of Class A ordinary shares subject to possible redemption	\$ 5,043,917	\$ 481,974

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

[Table of Contents](#)

INTEGRATED WELLNESS ACQUISITION CORP
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 — ORGANIZATION AND BUSINESS OPERATIONS

Organization and General

Integrated Wellness Acquisition Corp (the “Company”) is a blank check company incorporated in the Cayman Islands as an exempted company on July 7, 2021. The Company was incorporated for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses that the Company has not yet identified (“Business Combination”). The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act of 1933, as amended (the “Securities Act”), as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). IWAC Holdings Inc., a Delaware corporation and wholly owned subsidiary of the Company, was incorporated on January 20, 2023.

Sponsor and Initial Financing

As of September 30, 2023, the Company had not commenced any operations. All activity for the period from July 7, 2021 (inception) through September 30, 2023 relates to the Company’s formation, the initial public offering (the “Initial Public Offering” or “IPO”), which is described below, and identifying a target for a Business Combination. The Company generates non-operating income in the form of earnings on marketable securities held in the Trust Account (as defined below) from the proceeds derived from the Initial Public Offering. The Company has selected December 31 as its fiscal year end.

The registration statement for the IPO was declared effective on December 8, 2021. On December 13, 2021, the Company consummated the IPO of 11,500,000 units (the “Units” and, with respect to the Class A ordinary shares included in the Units sold, the “Public Shares”), which includes the exercise by the underwriter of its over-allotment option in the amount of 1,500,000 Units, at \$10.00 per Unit, generating gross proceeds of \$115,000,000.

Simultaneously with the closing of the IPO, the Company consummated the sale of 6,850,000 warrants (each, a “Private Placement Warrant” and, collectively, the “Private Placement Warrants”) at a price of \$1.00 per Private Placement Warrant in a private placement to IWH Sponsor LP (the “Sponsor”), generating proceeds of \$6,850,000.

Transaction costs of the IPO amounted to \$6,822,078, consisting of \$2,300,000 of underwriting discount, \$4,025,000 of deferred underwriting discount, and \$497,078 of offering costs. Of these amounts, \$302,696 was allocated to the Public Warrants and charged against additional paid-in capital and \$6,519,382 were allocated to Class A ordinary shares subject to possible redemption reducing the initial carrying amount of such shares.

The Trust Account

Following the closing of the IPO on December 13, 2021, an amount of \$117,300,000 (\$10.20 per Unit) from the net proceeds of the sale of the Units in the IPO and the sale of the Private Placement Warrants was placed in a trust account (the “Trust Account”). The funds in the Trust Account were invested only in U.S. government treasury bills with a maturity of 185 days or less or in money market funds investing solely in U.S. Treasuries and meeting certain conditions under Rule 2a-7 of the Investment Company Act of 1940, as amended (the “Investment Company Act”). The Company is not permitted to withdraw any of the principal or interest held in the Trust Account except for the withdrawal of interest to pay taxes, if any. The funds held in the Trust Account will not otherwise be released from the Trust Account until the earlier of: (i) the Company’s completion of a Business Combination and (ii) the distribution of the funds held in the Trust Account, as described below. On March 14, 2023, the Sponsor deposited an aggregate of \$1,150,000 (representing \$0.10 per public share) into the Trust Account for its public shareholders in connection with the Company’s Extension. As of September 30, 2023 the Sponsor has made four deposits of \$160,000 for an aggregate of \$640,000 (representing approximately \$0.03 per remaining public share) into the Trust Account for its public shareholders in connection with the Charter Extension (as defined below).

[Table of Contents](#)**Business Combination**

The Company's management has broad discretion with respect to the specific application of the net proceeds of the IPO, although substantially all of the net proceeds from the Initial Public Offering are intended to be generally applied toward consummating a Business Combination with (or acquisition of) a Target Business. As used herein, "Target Business" means one or more operating businesses that together have an aggregate fair market value equal to at least 80% of the value of the assets held in the Trust Account (excluding the deferred underwriting commissions and taxes payable on the interest earned on the Trust Account) at the time of the signing of a definitive agreement in connection with a Business Combination. Furthermore, there is no assurance that the Company will be able to successfully effect a Business Combination.

The Company will provide its public shareholders with the opportunity to redeem all or a portion of their Public Shares upon the completion of a Business Combination, either (i) in connection with a shareholder meeting called to approve the Business Combination or (ii) by means of a tender offer. The public shareholders will be entitled to redeem their Public Shares for a pro rata portion of the amount then in the Trust Account, calculated as of two business days prior to the completion of a Business Combination, including any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company to pay its tax obligations. The per-share amount to be distributed to the public shareholders who redeem their shares will not be reduced by the deferred underwriting commissions the Company will pay to the underwriter (as discussed in Note 5). There will be no redemption rights upon the completion of a Business Combination with respect to the Company's warrants. As a result, Class A ordinary shares are recorded at their redemption amount and classified as temporary equity, in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 480, "Distinguishing Liabilities from Equity" ("ASC 480").

The Company will only proceed with a Business Combination if the Company has net tangible assets of at least \$5,000,001 either prior to or upon such consummation of a Business Combination and, if the Company seeks shareholder approval, a majority of the shares voted are voted in favor of the Business Combination. If a shareholder vote is not required by applicable law or stock exchange rules and the Company does not decide to hold a shareholder vote for business or other reasons, the Company will, pursuant to its Amended and Restated Memorandum and Articles of Association (the "Amended and Restated Memorandum and Articles of Association"), conduct the redemptions pursuant to the tender offer rules of the U.S. Securities and Exchange Commission ("SEC") and file tender offer documents with the SEC prior to completing a Business Combination. If, however, shareholder approval of the transaction is required by applicable law or stock exchange rules, or the Company decides to obtain shareholder approval for business or other reasons, the Company will offer to redeem shares in conjunction with a proxy solicitation pursuant to the proxy rules and not pursuant to the tender offer rules. 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 3), and any Public Shares purchased during or after the IPO in favor of approving a Business Combination. Additionally, each public shareholder may elect to redeem their Public Shares irrespective of whether they vote for or against the proposed transaction or do not vote at all.

Notwithstanding the above, if the Company seeks shareholder approval of a Business Combination and it does not conduct redemptions pursuant to the tender offer rules, the Amended and Restated Memorandum and Articles of Association provides that 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% or more of the Public Shares, without the prior consent of the Company.

The Amended and Restated Memorandum and Articles of Association of the Company provides that only Public Shares and not any Founder Shares are entitled to redemption rights. In addition, the Sponsor has agreed (a) to waive its redemption rights with respect to its 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 Amended and Restated Memorandum and Articles of Association (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 its Public Shares if the Company does not complete a Business Combination 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 in conjunction with any such amendment.

[Table of Contents](#)

The Company originally had until 18 months from the closing of the IPO to complete a Business Combination (or up to 21 months from the closing of the IPO if the Company extended the time to complete a Business Combination by the sponsor depositing into the Trust Account for each three-month extension \$1,150,000 (\$0.10 per share)), up to an aggregate of \$2,300,000, or \$0.20 per unit, on or prior to the date of the applicable deadline. On March 14, 2023, the Sponsor deposited an aggregate of \$1,150,000 (representing \$0.10 per public share) into the Trust Account for its public shareholders. The deposit enabled the Company to extend the date by which the Company has to complete a Business Combination from March 13, 2023 to June 13, 2023 (the “Initial Extension”). The Initial Extension was the first of two three-month automatic extensions permitted under the Company’s governing documents and provides the Company with additional time to complete a Business Combination. On June 2, 2023, the Company’s shareholders voted to extend the date by which the Company has to consummate an initial business combination from June 13, 2023 to December 13, 2023 (or such earlier date as determined by the Company’s board of directors (the “Board”) in its sole discretion) (the “Termination Date”) (the “Charter Extension”). If the Company is unable to complete a Business Combination by the Termination Date, 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 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 on the funds held in the Trust Account and not previously released to the Company to pay its tax obligations (less up to \$100,000 of interest to pay dissolution expenses, which interest shall be net of taxes payable), divided by the number of then outstanding Public Shares, which redemption will completely extinguish public shareholders rights 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 shareholders and the Company’s board of directors, dissolve and liquidate, 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 by the Termination Date.

On June 2, 2023, the Company held an extraordinary general meeting of shareholders (the “Meeting”). At the Meeting, the following proposals were considered by the shareholders of the Company (a) a proposal to amend by special resolution the Company’s amended and restated memorandum and articles of association (the “Charter Amendment”) to extend the date by which the Company has to consummate an initial business combination from June 13, 2023 to December 13, 2023 (or such earlier date as determined by the Company’s Board in its sole discretion) (the “Extension Amendment Proposal”); (b) a proposal to amend by special resolution the Company’s amended and restated memorandum and articles of association to permit the Board, in its sole discretion, to elect to wind up the Company’s operations on an earlier date than December 13, 2023 (the “Liquidation Amendment Proposal”); and (c) a proposal to approve by ordinary resolution the adjournment of the Meeting i) to a later date or dates, if necessary, to permit further solicitation and vote of proxies in the event that there are insufficient votes for, or otherwise in connection with, the approval of any of the foregoing proposals; or ii) sine die in the event that the holders of public shares elected to redeem an amount of shares in connection with the foregoing proposals such that if such redemptions were consummated, the Company would not adhere to the continued listing requirements of the New York Stock Exchange, and the Board therefore determines that approval of the Extension Amendment Proposal and the Liquidation Amendment Proposal is no longer in the best interests of the Company, and in such event the Company will ask its shareholders to vote only upon the Adjournment Proposal and not on the Extension Amendment Proposal or the Liquidation Amendment Proposal (the “Adjournment Proposal”). Shareholders approved the Extension Amendment Proposal and Liquidation Amendment Proposal. As there were sufficient votes at the time of the Meeting to approve each of the above proposals, the Adjournment Proposal was not presented to shareholders at the Meeting.

In connection with the Meeting, holders of 6,108,728 of the Company’s Class A ordinary shares exercised their right to redeem such shares for a pro rata portion of the funds in the Trust Account. As a result, \$64,980,943 was removed from the Trust Account to pay such holders.

The Sponsor has agreed to waive its liquidation rights with respect to the Founder Shares if the Company fails to complete a Business Combination by the Termination Date. However, if the Sponsor acquires Public Shares in or after the IPO, such Public Shares will be entitled to liquidating distributions from the Trust Account if the Company fails to complete a Business Combination by the Termination Date. The underwriter has agreed to waive its right to its deferred underwriting commission held in the Trust Account in the event the Company does not complete a Business Combination by the Termination Date 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 per share amount in the Trust Account, which was initially \$10.20 per public share.

[Table of Contents](#)

The Sponsor has agreed to be liable to the Company if and to the extent any claims by a third party for services rendered (other than its independent registered public accounting firm) 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 (1) \$10.20 per Public Share or (2) such lesser amount per Public Share held in the Trust Account as of the date of the liquidation of the Trust Account due to reductions in the value of the trust assets, in each case net of the interest which may be withdrawn to pay franchise and income taxes. This liability will not apply with respect to claims by a third party who executed a waiver of any and all rights to seek access to the Trust Account and will not apply as to any claims under the Company's indemnity of the underwriter of the IPO against certain liabilities, including liabilities under the Securities Act. Moreover, 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 (except the Company's independent registered public accounting firm), prospective Target Businesses and 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.

On February 10, 2023, the Company entered into an Agreement and Plan of Merger (as it may be amended or supplemented from time to time, the "Merger Agreement") with Refreshing USA, LLC, a Washington limited liability company ("Refreshing"), IWAC Holdings Inc. ("Pubco"), a Delaware corporation and wholly-owned subsidiary of IWAC, IWAC Purchaser Merger Sub Inc., a Delaware corporation and a wholly-owned subsidiary of Pubco ("Purchaser Merger Sub"), Refreshing USA Merger Sub LLC, a Washington limited liability company and a wholly-owned subsidiary of Pubco ("Refreshing Merger Sub"), the Sponsor, as the representative from and after the Effective Time (as defined in the Merger Agreement) of the stockholders of Pubco (other than the Sellers (as defined below) and their successors and assignees), and Ryan Wear, in the capacity as the representative of the equity holders of Refreshing (the "Sellers") from and after the Effective Time.

Pursuant to the Merger Agreement, subject to the terms and conditions set forth therein, (i) prior to the effective time, the Company will transfer by way of continuation out of the Cayman Islands and into the State of Delaware to re-domicile and become a Delaware corporation, (ii) following the Domestication, Purchaser Merger Sub will merge with and into the Company, with the Company continuing as the surviving entity and wholly-owned subsidiary of Pubco, in connection with which all of the existing securities of the Company will be exchanged for rights to receive securities of Pubco as follows: (a) each ordinary share of the Company, par value \$0.0001, outstanding immediately prior to the effective time shall automatically convert into one share of Pubco common stock and (b) each whole public warrant and each private placement warrant shall automatically convert into one Pubco warrant on substantially the same terms and conditions; and (iii) Refreshing Merger Sub will merge with and into Refreshing, with Refreshing continuing as the surviving entity and wholly-owned subsidiary of Pubco, pursuant to which all Refreshing Units issued and outstanding immediately prior to the effective time will be converted into the right to receive the applicable portion of the merger consideration.

Pursuant to the terms of the Merger Agreement, the merger consideration to be delivered to the Sellers in connection with the transaction will be a number of newly-issued shares of Pubco common stock with an aggregate value equal to \$160,000,000, subject to adjustments for Refreshing's net working capital, closing debt (net of cash) and accrued but unpaid expenses related to the transaction.

On September 26, 2023, the Company notified Refreshing that the Company had elected to terminate the Merger Agreement, effective immediately, pursuant to Section 8.1(b) thereof, since conditions to the closing of the initial business combination were not satisfied or waived by the outside date of July 31, 2023. As a result, the Merger Agreement is of no further force and effect, with the exception of certain specified provisions in the Merger Agreement, which shall survive the Termination and remain in full force and effect in accordance with their respective terms.

Liquidity and Going Concern

As of September 30, 2023 and December 31, 2022, the Company had \$12,047 and \$436,972 in cash, respectively, and working capital (deficit) surplus of \$(3,505,966) and \$507,579, respectively. The Company has incurred and expects to continue to incur significant costs in pursuit of its financing and acquisition plans. The Company may need to raise additional capital through loans or additional investments from its Sponsor, shareholders, officers, directors, or third parties. The Company's officers, directors and Sponsor may, but are not obligated to, loan the Company funds, from time to time or at any time, in whatever amount they deem reasonable in their sole discretion, to meet the Company's working capital needs. Accordingly, the Company may not be able to obtain

[Table of Contents](#)

additional financing. If the Company is unable to raise additional capital, it 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 a potential transaction, and reducing overhead expenses. The Company cannot provide any assurance that new financing will be available to it on commercially acceptable terms, if at all. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

Risks and Uncertainties

Results of operations and the Company's ability to complete an Initial 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 its control. The business could be impacted by, among other things, downturns in the financial markets or in economic conditions, inflation, increases in interest rates, adverse developments affecting the financial services industry, and geopolitical instability, such as the military conflict in Ukraine and in the Middle East. The Company 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 an Initial Business Combination. The unaudited condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated 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 or footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a complete presentation of financial position, results of operations, or cash flows. In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair statement of the financial position, operating results and cash flows for the periods presented. The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, IWAC Holdings Inc. and are presented on a condensed consolidated basis.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2022 as filed with the SEC on March 31, 2023, which contains the audited financial statements and notes thereto. The financial information as of December 31, 2022 is derived from the audited financial statements presented in the Company's Annual Report on Form 10-K for the year ended December 31, 2022. The interim results for the three and nine months ended September 30, 2023 are not necessarily indicative of the results to be expected for the year ending December 31, 2023 or for any future interim periods.

Emerging Growth Company

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by 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.

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 condensed consolidated financial statements with another public company, which is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

[Table of Contents](#)

Use of Estimates

The preparation of 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 condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Making estimates requires 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 condensed consolidated financial statements, which 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 does not have any cash equivalents as of September 30, 2023 or December 31, 2022. The Federal Deposit Insurance Corporation ("FDIC") provides a standard deposit insurance amount of \$250,000 per depositor, per insured bank, for each account ownership category. At times, the Company had cash that exceeded the standard deposit insurance amount.

Marketable Securities Held in Trust Account

Following the closing of the IPO on December 13, 2021, an amount of \$117,300,000 from the net proceeds of the sale of the Units in the IPO and the sale of the Private Placement Warrants was placed in the Trust Account and invested in money market funds meeting certain conditions under Rule 2a-7 under the Investment Company Act, which invest only in direct U.S. government treasury obligations. The Trust Account is intended as a holding place for funds pending the earliest to occur of: (i) the completion of a Business Combination and (ii) the distribution of the funds held in the Trust Account. On March 14, 2023, the Sponsor deposited an aggregate of \$1,150,000 (representing \$0.10 per public share) into the Trust Account for its public shareholders in connection with the Extension payment. As of September 30, 2023 the Sponsor has made four deposits of \$160,000 for an aggregate of \$640,000 (representing approximately \$0.03 per remaining public share) into the Trust Account for its public shareholders in connection with the Charter Amendment. As of September 30, 2023 and December 31, 2022, substantially all of the assets held in the money market funds were invested primarily in U.S. Treasury securities. Dividend income is included in other income as earnings on marketable securities held in the Trust Account and accrued dividend income is included in other income as unrealized earnings on marketable securities held in the Trust Account on the condensed consolidated statements of operations.

Derivative Financial Instruments

The Company accounts for derivative liabilities as either equity-classified or liability-classified instruments based on an assessment of the instruments' specific terms and applicable authoritative guidance in ASC 480 and ASC 815, Derivatives and Hedging ("ASC 815"). The assessment considers whether the instruments are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the instruments meet all of the requirements for equity classification under ASC 815, including whether the instruments are indexed to the Company's own common shares and whether the instrument holders could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, was conducted at the time of issuance and as of each subsequent quarterly period end date while the instruments are outstanding. Management concluded that the Public Warrants and Private Placement Warrants issued pursuant to the warrant agreement qualify for equity accounting treatment.

Fair Value Measurements

Fair value is defined as the price that would be received for the sale of an asset or paid for 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;

[Table of Contents](#)

- 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 calculations derived from valuation techniques in which one or more significant inputs or significant value drivers are observable.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy described above. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair value of the Company's financial assets and liabilities approximates the carrying amounts represented in the condensed consolidated balance sheets, primarily due to its short-term nature.

Income taxes

The Company accounts for income taxes in accordance with the provisions of ASC Topic 740, "Income Taxes" using the asset and liability method and deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities in the condensed consolidated financial statements and their respective tax basis. Deferred tax assets and liabilities are measured using enacted income tax rates expected to apply to the period when assets are realized or liability is settled. Any effect on deferred tax assets and liabilities of a change in tax rates is recognized in the operation of statement in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities. Deferred tax assets were deemed immaterial and the Company has recorded a full valuation allowance as of September 30, 2023 and December 31, 2022.

Tax positions must initially be recognized in the condensed consolidated financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions must initially and subsequently be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts. There were no unrecognized tax benefits as of September 30, 2023 and December 31, 2022. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties as of September 30, 2023 and December 31, 2022. 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 federal income tax regulations, income taxes are not levied on the Company, but rather on the individual owners. United States taxation would occur on the individual owners if certain tax elections are made by U.S. owners and the Company were treated as a passive foreign investment company. Additionally, U.S. taxation could occur to the Company itself if the Company is engaged in a U.S. trade or business. The Company is not expected to be treated as engaged in a U.S. trade or business at this time.

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 in ASC 480. Class A ordinary shares subject to mandatory redemption are classified as a liability instrument and are measured at fair value. Conditionally redeemable ordinary shares (including ordinary shares that features 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 features certain redemption rights that are considered to be outside of the Company's control and subject to the occurrence of uncertain future events. Accordingly, at September 30, 2023, Class A ordinary shares subject to possible redemption are presented at redemption value as temporary equity, outside of the shareholders' deficit section of the Company's condensed consolidated balance sheets.

[Table of Contents](#)

The Company recognizes changes in redemption value at the end of each reporting period and adjusts the carrying value of redeemable ordinary shares to equal the redemption value at the end of each reporting period. Such changes are reflected in additional paid-in capital, or in the absence of additional capital, in accumulated deficit. In connection with the Meeting on June 2, 2023, holders of 6,108,728 Class A ordinary shares redeemed their shares for \$64,980,943 in cash. The Company recorded this reduction during the nine months ended September 30, 2023 to remeasure Class A ordinary shares subject to possible redemption to its redemption value. For the three and nine months ended September 30, 2023, the Company recorded \$1,236,133 and \$5,043,917 to remeasure Class A ordinary shares subject to possible redemption to its redemption value, respectively. For the three and nine months ended September 30, 2022, the Company recorded \$315,343 and \$481,974 to remeasure Class A ordinary shares subject to possible redemption to its redemption value, respectively.

As of September 30, 2023, the Class A ordinary shares, classified as temporary equity in the condensed consolidated balance sheets, are reconciled in the following table:

Gross proceeds from Initial Public Offering	\$ 115,000,000
Less:	
Proceeds allocated to Public Warrants	(5,102,550)
Offering costs allocated to Class A ordinary shares subject to possible redemption	(6,519,382)
Add:	
Re-measurement of Class A ordinary shares subject to possible redemption	13,922,293
Class A ordinary shares subject to possible redemption, December 31, 2021	117,300,361
Re-measurement of Class A ordinary shares subject to possible redemption	1,691,913
Class A ordinary shares subject to possible redemption, December 31, 2022	118,992,274
Re-measurement of Class A ordinary shares subject to possible redemption	2,415,762
Class A ordinary shares subject to possible redemption, March 31, 2023	121,408,036
Redemption of Class A ordinary shares subject to possible redemption	(64,980,943)
Re-measurement of Class A ordinary shares subject to possible redemption	1,392,022
Class A ordinary shares subject to possible redemption, June 30, 2023	57,819,115
Re-measurement of Class A ordinary shares subject to possible redemption	1,236,133
Class A ordinary shares subject to possible redemption, September 30, 2023	\$ 59,055,248

Net Income (Loss) Per Ordinary Share

The condensed consolidated statements of operations includes a presentation of income (loss) per Class A redeemable ordinary share and loss per Class B non-redeemable ordinary share following the two-class method of income per ordinary share. In order to determine the net income (loss) attributable to both the Class A redeemable ordinary shares and Class B non-redeemable ordinary shares, the Company first considered the total income (loss) allocable to both sets of shares.

This is calculated using the total net income (loss) less any dividends paid. For purposes of calculating net income (loss) per share, any remeasurement of the Class A ordinary shares subject to possible redemption was treated as dividends paid to the public shareholders. Subsequent to calculating the total income (loss) allocable to both sets of shares, the Company split the amount to be allocated using the weighted average shares outstanding for the Class A redeemable ordinary shares and the Class B non-redeemable ordinary shares for the three and nine months ended September 30, 2023 and 2022, reflective of the respective participation rights.

The following table reflects the calculation of basic and diluted net loss per ordinary share for the three and nine months ended September 30, 2023:

	For the Three Months Ended September 30, 2023
Net income	\$ 344,075
Accretion of temporary equity to redemption value	(1,236,133)
Net loss including accretion of temporary equity to redemption value	\$ (892,058)

[Table of Contents](#)

	For the Three Months Ended September 30, 2023	
	Class A	Class B
Basic and diluted net income (loss) per share:		
Numerator:		
Allocation of net loss including accretion of temporary equity	\$ (581,801)	\$ (310,257)
Allocation of accretion of temporary equity to redemption value	1,236,133	—
Allocation of net income (loss)	<u>\$ 654,332</u>	<u>\$ (310,257)</u>
Denominator:		
Weighted-average shares outstanding	5,391,272	2,875,000
Basic and diluted net income (loss) per share	\$ 0.12	\$ (0.11)

	For the Nine Months Ended September 30, 2023	
Net income	\$ 1,030,372	
Accretion of temporary equity to redemption value	(5,043,917)	
Net loss including accretion of temporary equity to redemption value	<u>\$ (4,013,545)</u>	

	For the Nine Months Ended September 30, 2023	
	Class A	Class B
Basic and diluted net income (loss) per share:		
Numerator:		
Allocation of net loss including accretion of temporary equity	\$ (3,026,454)	\$ (987,091)
Allocation of accretion of temporary equity to redemption value	5,043,917	—
Allocation of net income (loss)	<u>\$ 2,017,463</u>	<u>\$ (987,091)</u>
Denominator:		
Weighted-average shares outstanding	8,814,845	2,875,000
Basic and diluted net income (loss) per share	\$ 0.23	\$ (0.34)

The following table reflects the calculation of basic and diluted net loss per ordinary share for the three and nine months ended September 30, 2022:

	For the Three Months Ended September 30, 2022	
Net income	\$ 109,787	
Accretion of temporary equity to redemption value	(315,343)	
Net loss including accretion of temporary equity to redemption value	<u>\$ (205,556)</u>	

	For the Three Months Ended September 30, 2022	
	Class A	Class B
Basic and diluted net loss per share:		
Numerator:		
Allocation of net loss including accretion of temporary equity	\$ (164,445)	\$ (41,111)
Allocation of accretion of temporary equity to redemption value	315,343	—
Allocation of net income (loss)	<u>\$ 150,898</u>	<u>\$ (41,111)</u>
Denominator:		
Weighted-average shares outstanding	11,500,000	2,875,000
Basic and diluted net loss per share	\$ 0.01	\$ (0.01)

[Table of Contents](#)

	For the Nine Months Ended	
	September 30, 2022	
Net loss	\$	(241,975)
Accretion of temporary equity to redemption value		(481,974)
Net loss including accretion of temporary equity to redemption value	\$	(723,949)

	For the Nine Months Ended	
	September 30, 2022	
	Class A	Class B
Basic and diluted net loss per share:		
Numerator:		
Allocation of net loss including accretion of temporary equity	\$ (579,160)	\$ (144,789)
Allocation of accretion of temporary equity to redemption value	481,974	—
Allocation of net loss	\$ (97,186)	\$ (144,789)
Denominator:		
Weighted-average shares outstanding	11,500,000	2,875,000
Basic and diluted net loss per share	\$ (0.01)	\$ (0.05)

Related Parties

Parties, which can be a corporation or individual, are considered to be related if the Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Companies are also considered to be related if they are subject to common control or common significant influence.

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 Federally insured limits. Exposure to cash and cash equivalents credit risk is reduced by placing such deposits with major financial institutions and monitoring their credit ratings. At September 30, 2023 and December 31, 2022, the Company has not experienced losses on this account and management believes the Company is not exposed to significant risks on such account.

Recent Accounting Pronouncements

In August 2020, the FASB issued ASU No. 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 removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception and it also simplifies the diluted earnings per share calculation in certain areas. ASU 2020-06 is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years, with early adoption permitted. The Company is currently assessing the impact, if any, that ASU 2020-06 would have on its financial position, results of operations or cash flows.

Management does not believe that any other recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on the Company’s condensed consolidated financial statements.

[Table of Contents](#)**NOTE 3 — RELATED PARTY TRANSACTIONS****Founder Shares**

On July 7, 2021, the Sponsor paid an aggregate of \$25,000 to cover certain expenses on behalf of the Company in exchange for issuance of 2,875,000 of the Company's Class B ordinary shares (the "Founder Shares"). The Founder Shares included an aggregate of up to 375,000 shares subject to forfeiture by the Sponsor to the extent that the underwriter's over-allotment option was not exercised in full, so that the number of Founder Shares would collectively represent 20% of the Company's issued and outstanding shares after the IPO. Simultaneously with the closing of the IPO, the underwriters exercised the over-allotment option in full. Accordingly, 375,000 Founder Shares are no longer subject to forfeiture.

The Sponsor has agreed, subject to certain 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 or (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 share capitalization, share subdivisions, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 180 days after a Business Combination, or (y) the date on which the Company completes a liquidation, merger, share exchange, reorganization or other similar transaction that results in all of the Public Shareholders having the right to exchange their Class A ordinary shares for cash, securities or other property.

Promissory Note — Related Party

In March 2023, the Sponsor issued an unsecured promissory note to the Company (the "Extension Note") in connection with the extension payment made by the Sponsor to extend the Termination Date from March 13, 2023 to June 13, 2023. The Extension Note is non-interest bearing and payable on the earlier of the date the business combination is consummated or the liquidation of the Company. As of September 30, 2023, the Company had borrowed \$1,150,000, the maximum amount under the Extension Note.

In June 2023, the Sponsor issued an additional unsecured promissory note to the Company (the "Second Extension Note") in connection with the shareholder approval of the extension of the date by which the Company must consummate an initial business combination from June 13, 2023 for up to an additional six months to December 13, 2023. The Second Extension Note is non-interest bearing and payable on the earlier of the date the business combination is consummated or the liquidation of the Company. The Second Extension Note has a principal amount up to \$960,000, of which the Company has borrowed \$640,000 as of September 30, 2023 to pay for four of up to six monthly extensions from June 13, 2023 to October 13, 2023.

Administrative Services Agreement

The Company has agreed to pay the Sponsor a total of \$10,000 per month for office space, secretarial and administrative services provided to the Company. Upon completion of the initial Business Combination or the Company's liquidation, the Company will cease paying these monthly fees. For the three and nine months ended September 30, 2023 and for the year ended December 31, 2022, the Sponsor has waived any payments under this agreement.

Related Party Loans

In addition, in order to finance transaction costs in connection with a Business Combination, the Sponsor, an affiliate of the Sponsor, or certain of the Company's officers and directors or their affiliates may, but are not obligated to, loan the Company funds as may be required ("Working Capital Loans"). The Working Capital Loans would either be repaid upon consummation of a Business Combination, without interest, or, at the lender's discretion, up to \$1,500,000 of such Working Capital Loans may be convertible into warrants, at a price of \$1.00 per warrant, of the post Business Combination entity. If the Company completes a Business Combination, the Company will repay the Working Capital Loans out of the proceeds of the Trust Account released to the Company. Otherwise, the Working Capital Loans would be repaid only out of funds held outside the Trust Account. 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. The warrants would be identical to the Private Placement Warrants. As of September 30, 2023 and December 31, 2022, no Working Capital Loans were outstanding.

[Table of Contents](#)**Due to Related Party**

As of September 30, 2023 and December 31, 2022, the Company owed the Sponsor \$218,568 and \$25,500, respectively, for payments made by the Sponsor on behalf of the Company. The Company intends to repay the Sponsor for this amount.

NOTE 4 — SHAREHOLDERS' EQUITY

Preference Shares — The Company is authorized to issue 1,000,000 preference shares with a par value of \$0.0001 per share with such designation, rights and preferences as may be determined from time to time by the Company's board of directors. At September 30, 2023 and December 31, 2022, there were no preference shares issued or outstanding.

Class A Ordinary Shares — The Company is authorized to issue 479,000,000 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. In connection with the Meeting on June 2, 2023, holders of Class A ordinary shares redeemed 6,108,728 shares for cash. At September 30, 2023 and December 31, 2022, there were no Class A ordinary shares issued and outstanding, except for 5,391,272 and 11,500,000 Class A ordinary shares subject to possible redemption, respectively.

Class B Ordinary Shares — The Company is authorized to issue 20,000,000 Class B ordinary shares with a par value of \$0.0001 per share. At September 30, 2023 and December 31, 2022, there were 2,875,000 Class B ordinary shares issued and outstanding.

With respect to any matter submitted to a vote of our shareholders, including any vote in connection with a Business Combination, except as required by law, holders of our Founder Shares and holders of our Public Shares will vote together as a single class, with each share entitling the holder to one vote. However, prior to the consummation of the Business Combination, holders of the Class B ordinary shares will have the right to elect all of the Company's directors and may remove members of the board of directors for any reason.

The Class B ordinary shares will automatically convert into Class A ordinary shares at the time of a Business Combination 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 offered in the IPO 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 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 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 the IPO plus all Class A ordinary shares and equity-linked securities issued or deemed issued in connection with a Business Combination, excluding any shares or equity-linked securities issued, or to be issued, to any seller in a Business Combination and excluding any private placement warrants issued to our sponsor, its affiliates or any member of our management team upon conversion of Working Capital Loans. The holders of a majority of the issued and outstanding Class B ordinary shares may agree to waive the foregoing adjustment provisions as to any particular issuance or deemed issuance of additional Class A ordinary shares or equity-linked securities.

Warrants — Public Warrants may only be exercised for a whole number of shares. No fractional warrants will be issued upon separation of the Units and only whole warrants will trade. Accordingly, unless a unit holder purchases at least two units, they will not be able to receive or trade a whole warrant. The Public Warrants will become exercisable on the later of (a) 12 months from the closing of the IPO and (b) 30 days after the completion of a Business Combination.

The Company will not be obligated to deliver any Class A ordinary shares pursuant to the exercise of a Public Warrant and will have no obligation to settle such Public Warrant exercise unless a registration statement under the Securities Act with respect to the Class A ordinary shares underlying the Public Warrants is then effective and a prospectus relating thereto is current, subject to the Company satisfying its obligations with respect to registration, or a valid exemption from registration is available. No Public Warrant will be exercisable, and the Company will not be obligated to issue any Class A ordinary shares upon exercise of a Public Warrant unless the Class A ordinary shares issuable upon such Public Warrant exercise have been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the Public Warrants.

[Table of Contents](#)

The Company has agreed that as soon as practicable, but in no event later than 20 business days after the closing of a Business Combination, it will use its commercially reasonable efforts to file with the SEC a registration statement for the registration, under the Securities Act, of the Class A ordinary shares issuable upon exercise of the Public Warrants, and the Company will use its commercially reasonable efforts to cause the same to become effective within 60 business days after the closing of a Business Combination, and to maintain the effectiveness of such registration statement and a current prospectus relating to those Class A ordinary shares until the Public Warrants expire or are redeemed, as specified in the warrant agreement; provided that if the Class A ordinary shares is at the time of any exercise of a Public Warrant not listed on a national securities exchange such that they satisfy 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 Public 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 it 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 Class A ordinary shares issuable upon exercise of the Public Warrants is not effective by the 60th business day after the closing of a Business Combination, public 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 Public 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.

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

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon not less than 30 days’ prior written notice of redemption to each warrant holder; and
- if, and only if, the closing price of the Class A ordinary shares equals or exceeds \$18.00 per share for any 20 trading days within a 30-trading day period ending three trading days before the Company sends the notice of redemption to the warrant holders.

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

In addition, if (x) the Company issues additional Class A ordinary shares or equity-linked securities for capital raising purposes in connection with the closing of a Business Combination at an issue price or effective issue price of less than \$9.20 per Class A ordinary shares (with such issue price or effective issue price to be determined in good faith by the Company’s board of directors and, in the case of any such issuance to the Sponsor or its affiliates, without taking into account any Founder Shares held by the Sponsor or such affiliates, as applicable, prior to such issuance) (the “Newly Issued Price”), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of a Business Combination on the date of the consummation of a Business Combination (net of redemptions), and (z) the volume weighted average trading price of the Class A ordinary shares during the 20 trading day period starting on the trading day prior to the day on which the Company consummates a Business Combination (such price, the “Market Value”) is below \$9.20 per share, then the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value and the Newly Issued Price and the \$18.00 per share redemption trigger price will be adjusted (to the nearest cent) to be equal to 180% of the higher of the Market Value and the Newly Issued Price.

The Private Placement Warrants are identical to the Public Warrants included in the Units sold in the IPO, except that the Private Placement Warrants and the Class A ordinary shares issuable upon the exercise of the Private Placement Warrants are not transferable, assignable or saleable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants are exercisable for cash or on a cashless basis, at the holder’s option, and are non-redeemable by the Company.

[Table of Contents](#)

NOTE 5 — COMMITMENTS AND CONTINGENCIES

Registration Rights Agreement

The holders of the Founder Shares, Private Placement Warrants, and warrants that may be issued upon conversion of Working Capital Loans (and any Class A ordinary shares issuable upon the exercise of the Private Placement Warrants and warrants that may be issued upon conversion of the Working Capital Loans and upon conversion of the Founder Shares) are entitled to registration rights pursuant to a registration rights agreement signed on the effective date of the IPO, requiring the Company to register such securities for resale. The holders will have the right to require the Company to register for resale these securities pursuant to a shelf registration under Rule 415 under the Securities Act. The holders of a majority of these securities will also be entitled to make up to three demands, plus short form registration demands, that the Company register such securities. In addition, the holders will be entitled to certain “piggy-back” registration rights with respect to registration statements filed subsequent to our completion of the Business Combination. 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 the IPO to purchase up to 1,500,000 additional Units to cover over- allotments, if any, at the IPO price less the underwriting discount. On December 13, 2021, the underwriters exercised the over-allotment option in full, generating an additional \$15,000,000 in gross proceeds. As a result of the over-allotment being exercised in full, the Sponsor did not forfeit any Founder Shares back to the Company. The underwriters were paid a cash underwriting discount of \$0.20 per Unit, or \$2,300,000 in the aggregate at the closing of the IPO. In addition, \$0.35 per Unit, or \$4,025,000 is 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. This fee will be forfeited by the underwriters if a Business Combination does not occur.

NOTE 6 — FAIR VALUE MEASUREMENTS

At September 30, 2023 and December 31, 2022, the Company’s marketable securities held in the Trust Account were valued at \$59,055,248 and \$118,992,274, respectively. The marketable securities held in the Trust Account must be recorded on the balance sheet at fair value and are subject to re-measurement at each balance sheet date. With each re-measurement, the valuations will be adjusted to fair value, with the change in fair value recognized in the Company’s condensed consolidated statements of operations.

The following tables presents the fair value information, as of September 30, 2023 and December 31, 2022, of the Company’s financial assets that were accounted for at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value. The Company’s marketable securities held in the Trust Account are based on interest income and market fluctuations in the value of invested marketable securities, which are considered observable. The fair value of the marketable securities held in trust is classified within Level 1 of the fair value hierarchy.

The following table sets forth by level within the fair value hierarchy the Company’s assets and liabilities that were accounted for at fair value on a recurring basis:

		September 30, 2023		
		Level 1	Level 2	Level 3
Assets:				
Marketable Securities held in Trust Account		\$ 59,055,248	\$ —	\$ —
		December 31, 2022		
		Level 1	Level 2	Level 3
Assets:				
Marketable Securities held in Trust Account		\$ 118,992,274	\$ —	\$ —

[Table of Contents](#)**NOTE 7 — SUBSEQUENT EVENTS**

In November 2023, the Sponsor or its designee deposited \$160,000 (representing approximately \$0.03 per remaining public share) into the Trust Account for its public shareholders in connection with the Company’s Charter Extension to extend the date by which the Company has to effect an initial business combination from June 13, 2023 to December 13, 2023.

On November 8, 2023, the Company entered into a purchase agreement (the “Purchase Agreement”) with the Sponsor and Sriram Associates, LLC (the “Acquirer”), pursuant to which, the Sponsor agreed to transfer to the Acquirer (i) 2,012,500 of the Company’s Class B ordinary shares and (ii) 4,795,000 of the Company’s Private Placement Warrants for a total purchase price of one dollar (the “Transfer”). In connection with the Transfer, the Acquirer may, in its sole discretion, replace any new officers or directors to the Company and the Company agreed to take such actions necessary to effectuate such changes (the “Management Change”). The Transfer, the Management Change, and the other transactions contemplated by the Purchase Agreement are referred to as the “Sponsor Handover”.

The consummation of the Sponsor Handover is subject to a number of conditions, including but not limited to, approval of the Transfer by the Company’s board of directors and Sponsor, payment by the Acquirer of the costs associated with the Company’s extensions through December 13, 2023, and assumption of certain vendor payables currently outstanding by the Company and future expenditures.

[Table of Contents](#)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

References to the “Company,” “Integrated Wellness Acquisition Corp,” “our,” “us” or “we” refer to Integrated Wellness Acquisition Corp. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the financial statements and the notes thereto contained elsewhere in this Quarterly Report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

Special 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 in this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” 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 final prospectus for its initial public offering filed with the U.S. Securities and Exchange Commission (the “SEC”). The Company’s securities filings can be accessed on the EDGAR section of the SEC’s website at 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 in the Cayman Islands for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, recapitalization, reorganization or similar business combination with one or more businesses or entities, which we refer to throughout this Quarterly Report as our initial business combination. While we may pursue an initial business combination target in any industry, we currently intend to concentrate our efforts in identifying businesses in the health, nutrition, fitness, wellness and beauty sectors and the products, devices, applications and technology driving growth within these verticals.

The issuance of additional shares in connection with a business combination to the owners of the target or other investors:

- may significantly dilute the equity interest of investors in our initial public offering, which dilution would further increase if the anti-dilution provisions in the Class B ordinary shares resulted in the issuance of Class A ordinary shares on a greater than one-to-one basis upon conversion of the Class B ordinary shares;
- may subordinate the rights of holders of Class A ordinary shares if preference shares are issued with rights senior to those afforded our Class A ordinary shares;
- could cause a change in control if a substantial number of our Class A ordinary shares are issued, which may affect, among other things, our ability to use our net operating loss carry forwards, if any, and could result in the resignation or removal of our present officers and directors;
- may have the effect of delaying or preventing a change of control of us by diluting the share ownership or voting rights of a person seeking to obtain control of us;
- may adversely affect prevailing market prices for our units, Class A ordinary shares and/or warrants; and
- may not result in adjustment to the exercise price of our warrants.

[Table of Contents](#)

Similarly, if we issue debt securities or otherwise incur significant debt to bank or other lenders or the owners of a target, it could result in:

- default and foreclosure on our assets if our operating revenues after an initial business combination are insufficient to repay our debt obligations;
- acceleration of our obligations to repay the indebtedness even if we make all principal and interest payments when due if we breach certain covenants that require the maintenance of certain financial ratios or reserves without a waiver or renegotiation of that covenant;
- our immediate payment of all principal and accrued interest, if any, if the debt is payable on demand;
- our inability to obtain necessary additional financing if the debt contains covenants restricting our ability to obtain such financing while the debt is outstanding;
- our inability to pay dividends on our Class A ordinary shares;
- using a substantial portion of our cash flow to pay principal and interest on our debt, which will reduce the funds available for dividends on our Class A ordinary shares if declared, expenses, capital expenditures, acquisitions and other general corporate purposes;
- limitations on our flexibility in planning for and reacting to changes in our business and in the industry in which we operate;
- increased vulnerability to adverse changes in general economic, industry and competitive conditions and adverse changes in government regulation; and
- limitations on our ability to borrow additional amounts for expenses, capital expenditures, acquisitions, debt service requirements, execution of our strategy and other purposes and other disadvantages compared to our competitors who have less debt.

We expect to incur significant costs in the pursuit of our initial business combination. We cannot assure you that our plans to raise capital or to complete our initial business combination will be successful. These factors, among others, raise substantial doubt about our ability to continue as a going concern.

On February 10, 2023, the Company entered into an Agreement and Plan of Merger (as it may be amended or supplemented from time to time, the “Merger Agreement”) with Refreshing USA, LLC, a Washington limited liability company (“Refreshing”), IWAC Holdings Inc. (“Pubco”), a Delaware corporation and wholly-owned subsidiary of IWAC, IWAC Purchaser Merger Sub Inc., a Delaware corporation and a wholly-owned subsidiary of Pubco (“Purchaser Merger Sub”), Refreshing USA Merger Sub LLC, a Washington limited liability company and a wholly-owned subsidiary of Pubco (“Refreshing Merger Sub”), the Sponsor, as the representative from and after the Effective Time (as defined in the Merger Agreement) of the stockholders of Pubco (other than the Sellers (as defined below) and their successors and assignees), and Ryan Wear, in the capacity as the representative of the equity holders of Refreshing (the “Sellers”) from and after the Effective Time.

Pursuant to the Merger Agreement, subject to the terms and conditions set forth therein, (i) prior to the effective time, the Company will transfer by way of continuation out of the Cayman Islands and into the State of Delaware to re-domicile and become a Delaware corporation, (ii) following the Domestication, Purchaser Merger Sub will merge with and into the Company, with the Company continuing as the surviving entity and wholly-owned subsidiary of Pubco, in connection with which all of the existing securities of the Company will be exchanged for rights to receive securities of Pubco as follows: (a) each ordinary share of the Company, par value \$0.0001, outstanding immediately prior to the effective time shall automatically convert into one share of Pubco common stock and (b) each whole public warrant and each private placement warrant shall automatically convert into one Pubco warrant on substantially the same terms and conditions; and (iii) Refreshing Merger Sub will merge with and into Refreshing, with Refreshing continuing as the surviving entity and wholly-owned subsidiary of Pubco, pursuant to which all Refreshing Units issued and outstanding immediately prior to the effective time will be converted into the right to receive the applicable portion of the merger consideration.

[Table of Contents](#)

Pursuant to the terms of the Merger Agreement, the merger consideration to be delivered to the Sellers in connection with the transaction will be a number of newly-issued shares of Pubco common stock with an aggregate value equal to \$160,000,000, subject to adjustments for Refreshing's net working capital, closing debt (net of cash) and accrued but unpaid expenses related to the transaction.

On September 26, 2023, the Company notified Refreshing that the Company had elected to terminate the Merger Agreement, effective immediately, pursuant to Section 8.1(b) thereof, since conditions to the closing of the initial business combination were not satisfied or waived by the outside date of July 31, 2023. As a result, the Merger Agreement is of no further force and effect, with the exception of certain specified provisions in the Merger Agreement, which shall survive the Termination and remain in full force and effect in accordance with their respective terms.

On November 8, 2023, the Company entered into a purchase agreement (the "Purchase Agreement") with the Sponsor and Sriram Associates, LLC (the "Acquirer"), pursuant to which, the Sponsor agreed to transfer to the Acquirer (i) 2,012,500 of the Company's Class B ordinary shares and (ii) 4,795,000 of the Company's private placement warrants for a total purchase price of one dollar (the "Transfer"). In connection with the Transfer, the Acquirer may, in its sole discretion, replace any new officers or directors to the Company and the Company agreed to take such actions necessary to effectuate such changes (the "Management Change"). The Transfer, the Management Change, and the other transactions contemplated by the Purchase Agreement are referred to as the "Sponsor Handover".

The consummation of the Sponsor Handover is subject to a number of conditions, including but not limited to, approval of the Transfer by the Company's board of directors and Sponsor, payment by the Acquirer of the costs associated with the Company's extensions through December 13, 2023, and assumption of certain vendor payables currently outstanding by the Company and future expenditures.

Results of Operations

We have neither engaged in any operations nor generated any revenues to date. Our only activities since inception have been related to the Company's formation, the initial public offering, and identifying a target for a Business Combination. We will not generate any operating revenues until after completion of our initial business combination. We generate non-operating income in the form of earnings on marketable securities held in the Trust Account. Our expenses have increased substantially after the closing of our initial public offering as a result of being a public company (for legal, financial reporting, accounting and auditing compliance), as well as for due diligence expenses.

For the three months ended September 30, 2023, we had net income of \$344,075. Net income is comprised of earnings on marketable securities held in the Trust Account of \$797,857, offset by formation and operating costs of \$93,992, legal and accounting services of \$201,383, listing fees of \$21,250, insurance expense of \$88,555, administrative expenses of \$210, advertising and marketing expense of \$6,668, and unrealized loss on marketable securities held in the Trust Account of \$41,724.

For the nine months ended September 30, 2023, we had net income of \$1,030,372. Net income is comprised of earnings on marketable securities held in the Trust Account of \$3,002,579 and unrealized earnings on marketable securities held in the Trust Account of \$251,339, offset by formation and operating costs of \$338,141, legal and accounting services of \$1,338,932, listing fees of \$63,750, insurance expense of \$320,545, administrative expenses of \$522, and advertising and marketing expense of \$161,656.

For the three months ended September 30, 2022, we had net income of \$109,787. Net income is comprised of earnings on marketable securities held in the Trust Account of \$315,343, offset by formation, general and administrative costs of \$15,052, legal and accounting services of \$45,232, listing fees of \$21,250, insurance expense of \$115,995, administrative expenses of \$215, and advertising and marketing expense of \$7,812.

For the nine months ended September 30, 2022, we had a net loss of \$241,975. Net loss is comprised primarily of formation, general and administrative costs of \$51,941, legal and accounting services of \$155,496, listing fees of \$154,107, insurance expense of \$347,985, administrative expenses of \$3,117, and advertising and marketing expense of \$11,303, offset by earnings on marketable securities held in the Trust Account of \$480,989 and unrealized gains on marketable securities held in the Trust Account of \$985.

Liquidity, Capital Resources and Going Concern

On December 13, 2021, we consummated the initial public offering of 11,500,000 units, at \$10.00 per unit, which included the full exercise by the underwriters of their over-allotment option in the amount of 1,500,000 units, generating gross proceeds of \$115,000,000.

[Table of Contents](#)

Simultaneously with the closing of the initial public offering, we completed the private sale of an aggregate of 6,850,000 warrants to our sponsor at a purchase price of \$1.00 per private placement warrant, generating gross proceeds of \$6,850,000.

A total of \$117,300,000 of the proceeds from the initial public offering and the sale of the private placement warrants was placed in a U.S.-based trust account maintained by Continental, acting as trustee (the “Trust Account”).

Transaction costs of the initial public offering amounted to \$6,822,078, consisting of \$2,300,000 of underwriting discount, \$4,025,000 of deferred underwriting discount, and \$497,078 of actual offering costs. Of these amounts, \$302,696 was allocated to the public warrants and charged against additional paid-in capital and \$6,519,382 were allocated to Class A ordinary shares reducing the initial carrying amount of such shares.

For the nine months ended September 30, 2023, net cash provided by operating activities was \$2,577,654. Net income of \$1,030,372 was decreased by \$251,339 of unrealized earnings on marketable securities held in the Trust Account and increased by \$1,798,621 relating to changes in operating assets and liabilities.

For the nine months ended September 30, 2022, net cash used in operating activities was \$1,229,303. Net loss of \$241,975 was increased by realized and unrealized earnings on marketable securities held in the Trust Account of \$481,974 and \$505,354 related to changes in operating assets and liabilities.

As of September 30, 2023, we had marketable securities held in the Trust Account of \$59,055,248 (including redemptions of \$64,980,943, \$3,002,579 of earnings, \$251,339 of unrealized earnings, and \$1,790,000 of deposit for Extension payments for the nine months ended September 30, 2023) consisting of securities held in a money market fund that invests in U.S. Treasury securities with a maturity of 185 days or less.

As of September 30, 2023, we had cash of \$12,047 held outside the Trust Account. We intend to use the funds held outside the Trust Account primarily to complete an initial business combination.

We may need to raise additional funds in order to meet the expenditures required for operating our business prior to our initial business combination. We expect to incur significant costs to complete an initial business combination. These conditions raise substantial doubt about our ability to continue as a going concern for a period of time within one year from the date that the condensed consolidated financial statements are issued. In order to fund working capital deficiencies or finance transaction costs in connection with an intended initial business combination, our sponsor or an affiliate of our sponsor or certain of our officers and directors may, but are not obligated to, loan us funds as may be required. If we complete our initial business combination, we may repay such loaned amounts out of the proceeds of the Trust Account released to us. In the event that our initial business combination does not close, we may use a portion of the working capital held outside the Trust Account to repay such loaned amounts but no proceeds from our Trust Account would be used for such repayment. Up to \$1,500,000 of such loans may be convertible into warrants of the post business combination entity at a price of \$1.00 per warrant at the option of the lender. The warrants would be identical to the private placement warrants. The terms of such loans, if any, have not been determined and no written agreements exist with respect to such loans. Prior to the completion of our initial business combination, we do not expect to seek loans from parties other than our sponsor, its affiliates or an affiliate of our management team as we do not believe third parties will be willing to loan such funds and provide a waiver against any and all rights to seek access to funds in our Trust Account.

Contractual Obligations

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

We have an agreement to pay our sponsor a monthly fee of \$10,000 for office space, utilities and administrative support until the earlier of the completion of an initial business combination and our liquidation. For the three and nine months ended September 30, 2023, the Sponsor has waived any payments under this agreement.

The underwriters of the initial public offering are entitled to a deferred fee \$4,025,000. The deferred fee will become payable to the underwriters from the amounts held in the Trust Account solely in the event that we complete our initial business combination, subject to the terms of the underwriting agreement

[Table of Contents](#)

In March 2023, the Sponsor issued an unsecured promissory note to the Company (the “Extension Note”) in connection with the extension payment made by the Sponsor to extend the Termination Date from March 13, 2023 to June 13, 2023. The Extension Note is non-interest bearing and payable on the earlier of the date the business combination is consummated or the liquidation of the Company. As of September 30, 2023, the Company had borrowed \$1,150,000, the maximum amount under the Extension Note.

In June 2023, the Sponsor issued an additional unsecured promissory note to the Company (the “Second Extension Note”) in connection with the shareholder approval to extend the date which the Company must consummate an initial business combination from June 13, 2023 for up to an additional six months to December 13, 2023. The Second Extension Note is non-interest bearing and payable on the earlier of the date the business combination is consummated or the liquidation of the Company. The Second Extension Note has a principal amount up to \$960,000, of which the Company has borrowed \$640,000 as of September 30, 2023 to pay for four of six additional extensions from June 13, 2023 to October 13, 2023.

Critical Accounting Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and income and expenses during the periods reported. We have not identified any critical accounting estimates as of September 30, 2023.

Factors That May Adversely Affect our Results of Operations

Our results of operations and our ability to complete an initial 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, and geopolitical instability, such as the military conflict in Ukraine and in the Middle East. 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 initial business combination.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not required for smaller reporting companies.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our principal executive officers and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the fiscal quarter ended September 30, 2023. Based on this evaluation, our principal executive officers and principal financial officer have concluded that as of September 30, 2023, our disclosure controls and procedures were not effective due to the material weakness previously disclosed in our 2022 Annual Report on Form 10-K.

At December 31, 2022, a material weakness was identified related to the fact that we had not yet designed and maintained effective controls relating to the financial statement close process. The material weakness identified relates to the fact that we had not yet designed and maintained effective controls relating to the financial statement close process which resulted in errors in the classification of investing activities in our condensed consolidated statements of cash flows. Specifically, we incorrectly presented dividends earned and reinvested in money market funds on the Trust Account within the cash flows from operating activities section on our condensed consolidated statement of cash flows. This material weakness continued to exist as of September 30, 2023.

[Table of Contents](#)

To remediate this material weakness, our Chief Financial Officer performed, and will continue to perform, additional post-closing review procedures including a review of the classification of earnings on the trust account and confirmation of amounts and balances with the trustee.

Changes in Internal Control over Financial Reporting

Other than the above, there was no change in our internal control over financial reporting that occurred during the fiscal quarter covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

[Table of Contents](#)

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

As a smaller reporting company under Rule 12b-2 of the Exchange Act, we are not required to include risk factors in this Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

- (a) Sales of Unregistered Securities – Not Applicable.
- (b) Use of Proceeds - Not Applicable.
- (c) Issuer Purchases of Securities – Not Applicable.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

None.

[Table of Contents](#)

Item 6. Exhibits

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

No.	Description of Exhibit
31.1*	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) and Rule 15(d)-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) and Rule 15(d)-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	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.
32.2**	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.
101.INS*	Inline XBRL Instance Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (Embedded as Inline XBRL document and contained in Exhibit 101).

* Filed herewith.
** Furnished herewith.

[Table of Contents](#)

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.

INTEGRATED WELLNESS ACQUISITION CORP

Date: December 4, 2023

By: /s/ James MacPherson
Name: James MacPherson
Title: Chief Financial Officer