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, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number: 001-38821

STARK NOVUS FINANCIAL INC.
(Exact name of registrant as specified in its charter)

Delaware	**83-2533239**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

1700 Broadway, 19th Floor
New York, New York 10019
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (212) 202-2200

Securities registered pursuant to Section 12(b) of the Act: None

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, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer☐	Non-accelerated filer ☒
Smaller reporting company ☒	Emerging growth company ☐	

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

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☒ No ☐

As of November 16, 2026, 16,369,293 shares of the registrant's Class A common stock were outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report, including, without limitation, statements under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations," includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements can be identified by the use of forward-looking terminology, including the words "believes," "estimates," "anticipates," "expects," "intends," "plans," "may," "will," "potential," "projects," "predicts," "continue," "could" or "should," or, in each case, their negative or other variations or comparable terminology, although not all forward-looking statements are accompanied by such terms. There can be no assurance that actual results will not materially differ from expectations. Such statements include, but are not limited to, any statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, financial or operational prospects, growth, strategies, and possible business combinations and the financing thereof, and related matters, and any other statements that are not statements of current or historical facts.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are based upon assumptions and are not guarantees of future performance. Actual results may differ materially from those contained in forward-looking statements due to various factors, including, but not limited to: limited management, labor, and financial resources; our reliance upon third parties for key aspects of our business; our ability to maintain adequate internal controls; our ability to maintain a market in our securities; our ability to continue as a going concern; our ability to integrate and operate Affinity; concentration in insurance-carrier relationships and wealth-management receivables; collectability of our loans receivable and the uncertainty of related asset-sale proceeds; and our ability to obtain financing, if and when needed, on terms that are acceptable, as well as those risks and factors described in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2025. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

Unless the context indicates otherwise, references in this report to the "Company," "Nu Ride," "Lordstown," "Debtors," "we," "us," "our" and similar terms refer to Stark Novus Financial Inc. (f/k/a Nu Ride Inc.; f/k/a Lordstown Motors Corp.) and its consolidated subsidiaries.

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

Stark Novus Financial Inc.
f/k/a Nu Ride Inc.
f/k/a Lordstown Motors Corp.
Condensed Consolidated Balance Sheets

(in thousands except for per share data)
(Unaudited)

	September 30, 2026	December 31, 2025
ASSETS		
Cash and cash equivalents	$ 16,039	$ 34,439
Investment securities available-for-sale (amortized cost of $4,164 and $4,673)	4,151	4,722
Restricted investment securities (amortized cost of $2,627 and $5,047)	2,619	5,100
Prepaid insurance	763	317
Receivables	1,002	-
Other assets	153	176
Loans receivable to related parties, net of equity method losses of ($702 and $0)	10,893	2,215
Operating lease right-of-use assets	143	-
Goodwill	5,976	-
Identifiable intangible assets, net	3,370	-
Total assets	**$ 45,109**	**$ 46,969**
LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 440	$ 464
Accrued legal and professional fees	473	401
Accrued expenses and other liabilities	482	126
Liabilities subject to compromise	2,603	5,004
Operating lease liabilities	139	-
Contingent consideration	973	-
Total liabilities	$ 5,110	$ 5,995
Commitments and contingencies (Note 14)		
Temporary equity		
Series A Convertible Preferred stock, $0.0001 par value, 12,000,000 shares authorized; 300,000 shares issued and outstanding as of September 30, 2026 and December 31, 2025	$ 40,726	$ 38,378
Redeemable non-controlling interest	1,547	-
Total temporary equity	$ 42,273	$ 38,378
Stockholders' equity		
Class A common stock, $0.0001 par value, 450,000,000 shares authorized; 16,484,362 and 16,211,365 shares issued as of September 30, 2026 and December 31, 2025, respectively, 16,369,293 and 16,096,296 shares outstanding as of September 30, 2026 and December 31, 2025, respectively	$ 25	$ 24
Additional paid in capital	1,180,445	1,182,014
Accumulated other comprehensive loss	(21)	(408)
Accumulated deficit	(1,182,723)	(1,179,034)
Total stockholders' equity	$ (2,274)	$ 2,596
Total liabilities, temporary equity and stockholders' equity	**$ 45,109**	**$ 46,969**

See Notes to Condensed Consolidated Financial Statements

Stark Novus Financial Inc.
f/k/a Nu Ride Inc.
f/k/a Lordstown Motors Corp.
Condensed Consolidated Statements of Operations

(in thousands except for per share data)
(Unaudited)

	For the Three Months Ended September 30, 2026	For the Three Months Ended September 30, 2025	For the Nine Months Ended September 30, 2026	For the Nine Months Ended September 30, 2025
Revenue:				
Insurance commissions	$ 715	$ —	$ 715	$ —
Wealth management fees	219	—	219	—
Total Revenue	$ 934	$ —	$ 934	$ —
Operating expenses:				
Professional compensation	$ 61	$ —	$ 61	$ —
Subcontractor and contract labor costs	283	—	283	—
Amortization of intangible assets	80	—	80	—
General and administrative expenses	2,508	1,225	5,559	4,846
Legal settlement and litigation benefit, net	—	(1,642)	(779)	(3,140)
Marketing and advertising expenses	133	—	133	—
Total operating expense (income), net	$ 3,065	$ (417)	$ 5,337	$ 1,706
Operating (loss) income	$ (2,131)	$ 417	$ (4,403)	$ (1,706)
Other income (expense):				
Other expenses, net	(84)	(22)	(152)	(90)
Realized gain on debt securities available for sale	—	—	—	925
Investment and interest income	453	560	1,625	1,357
Equity in losses of equity method investees	(702)	—	(702)	—
Total other (expense) income	$ (333)	$ 538	$ 771	$ 2,192
Net (loss) income	$ (2,464)	$ 955	$ (3,632)	$ 486
Net income attributable to non-controlling interest	57	—	57	—
Net (loss) income attributable to Stark Novus Financial Inc.	(2,521)	955	(3,689)	486
Less accrued preferred stock dividend	798	738	2,348	2,170
Net (loss) income attributable to common shareholders	$ (3,319)	$ 217	$ (6,037)	$ (1,684)
Net (loss) income per share attributable to common shareholders				
Basic	$ (0.20)	$ 0.01	$ (0.37)	$ (0.10)
Diluted	$ (0.20)	$ 0.01	$ (0.37)	$ (0.10)
Weighted-average number of common shares outstanding				
Basic	16,357	16,096	16,184	16,096
Diluted	16,357	16,096	16,184	16,096

See Notes to Condensed Consolidated Financial Statements

Stark Novus Financial Inc.
f/k/a Nu Ride Inc.
f/k/a Lordstown Motors Corp.
Condensed Consolidated Statements of Comprehensive (Loss) Income

(in thousands)
(Unaudited)

	Three months ended September 30, 2026	Three months ended September 30, 2025	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Net (loss) income	$ (2,464)	$ 955	$ (3,632)	$ 486
Other comprehensive (loss) income:				
Unrealized gain (loss) on debt securities available for sale	210	21	387	(648)
Total comprehensive (loss) income	$ (2,254)	$ 976	$ (3,245)	$ (162)
Less: Comprehensive income attributable to redeemable non-controlling interest	57	—	57	—
Comprehensive (loss) income attributable to controlling interest	$ (2,311)	$ 976	$ (3,302)	$ (162)

Stark Novus Financial Inc.
f/k/a Nu Ride Inc.
f/k/a Lordstown Motors Corp.
Condensed Consolidated Statements of Changes in Stockholders' Equity

(in thousands)
(Unaudited)

	Three Months Ended September 30, 2026									
	Preferred Stock		Non-controlling Interest	Total Mezzanine Equity	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount			Shares	Amount				
Balance at June 30, 2026	300	$ 39,928	$ —	$ 39,928	16,096	$ 24	$ 1,180,833	$ (1,180,202)	$ (231)	$ 424
Stock-based compensation	—	—	—	—	193	1	269	—	—	270
Stock issuance	—	—	—	—	80	—	141	—	—	141
Accrual of Series A Convertible Preferred Stock dividends	—	798	—	798	—	—	(798)	—	—	(798)
Unrealized gain on available-for-sale debt securities	—	—	—	—	—	—	—	—	210	210
Non-controlling interest recognized in the acquisition of Affinity	—	—	1,490	1,490	—	—	—	—	—	—
Net income attributable to non-controlling interest	—	—	57	57	—	—	—	—	—	—
Net loss	—	—	—	—	—	—	—	(2,521)	—	(2,521)
Balance at September 30, 2026	300	$ 40,726	$ 1,547	$ 42,273	16,369	$ 25	$ 1,180,445	$ (1,182,723)	$ (21)	$ (2,274)

	Three months ended September 30, 2025							
	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at June 30, 2025	300	$ 36,887	16,096	$ 24	$ 1,183,289	$ (1,178,884)	$ (3)	$ 4,426
Stock-based compensation	—	—	—	—	107	—	—	107
Accrual of Series A Convertible Preferred Stock dividends	—	738	—	—	(738)	—	—	(738)
Unrealized gain (loss) on debt securities available for sale	—	—	—	—	—	—	21	21
Net income	—	—	—	—	—	955	—	955
Balance at September 30, 2025	300	$ 37,625	16,096	$ 24	$ 1,182,658	$ (1,177,929)	$ 18	$ 4,771

See Notes to Condensed Consolidated Financial Statements

	Nine Months Ended September 30, 2026									
	Preferred Stock		Non-controlling Interest	Total Mezzanine Equity	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
	Shares	Amount			Shares	Amount				
Balance at December 31, 2025	300	$ 38,378	$ —	$ 38,378	16,096	$ 24	$ 1,182,014	$ (1,179,034)	$ (408)	$ 2,596
Stock-based compensation	—	—	—	—	193	1	638	—	—	639
Stock issuance	—	—	—	—	80	—	141	—	—	141
Accrual of Series A Convertible Preferred Stock dividends	—	2,348	—	2,348	—	—	(2,348)	—	—	(2,348)
Unrealized gain on available-for-sale debt securities	—	—	—	—	—	—	—	—	387	387
Non-controlling interest recognized in the acquisition of Affinity	—	—	1,490	1,490	—	—	—	—	—	—
Net income attributable to non-controlling interest	—	—	57	57	—	—	—	—	—	—
Net loss	—	—	—	—	—	—	—	(3,689)	—	(3,689)
Balance at September 30, 2026	300	$ 40,726	$ 1,547	$ 42,273	16,369	$ 25	$ 1,180,445	$ (1,182,723)	$ (21)	$ (2,274)

	Nine months ended September 30, 2025							
	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2024	300	$ 35,455	16,096	$ 24	$ 1,184,505	$ (1,178,415)	$ 666	$ 6,780
Stock-based compensation	—	—	—	—	323	—	—	323
Accrual of Series A Convertible Preferred Stock dividends	—	2,170	—	—	(2,170)	—	—	(2,170)
Unrealized loss on available for sale debt securities	—	—	—	—	—	—	(648)	(648)
Net income	—	—	—	—	—	486	—	486
Balance at September 30, 2025	300	$ 37,625	16,096	$ 24	$ 1,182,658	$ (1,177,929)	$ 18	$ 4,771

Stark Novus Financial Inc.
f/k/a Nu Ride Inc.
f/k/a Lordstown Motors Corp.
Condensed Consolidated Statements of Cash Flows

(in thousands)
(Unaudited)

	Nine months ended September 30, 2026	Nine months ended September 30, 2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$ (3,632)	$ 486
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Stock-based compensation	639	323
Realized gain on debt securities available for sale	—	(925)
Accretion of investment income	165	(393)
Amortization of identifiable intangible assets	80	—
Equity in losses of equity method investees	702	—
Change in operating assets and liabilities:		
Receivables	(889)	—
Prepaid insurance and other assets	(423)	(412)
Accounts payable	(27)	279
Accrued legal and professional fees	72	(276)
Accrued expenses and other liabilities and liabilities subject to compromise	(2,375)	(4,728)
Net cash used in operating activities	$ (5,688)	$ (5,646)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment securities available for sale	$ (6,730)	$ (29,215)
Maturities of investment securities available-for-sale	10,000	30,000
Issuance of loans receivable	(9,380)	—
Acquisition	(6,602)	—
Net cash (used in) provided by investing activities	$ (12,712)	$ 785
Cash and cash equivalents		
Net decrease during the period	$ (18,400)	$ (4,861)
Balance, beginning of period	34,439	23,095
Balance, end of period	$ 16,039	$ 18,234
Supplemental disclosures of non-cash investing and financing activities:		
Non-controlling interest	$ 1,490	$ —
Contingent consideration recognized in business acquisition	$ 973	$ —
Class A common stock	$ 141	$ —
Right-of-use assets obtained in exchange for operating lease liabilities	$ 164	$ —

See Notes to Condensed Consolidated Financial Statements

Stark Novus Financial Inc.
f/k/a Nu Ride Inc.
f/k/a Lordstown Motors Corp.
Notes to Condensed Consolidated Financial Statements

NOTE 1 - DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

Description of Business

Overview

On June 27, 2023, Lordstown Motors Corp., a Delaware corporation, together with its subsidiaries ("Lordstown," the "Company," or the "Debtors"), filed voluntary petitions for relief (the "Chapter 11 Cases") under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). On March 5, 2024, the Bankruptcy Court entered an order confirming the Second Modified First Amended Joint Plan of Lordstown Motors Corp. and Its Affiliated Debtors (the "Plan"). Following the entry of the confirmation order and all conditions to effectiveness of the Plan being satisfied, the Debtors emerged from bankruptcy on March 14, 2024 (the "Effective Date") under the name "Nu Ride Inc."

On July 21, 2026, the Company filed with the Secretary of State of the State of Delaware a Certificate of Amendment to the Company's Third Amended and Restated Certificate of Incorporation changing the Company's name from "Nu Ride Inc." to "Stark Novus Financial Inc."

The Company's assets consist largely of cash on hand, its investment in Affinity and associated acquired assets, the claims asserted in the Foxconn Litigation (as defined below), claims that the Company may have against other parties, certain loans receivable made after emergence, described below, as well as net operating loss carryforwards ("NOLs") and other tax attributes. The Company's operations include Affinity's insurance-distribution and investment-advisory business, as described below, as well as: (i) resolving claims filed in the bankruptcy, (ii) prosecuting the Foxconn Litigation (as defined below), (iii) pursuing, compromising, settling or otherwise disposing of other retained causes of action of the Company, and (iv) exploring potential business opportunities, including strategic alternatives or business combinations. No assurances can be made that the Company will be successful in prosecuting any claim or cause of action or that any strategic alternative or business combination will be identified or, if identified, will result in profitable operations. The Company anticipates that the prosecution of claims and causes of action and the evaluation and pursuit of potential strategic alternatives will be costly, complex, and risky.

Affinity Acquisition

On July 15, 2026, Affinity Advisory Holdings Corp., ("AAH") and a subsidiary of the Company, completed the acquisition of 100% of the voting equity interests of Affinity Advisory Network, LLC and AAN Wealth Advisors, LLC (together, "Affinity"), in order to acquire its integrated platform combining insurance distribution and registered investment advisory services. Founded in 2013, Affinity supports a nationwide network of agents and advisors serving clients across the United States. Affinity has developed proprietary advisor training systems, lead generation infrastructure and client relationship management tools designed to support scalable growth and recurring client engagement. Affinity Advisory Network, LLC delivers integrated retirement, investment, and estate planning solutions through a coordinated model that combines insurance distribution and registered investment advisory services.

Complementing the insurance offering is AAN Wealth Advisors, LLC, an independent Registered Investment Advisor ("RIA") that provides fiduciary-based investment management. Through this service, the RIA's mission is to provide clients with personalized portfolio construction, retirement income planning, and tax-efficient investment strategies.

Membership Interest Purchase Agreement

The Membership Interest Purchase Agreement (the "Purchase Agreement") for the transaction was executed on June 2, 2026. The aggregate consideration payable under the Purchase Agreement consisted of (a) a cash payment at closing of $6,720,000, subject to customary adjustments for working capital, cash, indebtedness, and transaction expenses; (b) 80,000 shares of Class A common stock of the Company (the "Class A Common Stock"); and (c) shares of AAH common stock equal to 15% of its issued and outstanding shares immediately following the closing. The Sellers are also eligible to receive a contingent earnout payment of up to $1,312,000 (plus accrued interest), payable in up to three annual installments of approximately $437,333 each following the closing, subject to meeting certain insurance-writing thresholds.

As of the date these condensed consolidated financial statements were issued, the Company has preliminarily accounted for the purchase price allocation related to the acquisition because the valuation analyses necessary to determine the fair values of the assets acquired, liabilities assumed, contingent consideration and identifiable intangible assets have not yet been finalized. The Company expects to complete the preliminary purchase price allocation during the measurement period prescribed by ASC 805. Measurement-period adjustments, if any, will be recognized in the reporting period in which the adjustment amounts are determined.

Stockholders Agreement

In connection with the acquisition of Affinity, AAH, the Company and the seller of Affinity (the "Affinity Seller") entered into a Stockholders Agreement (the "Stockholders Agreement"), governing the ongoing governance and ownership of AAH following the closing of the acquisition. Under the Stockholders Agreement, the AAH board of directors will initially be composed of four directors: three directors designated by the Company and one director designated by the Affinity Seller, for so long as the Affinity Seller holds at least the number of shares held as of the date of the Stockholders Agreement. Certain specified actions, including transactions that disproportionately and materially adversely affect the Affinity Seller's rights, non-arm's-length transactions between AAH and the Company, and non-pro rata Company share redemptions, require the affirmative vote of the Affinity Seller's board nominee, subject to a notice-and-response mechanism. The Stockholders Agreement also provides for transfer restrictions on AAH shares customary for situations of this type, including board consent for transfers other than to family members, a right of first refusal in favor of the Company, customary tag-along rights in favor of the minority holders and drag-along rights in favor of the majority holders, subject to customary conditions in each case. The Stockholders Agreement also provides customary rights to the minority holders to put their shares to the Company in certain circumstances and customary rights of the majority holders to call the minority holder shares, in each case upon a repayment schedule.

Employment Agreement

In connection with the acquisition of Affinity, AAH also entered into an Employment Agreement (the "Employment Agreement") with Robert Hall, pursuant to which Mr. Hall will serve as Chief Executive Officer of AAH, reporting to the board of directors of AAH, for an initial three-year term that automatically renews for successive one-year periods unless either party provides timely written notice of non-renewal. Under the Employment Agreement, Mr. Hall is entitled to an annual base salary of $125,000, an annual cash bonus targeted at 100% of base salary, an annual equity bonus equal to 0.5% of AAH's equity (subject to an ownership cap mechanism that may result in cash or Company stock being issued in lieu of excess AAH equity), and an annual Company equity bonus of 10,000 shares of Class A common stock, in each case subject to the achievement of board-established performance goals. In the event Mr. Hall is terminated without cause or resigns for good reason, he is entitled to receive six months of continued base salary and a prorated equity bonus, conditioned upon his execution of a release of claims within the applicable timeframes. The Employment Agreement also includes customary restrictive covenants, including confidentiality obligations and non-competition and non-solicitation covenants that apply during the term of employment and for a period of twenty-four months following any termination of employment.

Foxconn Litigation

In the years prior to the Company's filing for bankruptcy protection, the Company entered into a series of transactions with affiliates of Foxconn, beginning with the Agreement in Principle that was announced on September 30, 2021, pursuant to which the Company entered into definitive agreements to sell our manufacturing facility in Lordstown, Ohio under an asset purchase agreement (the "Foxconn APA") and outsource manufacturing of the Endurance to Foxconn under a contract manufacturing agreement (the "CMA"). On November 7, 2022, the Company entered into an investment agreement with Foxconn under which Foxconn agreed to make additional equity investments in the Company (the "Investment Agreement"). The Investment Agreement superseded and replaced an earlier joint venture agreement.

On June 27, 2023, the Company commenced an adversary proceeding against Foxconn (the "Foxconn Litigation") in the Bankruptcy Court seeking relief for fraudulent and tortious conduct as well as breaches of the Investment Agreement and other agreements, the parties' joint venture agreement, the Foxconn APA, and the CMA that the Company believes were committed by Foxconn. As set forth in the complaint relating to the adversary proceeding, the Company believes Foxconn's actions have caused substantial harm to the Company's operations and prospects and caused significant damages.

On September 29, 2023, Foxconn filed a motion to dismiss all counts of the Foxconn Litigation and brief in support of the same (the "Foxconn Adversary Motion to Dismiss"), asserting that all of the Company's claims are subject to binding arbitration provisions and that the Company has failed to state a claim for relief.

On August 1, 2024, the Bankruptcy Court entered an opinion and order partially denying and partially granting the Foxconn Adversary Motion to Dismiss, which was subsequently amended on October 1, 2024. Nine of the Company's claims survived the motion to dismiss on the grounds that the Company pled viable claims against Foxconn and the claims were not subject to mandatory arbitration. The Court also dismissed two of the Company's claims in favor of arbitration. The order is presently being appealed by Foxconn to the Third Circuit Court of Appeals. The Bankruptcy Court has stayed litigation of the claims that it ruled were not subject to arbitration pending that appeal. The Court also allowed that the two dismissed claims should proceed to arbitration. The Company is vigorously pursuing this litigation. Any net proceeds from the Foxconn Litigation may enhance the recoveries for holders of claims and equity interests of shareholders ("Interests"), as set forth in the Plan. However, no assurances can be provided as to the Company having sufficient resources to pursue the Foxconn Litigation, or the outcome or recoveries, if any.

See Note 14 - Commitments and Contingencies - Foxconn Litigation for additional information.

Basis of Presentation

The accompanying unaudited condensed consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the unaudited interim financial statements reflect all adjustments necessary for a fair statement of the Company's financial position, results of operations, and cash flows for the interim periods presented. All such adjustments are of a normal, recurring nature.

Principles of Consolidation

The Company evaluates its interests in legal entities to determine whether consolidation is required under the voting interest entity or variable interest entity ("VIE") models. Under the voting interest entity model, the Company generally consolidates entities in which it has a controlling financial interest, typically through ownership, directly or indirectly, of more than 50% of the outstanding voting interests. The Company also considers other contractual rights and arrangements that may affect whether it has a controlling financial interest.

For entities subject to the VIE model, the Company evaluates whether it has a variable interest in the entity and whether the entity is a VIE. An entity is generally a VIE when, among other factors, its equity investment at risk is insufficient to permit the entity to finance its activities without additional subordinated financial support, or when the holders of the equity investment at risk, as a group, lack the characteristics of a controlling financial interest. The Company consolidates a VIE when it is the primary beneficiary of the VIE. The Company is the primary beneficiary when it has both (i) the power to direct the activities of the VIE that most significantly affect the VIE's economic performance and (ii) the obligation to absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the VIE.

The Company reassesses whether an entity is a VIE and whether the Company is the primary beneficiary of a VIE when events or changes in circumstances indicate that a reassessment is required. All significant intercompany accounts and transactions between consolidated entities are eliminated in consolidation. Interests in consolidated entities that are not attributable, directly or indirectly, to the Company are reported as noncontrolling interests, as applicable.

As of September 30, 2026, we concluded that FPI, FPII, FPIII, 4445WV, FPIV and FPV (see Note 6 – Loans Receivable to Related Parties, net of Equity Method Losses for definition of these VIEs) are VIEs. Due to our lack of control, we determined that we are not the primary beneficiary and we accounted for this investment under the equity method. Our maximum exposure to risk of loss includes the amount that was invested in the VIEs, a total of $10.9 million recorded in loans receivable on the Company's condensed consolidated balance sheet at September 30, 2026 after the recognition of the $0.7 million in equity and losses in equity method investees mentioned above during the period ending September 30, 2026, as described in Note 6 - Loans Receivable to Related Parties, net of Equity Method Losses.

Liquidity

The Company had cash and cash equivalents of approximately $16.0 million, investment securities available-for-sale of $4.2 million, and restricted investment securities of approximately $2.6 million, an accumulated deficit of $1.2 billion at September 30, 2026, and a net loss attributable to Stark Novus Financial Inc. of $3.7 million for the nine months ended September 30, 2026.

The Company's liquidity and ability to continue as a going concern are dependent upon, among other things: (i) the resolution of significant contingent and other claims and liabilities and (ii) the outcome of the Company's efforts to realize value, if any, from its retained causes of action, including the Foxconn Litigation, and other remaining assets. The Company is continuing to explore potential business opportunities, including strategic alternatives or business combinations, including those that would preserve the value of the Company's NOLs.

Based on the foregoing, management believes that the Company will have sufficient working capital to meet its needs through the date one year from this filing. Over this time period, the Company will be using its restricted investment securities to pay for settled claims and its cash and cash equivalents, investment securities available-for-sale and interest received from our investment securities available-for-sale and our loans receivable for paying existing accrued expenses and legal and consulting fees expected to be incurred.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in Financial Statement Preparation

The preparation of condensed consolidated financial statements in accordance with GAAP is based on the selection and application of accounting policies that require us to make significant estimates and assumptions that affect the reported amounts in the condensed consolidated financial statements, and related disclosures in the accompanying notes to the financial statements. Actual results could differ from those estimates. Estimates and assumptions are periodically reviewed and the effects of changes are reflected in the condensed consolidated financial statements in the period they are determined to be necessary. The Chapter 11 Cases may result in ongoing, additional changes in facts and circumstances that may cause the Company's estimates and assumptions to change, potentially materially, also including impairment of goodwill and long-lived assets, the fair values of assets acquired, liabilities assumed and noncontrolling interest in business combinations and the fair values of contingent consideration. The Company undertakes no obligation to update or revise any of the disclosures, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Fresh Start Accounting

Upon emergence from bankruptcy, the Company assessed the requirements of fresh start accounting as required in Accounting Standards Codification 852: *Reorganizations* ("ASC 852"). Based on the Company's assessment, management concluded that the Company did not qualify for fresh start accounting under ASC 852 upon emergence from bankruptcy. Management's conclusion was based on the fact that the total of all post-petition liabilities and reserve for allowed claims did not exceed the reorganization value, and the holders of existing voting shares immediately prior to confirmation did not lose control of the entity, as defined as receiving less than 50% of the emerging entity's voting shares. Accordingly, the Company continued to apply GAAP in the ongoing preparation of its financial statements post emergence.

Segment Information

Operating segments are identified as components of an enterprise about which discrete financial information is available for evaluation by the chief operating decision-maker ("CODM") in deciding resource allocation and assessing performance. The Company has determined that its CODM is its Chief Executive Officer.

The Company's activities include insurance distribution and investment advisory services through Affinity, claims administration under the Plan, prosecuting, pursuing, compromising, settling, or otherwise disposing of litigation and other retained causes of action including the Foxconn Litigation, defending the Company against any counterclaims, maintaining and managing the NOLs, and filing Securities and Exchange Commission required reports and satisfying other regulatory requirements. The Company has determined it operates as one operating segment.

The Company's CODM manages and allocates resources to the operations of the Company on a consolidated basis. This enables the CODM to assess the Company's overall level of available resources and determine how best to deploy these resources in line with the Company's long-term company-wide strategic goals. The CODM assesses performance of the Company's single segment and allocation of resources based on consolidated net loss as well as total general and administrative expenses. The CODM utilizes these metrics in order to assess the Company's net cash usage. Total net loss is used to monitor budget versus actual results.

Significant segment expenses are consistent with those presented on the condensed consolidated statements of operations and comprehensive loss. The measure of segment assets is reported on the condensed consolidated balance sheets as total assets.

Reclassifications

Certain amounts reported in the prior-period financial statements have been reclassified to conform to the current-period presentation. These reclassifications had no effect on previously reported net income (loss), comprehensive income (loss), stockholders' equity, or cash flows.

Cash and Cash Equivalents

Cash includes cash equivalents which are highly liquid investments that are readily convertible to cash. The Company maintains its cash in bank deposit and securities accounts that exceed federally insured limits. The Company has not experienced significant losses in such accounts and management believes it is not exposed to material credit risk.

The Company considers investments in money market funds that are readily convertible to known amounts of cash and have insignificant risk of changes in value to be cash equivalents. Investments in money market funds are measured at fair value, with changes in fair value recognized in earnings.

Investment Securities and Restricted Investment Securities

The Company's investments in U.S. Treasury bills and U.S. Treasury notes are classified as available-for-sale debt securities, which are carried at fair value, with unrealized gains and losses, net of applicable income taxes, reported as a component of accumulated other comprehensive income (loss). Interest income, including the amortization of premiums and accretion of discounts, is recognized in earnings using the interest method. Realized gains and losses on maturities of securities are determined using the specific identification method and are recognized in earnings.

At each reporting date, the Company evaluates available-for-sale debt securities that are in an unrealized loss position to determine whether the impairment results from a credit loss or other factors and whether the Company intends to sell the security, or it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis. The Company's available-for-sale debt securities consist of obligations of the U.S. Treasury. Because these securities are backed by the full faith and credit of the U.S. government, and the Company does not intend to sell and does not more likely than not required to sell before recovery of amortized cost, the Company considers the risk of credit loss to be insignificant and, accordingly, has not recorded an allowance for credit losses on these securities.

Restricted investment securities balances represent the cash reserves as required by the Plan that have been invested in U.S. Treasury notes and bills that are classified as available-for-sale debt securities. The Plan also required the Company to establish a $45 million reserve for allowed and disputed claims of general unsecured creditors (the "Claims Reserve"), including interest (although there can be no assurance the Company will be able to pay such claims in full, with interest). As of September 30, 2026, $2.6 million was included in restricted investment securities, which represents the initial Claims Reserve of $45 million, less $42.4 million which was released from the Claims Reserve related to the claims reconciliation process.

Equity Method Investments

The Company accounts for investments where it has the ability to exercise significant influence, but does not have a controlling financial interest, under the equity method of accounting. Equity method investments are initially recognized at cost and subsequently adjusted for the Company's proportionate share of the investee's earnings or losses, distributions received, and other changes in the investee's equity. The Company's share of earnings or losses is recognized in equity in earnings (loss) on equity method investments in the condensed consolidated statements of operations.

The Company evaluates equity method investments for impairment when events or changes in circumstances indicate that a decline in value below the carrying amount may be other than temporary. If a decline is determined to be other than temporary, the investment is written down to its estimated fair value and the resulting impairment loss is recognized in earnings.

Receivables

Receivables represent amounts due for interest from loans receivable and wealth management fees in the ordinary course of business and are recorded at the contractual or invoiced amount and do not bear interest. Receivables are presented net of the allowance for expected credit losses in the accompanying consolidated balance sheets. The Company evaluates the collectability of its accounts receivable and determines the appropriate allowance for expected credit losses based on a combination of factors. The Company maintains an allowance for expected credit losses based on historic collection trends, write-offs and the aging of receivables. The Company uses specific criteria to determine uncollectible receivables to be written off, including, bankruptcy filings, the referral of customer accounts to outside parties for collection, and the length that accounts remain past due.

Loans Receivable

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are classified as held for investment and are reported at amortized cost. Amortized cost represents the outstanding principal balance, adjusted for unamortized deferred loan origination fees and costs, purchase premiums and discounts.

Interest Income and Loan Fees

Interest income is recognized using the interest method based on the contractual terms of the loan and the loan's amortized cost basis. Loan origination fees, net of certain direct loan origination costs, and premiums and discounts are deferred and recognized as an adjustment to interest income over the contractual life of the related loan using the interest method. When a loan is paid off or otherwise settled before its contractual maturity, any remaining unamortized fees, costs, premiums, or discounts are recognized in earnings at that time.

Nonaccrual Loans and Past-Due Status

The Company places a loan on nonaccrual status when collection of principal or interest has become doubtful or when required by the Company's established credit policies. Generally, loans are placed on nonaccrual status when principal or interest is 90 days or more past due unless the loan is both well secured and in the process of collection.

When a loan is placed on nonaccrual status, previously accrued but uncollected interest is reversed against interest income. While a loan is on nonaccrual status, payments received are generally applied to principal when collectability of the remaining principal is uncertain. Otherwise, interest may be recognized on a cash basis to the extent appropriate.

A loan may be returned to accrual status when all contractually due principal and interest amounts are reasonably assured of repayment and the borrower has demonstrated sustained repayment performance in accordance with the Company's credit policies.

Loans are considered past due when principal is due and unpaid for a period of 90 days or more.

Allowance for Credit Losses

The allowance for credit losses ("ACL") represents management's estimate of current expected credit losses over the contractual lives of the loans as of the balance sheet date.

Management estimates the allowance balance using relevant information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Specific reserves cover impaired loans, or loans individually evaluated for impairment, and are primarily measured based on the fair value of collateral.

After applying historic loss experience, the quantitatively derived level of ACL is reviewed using qualitative criteria. Various risk factors are tracked that influence our judgment regarding the level of the ACL and the primary qualitative factors that may be reflected in the quantitative model may include, but are not limited to, asset quality trends; national and regional economic business conditions and other macroeconomic adjustments, industry monitoring and the value of underlying collateral.

Changes in the level of the ACL reflect changes in these factors. The magnitude of the impact of each of these factors on the qualitative assessment of the ACL changes from quarter to quarter according to the extent these factors are already reflected in historic loss rates and according to the extent these factors diverge from one another. Also considered is the uncertainty inherent in the estimation process when evaluating the ACL.

Changes in the allowance for credit losses are recognized through credit loss expense. The allowance is deducted from the amortized cost basis of loans held for investment to present the amount expected to be collected. Loans, or portions of loans, are charged off against the allowance for credit losses when the Company determines that the balance is uncollectible. Recoveries of amounts previously charged off are recognized when received.

Management monitors the credit quality of the loan portfolio using delinquency status (performing vs nonperforming) and loan to value ratio. A nonperforming loan is a loan that is past due greater than 90 days, or where management has determined that there is doubt in its ability to recover the carrying value of the loan. Credit quality indicators are reassessed periodically and whenever events or circumstances indicate that a borrower's credit risk may have changed.

A loan is considered collateral dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. For collateral-dependent loans for which the Company has determined that foreclosure is probable, expected credit losses are measured based on the fair value of the collateral, adjusted for estimated costs to sell when repayment depends on the sale of the collateral.

When foreclosure is not probable, but the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through operation or sale of the collateral, the Company estimates expected credit losses based on the fair value of the collateral.

Business Combinations

The Company accounts for business combinations using the acquisition method of accounting. The purchase price of an acquired business is allocated to the identifiable assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. The Company recognizes separately from goodwill the identifiable intangible assets acquired in a business combination. Any excess of the purchase price over the fair value of the identifiable net assets acquired and non-controlling interest is recorded as goodwill. The Company recognizes acquisition-related transaction costs as expenses as incurred. Any noncontrolling interest in an acquired entity is recognized at its acquisition-date fair value or, when permitted by applicable accounting guidance, based on its proportionate share of the fair value of the acquiree's identifiable net assets.

Determining the fair values of assets acquired and liabilities assumed requires management to make significant estimates and assumptions, including estimates regarding future cash flows, discount rates, market participant assumptions, asset lives and other valuation inputs.

The Company recognizes the fair value of contingent consideration, if any, as part of the consideration transferred on the acquisition date. Contingent consideration classified as a liability is subsequently remeasured at fair value at each reporting date, with changes in fair value generally recognized in earnings until the contingency is resolved.

The Company may adjust provisional amounts during the measurement period as new information about facts and circumstances existing at the acquisition date becomes available. Such adjustments are recognized retrospectively as of the acquisition date. The measurement period may not exceed one year.

Goodwill

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the identifiable assets acquired and liabilities assumed and non-controlling interest. Goodwill is not amortized but is tested for impairment at the reporting unit level at least annually as of December 31, and more frequently when events or changes in circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying amount.

The Company may first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The Company may elect to bypass the qualitative assessment and perform a quantitative impairment test.

When a quantitative impairment test is performed, the Company compares the fair value of each reporting unit with its carrying amount, including goodwill. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to the excess, limited to the amount of goodwill allocated to the reporting unit. The fair value of a reporting unit is determined using valuation techniques consistent with market participant perspectives. Any goodwill impairment loss recognized establishes a new carrying amount for goodwill and may not be subsequently reversed.

Intangible Assets

Intangible assets are recorded at fair value when acquired in a business combination. Intangible assets with finite useful lives are amortized over their estimated useful lives using the straight-line method, and are evaluated for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Amortization is recorded in amortization of intangible assets in operating expenses on the condensed consolidated statements of operations. An impairment loss is recognized when the carrying amount of the asset group is not recoverable based on expected undiscounted cash flows and exceeds its fair value.

Fair Value Measurements

The Company measures certain financial assets and liabilities at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability and considers the principal market, or in the absence of a principal market, the most advantageous market, in which the Company would transact. The Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair value measurements are classified within a three-level hierarchy based on the nature and observability of the inputs used in the valuation:

- **Level 1:** Quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date.
- **Level 2:** Observable inputs other than Level 1 quoted prices, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other market-corroborated inputs.
- **Level 3:** Unobservable inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability.

The classification of a fair value measurement within the hierarchy is based on the lowest-level input that is significant to the measurement as a whole. The Company evaluates the significance of inputs by considering factors specific to the asset or liability.

Equity Method Investments

Investments in entities where we have the ability to exercise significant influence, but do not control, are accounted for under the equity method of accounting and are included in "Equity method investments" on our condensed consolidated balance sheets. Significant influence typically exists if we have a 20% to 50% ownership interest in the investee. We evaluate our equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may be impaired. If a decline in the value of an equity method investment is determined to be other than temporary, a loss is recorded in earnings in the current period.

The Company's proportionate share of the net income or loss of equity method investments is included in equity in losses of equity method investees on the condensed consolidated statements of operations. The Company has loans receivable to the equity method investments. Because the equity method investments have no carrying value and the Company is not required to absorb losses or make further contributions to the investees, the equity in losses of the equity method investments is recognized as a reduction to the loans receivable.

Liabilities Subject to Compromise

In the accompanying condensed consolidated balance sheets, the "Liabilities subject to compromise" line is reflective of expected allowed claim amounts in accordance with ASC 852-10 and is subject to material change based on the continued consideration of claims that may be modified, allowed, or disallowed. Refer to Note 14 - Commitments and Contingencies for further detail.

Furniture and Equipment

Furniture and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Expenditures for maintenance and repairs are expensed as incurred, while renewals and betterments that

extend the useful life of an asset are capitalized. Upon retirement or disposal, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in operations. Estimated useful lives are as follows:

Category	Terms
Furniture and Fixtures	5 - 7 years
Computer Equipment	3 - 5 years
Equipment	5 - 7 years

For all periods presented, all furniture and equipment have been fully depreciated.

Leases

The Company determines whether an arrangement is or contains a lease at inception. Operating lease right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the remaining lease payments over the lease term, and the right-of-use asset is adjusted for prepaid or accrued rent, lease incentives, and initial direct costs. Because the rate implicit in its leases is not readily determinable, the Company uses its incremental borrowing rate. The Company has elected the short-term lease exception and does not record right-of-use assets or lease liabilities for leases with an original term of twelve months or less; such payments are recognized as expense on a straight-line basis over the lease term. Variable lease payments, including common area maintenance and operating cost escalations, are expensed as incurred.

Revenue Recognition

Revenue is recognized when the Company satisfies its performance obligations in an amount that reflects the consideration it expects to receive in exchange for its services. The Company's revenue consists primarily of insurance commissions and wealth management fees.

Insurance Commissions. The Company earns commission from insurance carriers for the sale of annuity and life insurance products. Commission revenue is recognized when the applicable policy is approved by the insurance carrier and funded because the Company's performance obligation has been satisfied at that time. Commission amounts are determined based on contractual commission schedules and generally vary based on the insurance product, policyholder characteristic and the Company's distribution level.

The Company also earns trailing commissions over the term or certain policies. Trailing commissions were not material to the Company's condensed consolidated financial statements.

Wealth Management Fees. The Company earns investment advisory fees for providing ongoing wealth management services to clients. These services represent a series of substantially similar services that are satisfied over time. Accordingly, investment advisory fee revenue is recognized over the period in which the services are provided.

Investment advisory fees are generally based on the value of assets under management and are billed quarterly in arrears. Because the number of considerations may vary with changes in assets under management, including contributions and withdrawals, the Company recognizes revenue in the amount attributable to services provided during the period.

Professional compensation

Costs of employees directly associated with generating commission revenue are classified as professional compensation in the accompanying condensed consolidated statements of operations.

Subcontractor and contract labor costs

Subcontractor and contract labor costs consist of the following: payout amounts that are earned by and paid out to advisors based on advisory and commission revenue earned on each client's account and production-based bonuses earned by advisors based on the levels of advisory and commission revenue they produce. Costs directly associated with generating commission revenue, including commissions paid to independent producers and affiliated agents, are classified as subcontractor and contract labor cost in the accompanying condensed consolidated statements of operations.

General and administrative expenses

General and administrative expenses consists of employee compensation expenses, legal and professional consulting fees, board fees, insurance and information technology expenses.

Legal Settlement and Litigation Benefit, net

Legal settlement and litigation benefit, net represents adjustments to accrued liabilities subject to compromise from claims as a result of the final settlement of claims.

Marketing and advertising

Marketing and advertising expenses consist primarily of promotional activities associated with the Company's direct marketing for Affinity. Direct marketing includes meetings and seminars which are held in the pursuit of attracting new clients. Marketing and advertising costs are expensed as incurred, are included in marketing and advertising in the accompanying condensed consolidated statements of operations and were approximately $0.1 million for the three and nine months ended September 30, 2026.

Stock-Based Compensation

The Company measures equity-classified share-based awards granted to employees and nonemployees at fair value on the grant date and recognizes compensation expense over the requisite service period. The fair value of stock options is estimated using the Black-Scholes option-pricing model, which incorporates assumptions including expected volatility, expected term and the risk-free interest rate. The Company accounts for forfeitures as they occur. See Note 13 - Stock Based Compensation for additional information.

Income Taxes

Deferred tax assets and liabilities are determined based on the difference between the condensed consolidated financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are provided, if based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The Company has recorded a full valuation allowance against its deferred tax assets.

The Company recognizes the tax benefit of tax positions for uncertain tax positions to the extent that the benefit would more likely than not be realized assuming examination by the taxing authority. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position as well as consideration of the available facts and circumstances. The Company recognizes any interest and penalties accrued related to unrecognized tax benefits as income tax expense.

Recently Issued Accounting Standards Not Yet Adopted

In November 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2025-08, Financial Instruments—Credit Losses (Topic 326): Purchased Loans. This ASU expands the population of acquired financial assets subject to the gross-up approach under the current expected credit loss ("CECL") model in Topic 326 by requiring purchased seasoned loans to be accounted for using the gross-up approach, similar to purchased credit-deteriorated ("PCD") assets. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The amendments are generally applied prospectively to loans acquired on or after the initial application date. The Company is currently evaluating the effect of this new guidance on the Company's condensed consolidated financial statements and related disclosures.

In May 2025, the FASB issued ASU 2025-03, Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity. This ASU amends the guidance for determining the accounting acquirer in certain business combinations in which the legal acquiree is a variable interest entity ("VIE") that meets the definition of a business. Specifically, when a business combination is effected primarily through the exchange of equity interests, the amendments require an entity to consider the relevant factors in Topic 805 to determine the accounting acquirer, rather than automatically identifying the primary beneficiary of the VIE as the accounting acquirer. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The Company is currently evaluating the impact of adopting this ASU on its condensed consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)*. This ASU requires public business entities to provide disclosure of additional information about certain identified costs and expenses on both an interim and annual basis. In January 2025, the FASB issued ASU 2025-01, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40); Clarifying the Effective Date.* This ASU provided clarification regarding the effective dates of annual and interim disclosure requirements presented in ASU 2024-03. Upon consideration of the clarification in ASU 2025-01, the guidance in ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026, and interim periods beginning within annual reporting periods beginning after December 15, 2027. The Company is currently evaluating the effect of this new guidance on the Company's condensed consolidated financial statements.

NOTE 3 - INVESTMENT SECURITIES AND EQUITY METHOD INVESTMENTS

The following table summarizes the Company's amortized cost and fair value of available-for-sale debt securities and restricted investment securities (in thousands):

Balance Sheet Line	**September 30, 2026**	Amortized cost basis	Aggregate fair value	Allowance for credit losses	Unrealized Loss	Maturity Date Range
Investment securities available-for-sale	United States government treasury bills	$ 4,164	$ 4,151	$ —	$ (13)	July 8, 2027
Restricted investment securities	United States government treasury bills	$ 2,627	$ 2,619	$ —	$ (8)	July 8, 2027

Balance Sheet Line	**December 31, 2025**	Amortized cost basis	Aggregate fair value	Allowance for credit losses	Unrealized Gains	Maturity Date Range
Investment securities available-for-sale	United States government treasury bills	$ 4,673	$ 4,722	$ —	$ 49	July 9, 2026
Restricted investment securities	United States government treasury	$ 5,047	$ 5,100	$ —	$ 53	July 9, 2026

As of September 30, 2026, and December 31, 2025, the Company's available-for-sale securities in an unrealized loss position consisted entirely of U.S. Treasury securities. The unrealized losses primarily resulted from changes in market interest rates rather than deterioration in the credit quality of the securities. The securities are obligations of the U.S. Treasury and are backed by the full faith and credit of the U.S. government. The Company does not intend to sell these securities, and it is not more likely than not that the Company will be required to sell the securities before recovery of their amortized cost basis. Accordingly, the Company did not record an allowance for credit losses related to these securities as of September 30, 2026, and December 31, 2025.

Equity Method Investments

These investments represent ownership interests in non-controlled partnerships which are considered to be related parties and are measured based on our share of the net earnings or losses of the investee. Balances are shown below (in thousands):

	September 30, 2026		December 31, 2025	
Investment	Carrying Value	Ownership %	Carrying Value	Ownership %
Foxpoint Florida LLC	$ -	40.0%	$ -	40.0%
Foxpoint Florida II LLC	-	29.3%	-	0.0%
Foxpoint Florida III LLC	-	40.0%	-	0.0%
4445 W Vine	-	40.0%	-	0.0%
Foxpoint Florida IV LLC	-	33.2%	-	0.0%
Foxpoint Florida V LLC	-	40.0%	-	0.0%
Total equity method investments	$ -		$ -	

Equity in losses of equity method investees was $702 and $702 for the three and nine months ended September 30, 2026, respectively, and there were no equity in losses of equity method investees for the three and nine months ended September 30, 2025 as there were no investments at that point in time.

NOTE 4 - FAIR VALUE MEASUREMENTS

Recurring Fair Value Measurements

The following tables presents the Company's assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy as of September 30, 2026 and December 31, 2025 (in thousands):

September 30, 2026	Total	Quoted prices in active markets (Level 1)	Prices with observable inputs (Level 2)	Prices with unobservable inputs (Level 3)
Assets:				
Cash and cash equivalents	$ 16,039	$ 16,039	$ —	$ —
Investment securities available-for-sale	4,151	4,151	—	—
Restricted investment securities	2,619	2,619	—	—
Total assets measured at fair value	$ 22,809	$ 22,809	$ —	$ —
Liabilities:				
Contingent consideration	$ 973	$ —	$ —	$ 973
Total liabilities measured at fair value	$ 973	$ —	$ —	$ 973

December 31, 2025	Total	Quoted prices in active markets (Level 1)	Prices with observable inputs (Level 2)	Prices with unobservable inputs (Level 3)
Assets:				
Cash and cash equivalents	$ 34,439	$ 34,439	$ —	$ —
Investment securities available-for-sale	4,722	4,722	—	—
Restricted investment securities	5,100	5,100	—	—
Total assets measured at fair value	$ 44,261	$ 44,261	$ —	$ —

There were no transfers between levels of the fair value hierarchy during the nine months ended September 30, 2026 or the year ended December 31, 2025.

Valuation Techniques and Inputs

Cash and cash equivalents classified within Level 1 of the fair value hierarchy are valued using quoted market prices in active markets for identical instruments.

Investment securities available-for-sale and restricted investment securities consist of U.S. Treasury bills and notes. The Company classifies on-the-run U.S. Treasury bills and notes as Level 1 assets under the fair value hierarchy as these assets have been valued using quoted market prices in active markets without any valuation adjustment. The Company classifies its off-the-run U.S. Treasury bills and notes as Level 2 assets under the fair value hierarchy as these assets have been valued using information obtained through a third-party pricing service, using observable market inputs that may include trade information, broker or dealer quotes, bids, offers, or a combination of these sources.

The fair value of contingent consideration is determined using a Monte Carlo simulation that incorporates significant unobservable inputs and, therefore, is classified within Level 3 of the fair value hierarchy. The valuation considers the probability of achieving specified financial or operational targets, the expected amount and timing of payments, and an appropriate discount rate. Changes in the assumptions used to estimate the fair value of contingent

consideration could result in a material change in its estimated fair value. Changes in the fair value of contingent consideration are recognized in other (expense) income, net on the condensed consolidated statements of operations.

There were no changes to level 3 measurements related to the contingent consideration liability measured at fair value using significant unobservable inputs during the three and nine months ended September 30, 2026.

There were no gains or losses included in earnings attributable to changes in unrealized gains or losses relating to the contingent consideration liability for the three and nine months ended September 30, 2026, respectively. Such amounts, if recorded, would be included in operating income, net in the condensed consolidated statements of operations.

The table below presents the quantitative information about Level 3 fair value measurements:

Fair Value Measurement	Valuation Technique	Significant Unobservable Input	Input
Contingent consideration	Monte Carlo simulation method	Discount rate	10.5%
		Revenue volatility	27.2%

Financial Instruments Not Measured at Fair Value

The Company's cash is not measured at fair value on a recurring basis. The carrying amount of cash approximates fair value due to its short-term nature and would be classified within Level 1 of the fair value hierarchy.

NOTE 5 – RECEIVABLES

At September 30, 2026, receivables consisted of interest receivable on loans receivable to related parties and wealth management fees and consisted of the following (in thousands):

	Receivables
Receivables balance at December 31, 2025	$ —
Activity during nine months ending September 30, 2026	1,002
Less: allowance for expected credit losses	—
Receivables balance at September 30, 2026	$ 1,002

The Company had no receivables at December 31, 2025.

NOTE 6 — LOANS RECEIVABLE TO RELATED PARTIES, NET OF EQUITY METHOD LOSSES

The following table presents the balance of loans receivable, net of equity method losses as well as credit loss activity as of September 30, 2026 and December 31, 2025 (in thousands):

September 30, 2026	**FPI**	**FPII**	**FPIII**	**4445 WV**	**FPIV**	**FPV**	**Total**
Original loan balance	$ 2,215	$ 5,500	$ 615	$ 485	$ 1,950	$ 830	$ 11,595
Equity method losses	(147)	(357)	(57)	(18)	(80)	(43)	(702)
Loans receivable, net of equity method losses	$ 2,068	$ 5,143	$ 558	$ 467	$ 1,870	$ 787	$ 10,893
Accrued interest on loans	$ 141	$ 351	$ 40	$ 30	$ 125	$ 53	$ 740

December 31, 2025	**FPI**	**FPII**	**FPIII**	**4445 WV**	**FPIV**	**FPV**	**Total**
Original loan balance	$ 2,215	$ -	$ -	$ -	$ -	$ -	$ 2,215
Equity method losses	-	-	-	-	-	-	-
Loans receivable, net of equity method losses	$ 2,215	$ -	$ -	$ -	$ -	$ -	$ 2,215
Accrued interest on loans	$ -	$ -	$ -	$ -	$ -	$ -	$ -

The Company's basis in the equity method investments has been reduced to zero. The Company has no obligation to absorb losses of the equity method investments or make additional contributions to the investment, so equity in losses of equity method investments has been allocated to the loans receivable.

As of September 30, 2026, the Company had accrued interest receivable for loans of $0.7 million and no accrued interest as of December 31, 2025, which are reported in receivables on the condensed consolidated balance sheets.

As of September 30, 2026, there are no loans that are past due based on their respective principal due dates.

All loans receivable are collateralized by billboards, and the loans are nonrecourse to the borrower. Repayment of the loans is limited to cash flows generated from the billboards or from sale of the underlying collateral. At loan inception, the loan to value ratios did not exceed 40%. There are no loan modifications to borrowers experiencing financial difficulty.

The Company has not recorded an allowance for credit losses against its loans receivable, as there are no expected credit losses. The loans receivable have recourse against the cash flows generated by the underlying collateral, as well as the fair value of the underlying collateral itself. The original loan-to-value ratios for all loans did not exceed 40%, so there is substantial excess collateral to cover the carrying value of the loans receivable.

Credit Quality

Management monitors the credit quality of loans receivable on an ongoing basis through periodic reviews of borrowers' payment history, outstanding balances, financial condition, repayment capacity, and other relevant credit risk factors. Each loan is determined to be either performing or nonperforming based on current payment status and management's assessment of the borrower's ability and willingness to repay the outstanding obligation. Performing vs nonperforming status is reevaluated periodically and adjusted, as necessary, to reflect changes in the borrower's financial condition, payment performance, collateral value, and other indicators of credit risk. Loans exhibiting increased credit risk are subject to enhanced monitoring and follow-up by management. This process assists management in identifying potential credit deterioration and assessing the adequacy of the allowance for credit losses. Based on managements assessment, management deemed the loans are of high credit quality.

Management monitors the credit quality of lending receivables using risk ratings, see table below (in thousands):

September 30, 2026 **Credit Quality**	**2026**	**2025**	**Total**
Loan Type 1			
Performing	$ 8,678	$ 2,215	$ 10,893
Total	$ 8,678	$ 2,215	$ 10,893

December 31, 2025 **Credit Quality**	**2025**	**Total**
Loan Type 1		
Performing	$ 2,215	$ 2,215
Total	$ 2,215	$ 2,215

Loan Modification

On August 18, 2026, the Company and the other lenders amended the Foxpoint Florida financing arrangements to defer specified monthly interest payments until the closing of a contemplated asset sale. The amendment also provided for interest on the deferred amounts and additional collateral and repayment provisions. Management evaluated the amendment under ASC 310-10-50 and determined the borrowers were experiencing financial difficulty at the time of the amendment. The amendments provided for payment delays that were determined to be other than insignificant. Accordingly, the amendments are considered modifications of receivables to borrowers experiencing financial difficulty under ASC 310-10-50. Subsequently, the Company, in its capacity as agent and lender, sent a notice of default to the Borrowers and the Guarantor, and the parties are in discussions regarding a potential global resolution. At September 30, 2026, the amortized cost basis of the modified loans was $11.6 million, representing 100% of the applicable class of financing receivables.

NOTE 7 — LEASES

Affinity leases office space in Cuyahoga Falls, Ohio and Canton, Ohio, under non-cancellable operating leases with remaining terms of approximately 0.7 years and 1.3 years as of September 30, 2026, respectively, certain of which include options to extend the lease term for five years and three years, respectively. Renewal options are included in the measurement of lease liabilities only when Affinity is reasonably certain to exercise them. Affinity's leases do not contain material residual value guarantees or restrictive covenants. Affinity has one other short-term lease which is expensed as permitted under the short-term lease exemption. The components of lease cost were as follows (in thousands):

Lease cost	Three Months Ended September 30, 2026	Nine Months Ended September 30, 2026
Operating lease cost	$ 20	$ 20
Short-term lease cost	5	5
Variable lease cost	1	1
Total lease cost	$ 26	$ 26

There were no lease costs for the three and nine months ended September 30, 2025 as the Company did not own Affinity at that point in time.

As of September 30, 2026, the weighted-average remaining lease term for operating leases was approximately 1.1 years and the weighted-average discount rate was 5.5%. Cash paid for amounts included in the measurement of operating lease liabilities was approximately $0.026 million for the three and nine months ended September 30, 2026 and no amounts paid for the three and nine months ended September 30 2025.

Maturities of operating lease liabilities as of September 30, 2026 are as follows (in thousands):

Year Ended	Future Minimum Rentals
Remainder of 2026	$ 27
2027	93
2028	27
Total undiscounted lease payments	147
Discount	(8)
Total lease liability	$ 139

NOTE 8 – GOODWILL

The changes in the carrying amount of goodwill for the nine months ended September 30, 2026 were as follows (in thousands):

	Goodwill
Balance at December 31, 2025	$ —
Goodwill recognized in connection with business combination	5,976
Impairment losses	—
Balance at September 30, 2026	**$ 5,976**

There were no goodwill impairment losses recognized during the three or nine months ended September 30, 2026. The $6.0 million in goodwill is expected to be deductible for income tax purposes.

NOTE 9 - INTANGIBLE ASSETS, NET

The following table summarizes the Company's intangible assets as of September 30, 2026 (in thousands):

	Gross carrying amount	**Accumulated amortization**	**Net carrying amount**	**Useful life**
Trade names and trademarks	$ 220	$ (5)	$ 215	10 years
National Marketing Organization Agreement	870	(18)	852	10 years
Noncompete agreements	170	(12)	158	3 years
Agent relationships	1,430	(30)	1,400	10 years
Customer relationships	760	(15)	745	10 years
Total	**$ 3,450**	**$ (80)**	**$ 3,370**	

Amortization expense related to intangible assets was approximately $80 thousand for both the three and nine months ended September 30, 2026. There were no intangible assets or related amortization expense prior to July 15, 2026.

Estimated future amortization expense for the Company's intangible assets as of September 30, 2026, is as follows (in thousands):

Year ending December 31,	**Estimated amortization**
Remainder of 2026	$ 96
2027	385
2028	385
2029	352
2030	328
2031	328
Thereafter	1,496
Total	**$ 3,370**

NOTE 10 — CONCENTRATIONS OF REVENUE

The Company earns a significant portion of its current revenue from insurance products written through a single insurance company. For the three months ended September 30, 2026, commissions on products written through that insurance company accounted for approximately 59% of total insurance advisory commissions. This concentration reflects the Company's strategic relationship with its primary carrier partner and does not represent dependence on a single agent or client relationship. These policies are produced by a network of multiple independent agents operating across the country, each writing policies on behalf of their respective clients. The Company maintains relationships with a range of insurance carriers. A significant amount of the Company's current revenue is derived from products purchased by individuals living in Ohio and the Company's results depend in part on the continued

service of a limited number of senior professionals whose client relationships and technical expertise are important to the business. The loss of one or more significant relationships, clients or key personnel could have a material adverse effect on the Company's results of operations.

The Company had no material contract assets or contract liabilities at September 30, 2026 or December 31, 2025.

NOTE 11 - SERIES A CONVERTIBLE PREFERRED STOCK

On November 7, 2022, the Company issued 0.3 million shares of Preferred Stock for $100 per share to Foxconn, resulting in gross proceeds of $30 million.

In addition, following the parties' agreement to the EV Program (as defined in the Investment Agreement) budget and the EV Program milestones and satisfaction of those EV Program milestones and other conditions set forth in the Investment Agreement, Foxconn was to purchase in two tranches, a total of 0.7 million additional shares of Preferred Stock at a purchase price of $100 per share for aggregate proceeds of $70 million. The parties agreed to use commercially reasonable efforts to agree upon the EV Program budget and EV Program milestones no later than May 7, 2023.

The completion of the subsequent Preferred Stock funding would have provided critical liquidity for the Company's operations. Since April 21, 2023, Foxconn has disputed its obligations under the Investment Agreement to consummate the second closing of Class A common stock (the "Subsequent Common Closing") and to use necessary efforts to agree upon the EV Program budget and EV Program milestones to facilitate the subsequent Preferred Stock funding. Foxconn initially asserted that the Company was in breach of the Investment Agreement due to the Company's receipt of the Nasdaq Notice regarding the Bid Price Requirement, as previously disclosed. As previously disclosed, Foxconn purported to terminate the Investment Agreement if that purported breach was not cured within 30 days.

The Company continues to believe that the breach allegations by Foxconn are without merit, and that Foxconn was obligated to complete the Subsequent Common Closing on or before May 8, 2023. Despite the Company taking action to satisfy the Bid Price Requirement as of June 7, 2023, and discussions between the parties to seek a resolution regarding the Investment Agreement, Foxconn did not proceed with the Subsequent Common Closing or any Subsequent Preferred Funding. As a result of Foxconn's actions, the Company was deprived of critical funding necessary for its operations.

On June 27, 2023, the Company filed its Chapter 11 Cases and on that same date the Company commenced the Foxconn Litigation in the Bankruptcy Court seeking relief for fraudulent and tortious conduct as well as breaches of the Investment Agreement and other agreements, the parties' joint venture agreement, the Foxconn APA, and the CMA that the Company believes were committed by Foxconn. As set forth in the complaint relating to the adversary proceeding, Foxconn's actions have caused substantial harm to the Company's operations and prospects and significant damages. See Note 14 – Commitments and Contingencies for additional information. The Foxconn Litigation is Adversary Case No. 23-50414. The descriptions herein with respect to the Preferred Stock and any rights thereunder do not account for the potential effects of the Chapter 11 Cases or the Foxconn Litigation on the Preferred Stock or any rights thereunder. The Company reserves all claims, defenses, and rights with respect to the Chapter 11 Cases, the Foxconn Litigation, the Preferred Stock, and any treatment of Preferred Stock or other interests held by Foxconn or any other party and the descriptions below do not account for the impact of any relief should it be granted.

The Preferred Stock, with respect to dividend rights, rights on the distribution of assets on any liquidation, dissolution or winding up of the affairs of the Company and redemption rights, ranks: (a) on a parity basis with each other class or series of any equity interests ("Capital Stock") of the Company now or hereafter existing, the terms of which expressly provide that such class or series ranks on a parity basis with the Preferred Stock as to such matters (such Capital Stock, "Parity Stock"); (b) junior to each other class or series of Capital Stock of the Company now or hereafter existing, the terms of which expressly provide that such class or series ranks senior to the Preferred Stock as to such matters (such Capital Stock, "Senior Stock"); and (c) senior to the Class A common stock and each other class or series of Capital Stock of the Company now or hereafter existing, the terms of which do not expressly provide that such class or series ranks on a parity basis with, or senior to, the Preferred Stock as to such matters (such Capital Stock, "Junior Stock"). While Foxconn's beneficial ownership of our Class A common stock meets the 25% Beneficial Ownership Requirement (as defined in the Investment Agreement), Parity Stock and Senior Stock can only be issued with Foxconn's consent.

The Certificate of Designation, Preferences and Rights of the Series A Convertible Preferred Stock filed by the Company with the Secretary of State of the State of Delaware (the "Certificate of Designations") provides that, in the event of any liquidation, dissolution or winding up of the affairs of the Company, the holders of Preferred Stock are entitled, out of assets legally available therefor, before any distribution or payment to the holders of any Junior Stock, and subject to the rights of the holders of any Senior Stock or Parity Stock and the rights of the Company's existing and future creditors, to receive in full a liquidating distribution in cash and in the amount per share of Preferred Stock equal to the greater of (1) the sum of $100 per share plus the accrued unpaid dividends with respect to such share, and (2) the amount the holder would have received had it converted such share into Class A common stock immediately prior to the date of such event.

All holders of shares of Preferred Stock are entitled to vote with the holders of Class A common stock on all matters submitted to a vote of stockholders of the Company as a single class with each share of Preferred Stock entitled to a number of votes equal to the number of shares of Class A common stock into which such share could then be converted; provided, that no holder of shares of Preferred Stock will be entitled to vote to the extent that such holder would have the right to a number of votes in respect of such holder's shares of Class A common stock, Preferred Stock or other capital stock that would exceed the limitations set forth in clauses (i) and (ii) of the definition of Ownership Limitations set forth in the Certificate of Designations.

The Certificate of Designations provides that, commencing on November 7, 2023 (the "Conversion Right Date"), and subject to the Ownership Limitations, the Preferred Stock became convertible at the option of the holder into a number of shares of Class A common stock obtained by dividing the sum of the liquidation preference (i.e., $100 per share) and all accrued but unpaid dividends with respect to such share as of the applicable conversion date by the conversion price as of the applicable conversion date. The conversion price currently is $29.04 per share and it is subject to customary adjustments. At any time following the third anniversary of the date of issuance, the Company can cause the Preferred Stock to be converted if the volume-weighted average price of the Class A common stock exceeds 200% of the Conversion Price for a period of at least twenty trading days in any period of thirty consecutive trading days. Foxconn's ability to convert is limited by clauses (i) and (ii) of the definition of the Ownership Limitations set forth in the Certificate of Designations.

Upon a change of control (as defined in the Certificate of Designations), Foxconn can cause the Company to purchase any or all of its Preferred Stock at a purchase price equal to the greater of its liquidation preference (including any unpaid accrued dividends) and the amount of cash and other property that it would have received had it converted its Preferred Stock prior to the change of control transaction (the "Change of Control Put").

The terms of the Company's Preferred Stock do not specify an unconditional obligation of the Company to redeem the Preferred Stock on a specific or determinable date, or upon an event certain to occur. The Company notes the existence of the Change of Control Put. However, the ability to execute this put right is contingent on the occurrence of the change of control event, which is not a known or determinable event at time of issuance. Therefore, the Preferred Stock is not considered to be mandatorily redeemable. The conversion of the Preferred Stock is based on a fixed conversion price rather than a fixed conversion amount. The value of the Preferred Stock obligation would not vary based on something other than the fair value of the Company's equity shares or change inversely in relation to the fair value of the Company's equity shares. Based on these factors, Preferred Stock does not require classification as a liability in accordance with the provisions in ASC 480 "Distinguishing Liabilities from Equity".

The Preferred Stock is not redeemable at a fixed or determinable date or at the option of the holder. However, the Preferred Stock does include the Change of Control Put, which could allow the holder to redeem the Preferred Stock upon the occurrence of an event. As the Company cannot assert control over every potential event which would qualify as a change of control, the event is not considered to be solely within the control of the issuer, and would require classification in temporary equity (as per ASC 480-10-S99-3A(4)). Accordingly, the Preferred Stock is classified as temporary equity and is separated from permanent equity on the Company's Balance Sheet.

The Preferred Stock issued by the Company accrues dividends at the rate of 8% per annum whether or not declared and/or paid by the Company (cumulative dividends). In addition, the dividends will compound on a quarterly basis (upon each Preferred Dividend Payment Date (as defined in the Certificate of Designations)) to the extent they are not paid by the Company. The Company records the dividends (effective PIK dividends) as they are

earned, based on the fair value of the Preferred Stock at the date they are earned. In addition, the holders of the Preferred Stock participate with any dividends payable in respect of any Junior Stock or Parity Stock. The Company accrued $0.8 million and $0.7 million in dividends for the three months ended September 30, 2026 and 2025, respectively, accrued $2.3 million and $2.2 million in dividends for the nine months ended September 30, 2026 and 2025, respectively, and had accrued $10.7 million and $8.4 million in aggregate dividends as of September 30, 2026 and December 31, 2025, respectively, which represented the estimated fair value to Preferred Stock with a corresponding adjustment to additional paid-in capital in the absence of retained earnings.

Upon emergence from bankruptcy, and as of the date of this report, the Preferred Stock remains outstanding and unimpaired. The liquidation preference, plus accrued dividends is presented as Temporary Equity within the Company's condensed consolidated balance sheets. As of September 30, 2026 and December 31, 2025, the Company did not consider a change of control to be probable, however there is significant uncertainty regarding the outcome of the Foxconn Litigation which may impact the foregoing, and the Company can provide no assurance regarding such determination.

NOTE 12 - CAPITAL STOCK AND LOSS PER SHARE

The Company has authorized shares of capital stock totaling 462,000,000 shares, consisting of (i) 450,000,000 shares of Class A common stock and (ii) 12,000,000 shares of preferred stock, each with a par value of $0.0001.

Basic EPS is calculated based on the weighted average number of shares outstanding during the period. Diluted EPS is calculated to include any dilutive effect of our share equivalents.

The following outstanding potentially dilutive common stock equivalents have been excluded from the computation of diluted net loss per share attributable to common shareholders for the three and nine months ended September 30, 2026 and 2025, respectively, due to their anti-dilutive effect (in thousands):

	Three months ended September 30, 2026	Three months ended September 30, 2025	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Foxconn Preferred Stock	1,402	1,296	1,402	1,296
Foxconn Warrants[1]	—	—	—	—
Private Placement Warrants[2]	—	154	—	154
Unvested restricted stock units	579	543	579	543
Total	1,981	1,993	1,981	1,993

1) Expired on May 11, 2025.

2) Expired on October 23, 2025.

NOTE 13 - STOCK BASED COMPENSATION

The vesting and settlement of any unvested equity awards was suspended during the pendency of the Chapter 11 Cases. Upon emergence, the suspended awards were settled if the vesting conditions had been satisfied. All vested options to purchase Class A common stock that remain outstanding as of the date the Company emerged remain outstanding in accordance with their terms and the terms of the Plan and any options not exercised within three months of an officer's termination of employment or a director's termination of board of director service with the Company will be forfeited.

Prior to emergence, the Company and each of its then named executive officers ("NEOs") were parties to employment agreements that provided for certain payments, including the accelerated vesting of equity awards, to the NEO upon the NEO's termination of employment by the Company without "Cause" or by the NEO's choice with "Good Reason". Accordingly, upon emergence, the Company issued 101,947 shares of Class A common stock to satisfy equity awards that vested during the pendency of the Chapter 11 Cases, and 102,889 shares of Class A common stock related to the accelerated vesting of the NEO awards. The accelerated vesting of the NEO awards resulted in the recognition of $2.6 million of stock compensation expense during the first quarter of 2024. The remaining $0.8 million of stock compensation expense during the first quarter of 2024 related to non-accelerated stock-based compensation for other employees prior to emergence.

In accordance with the Plan, on March 14, 2024, the Board of Directors approved, adopted and ratified an amendment to the Company's 2020 Equity Incentive Plan, as amended to increase the number of shares of Class A common stock reserved for issuance thereunder to an aggregate of 3,000,000 shares.

On May 13, 2024, the Compensation Committee of the Board of Directors adopted a modified director compensation plan for the five outside directors that constituted the Board of Directors. The director compensation plan included a three-year grant under the Company's 2020 Equity Incentive Plan of restricted stock units ("RSUs") with a fair market value of $8,000 per director per quarter ($96,000 per director in the aggregate), based on the closing price per share of the Company's common stock on May 13, 2024. The RSUs granted cover service on the Board of Directors through the first quarter of 2027 and vest quarterly through January 30, 2027, subject to acceleration on the occurrence of certain events.

On November 26, 2024 and December 4, 2024, the Compensation Committee of the Board of Directors adopted the director compensation plan for 2025 which includes cash payments of $140,000 per year ($210,000 for the chair of the Board of Directors (the "Chair")) and an annual RSU grant with a fair market value of $100,000 ($150,000 for Chair), vesting in substantially equal tranches on the first two anniversaries of the grant date. The grant date is the first trading day in January of each year. The fair value is determined based on the fair market value as of the grant date using the closing price on the grant date.

On September 26, 2025, the Company and its CEO, Alexander Matina, executed an employment agreement. The employment agreement provides for his cash compensation of $415,000 in addition to an annual RSU grant with a fair market value of $50,000, vesting in substantially equal tranches on the first two anniversaries of the grant date. The first RSU grant of 9,629 RSUs was issued with a grant date determined to be January 2, 2026. The fair value shall be determined based on the fair market value as of the grant date using the closing price on the grant date.

On October 16, 2025, the Compensation Committee recommended, and the Board of Directors approved, an amendment to the Company's 2020 Equity Incentive Plan, as amended, to increase the number of shares of Class A common stock reserved for issuance thereunder to an aggregate of 4,000,000 shares, which was approved by the stockholders on December 11, 2025.

The settlement of shares in respect of vested RSUs will occur as such shares vest, unless a director makes an irrevocable election to defer settlement (i.e., until the earliest of (x) five years after the grant date, (y) a change in control event, or (z) separation from service). Such election must be made in the calendar year prior to RSUs being granted. All Company directors elected this deferral in December 2024 and all Company directors but one elected this deferral in December 2025 related to RSUs granted to members of the Board of Directors for 2025 and 2026 service, respectively.

In January 2026, the Company granted a total of 444,413 RSUs to its directors and its CEO for a fair value of $0.6 million. During the three and nine months ended September 30, 2026, the Company recognized $0.3 million and $0.6 million of stock-based compensation expense, respectively, and during the three and nine months ended September 30, 2025, the Company recognized $0.1 million and $0.3 million, respectively, of stock-based compensation expense. The RSU expense is included in general and administrative expenses on the condensed consolidated statements of operations. The total fair value of shares vested was $0.04 million and $0.4 million for the three and nine months ended September 30, 2026. As of September 30, 2026, there was $0.4 million of unrecognized stock-based compensation related to non-vested awards that is expected to be recognized over a weighted average period of 0.55 years.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Voluntary Chapter 11 Proceedings, Liabilities Subject to Compromise and Other Potential Claims

On June 27, 2023, the Company and its subsidiaries commenced the Chapter 11 Cases in the Bankruptcy Court. See Note 1 - Description of Business for additional information.

Until our emergence from bankruptcy on March 14, 2024, the Company operated as debtor-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code.

The Company has been subject to extensive pending and threatened legal proceedings arising in the ordinary course of business and has already incurred, and expects to continue to incur, significant legal expenses in defending against these claims. The Company sought and achieved resolution of many of these matters as part of the Chapter 11 Cases and has and may in the future enter into further discussions regarding settlement of these matters and may enter into settlement agreements if it believes it is in the best interest of the Company's stakeholders. The Company records a liability for loss contingencies in the condensed consolidated financial statements when a loss is known or considered probable and the amount can be reasonably estimated. Legal fees and costs of litigation, settlement by the Company or adverse decisions with respect to the matters disclosed may result in a liability that is not insured or that is in excess of insurance coverage and could significantly exceed our current accrual and ability to pay and be, individually or in the aggregate, material to the Company's condensed consolidated results of operations, financial condition or cash flows, and diminish or eliminate any assets available for any distribution to creditors and Interest holders.

The filing of the Chapter 11 Cases resulted in an initial automatic stay of legal proceedings against the Company, as further described below. On July 27, 2023, the Bankruptcy Court modified the automatic stay to allow the Karma Action (defined below) to proceed against the Company and that matter was settled, as further described below.

With respect to the stockholder derivative suits filed on behalf of the Company against certain of its officers and directors and certain former DiamondPeak directors prior to the Chapter 11 Cases, the derivative claims asserted in those suits became the property of the Company pursuant to the Bankruptcy Court's order confirming the Plan. The Company appointed an independent committee of directors to evaluate such claims with the assistance and advice of special litigation counsel, to make a recommendation as to the disposition of such claims, including, among other things, whether to pursue or release some or all of those claims against some or all of those officers and directors. Ultimately, such claims were retained by the Company and not released under the Plan.

With respect to the Ohio Securities Class Action opt-out claims (discussed below), the Post-Petition Securities Action and any other similar claims for damages arising from the purchase or sale of the Class A common stock, Section 510(b) of the Bankruptcy Code treats such claims as subordinated to all claims or Interests that are senior to the Class A common stock and having the same priority as the Class A common stock.

The Bankruptcy Court established October 10, 2023, as the general bar date for all creditors (except governmental entities) to file their proofs of claim or interest, and December 26, 2023, as the bar date for all governmental entities, which was extended until January 5, 2024, in the case of the SEC or that may arise due to our obligations under the Highway Safety Act of 1970 (the "Safety Act") administered by the National Highway Traffic Safety Administration ("NHTSA") described under "NHTSA Matters" below. The deadline to assert rejection damage claims and administrative expense claims has passed. The ability of creditors to amend previously filed proofs of claim, both in terms of amount and nature of claim, will be governed in accordance with applicable law. Furthermore, proofs of claim have been filed asserting unliquidated damages or claims in respect of certain indemnifications or otherwise that we may not be able to estimate, or may be materially more than we estimate. The amount of such liability may diminish the assets available to satisfy general unsecured claims. There is substantial risk of litigation by and against the Company or its indemnified directors and officers with respect to such claims.

In addition, the deadline for parties to file proofs of claim arising from the Company's rejection of an executory contract or unexpired lease, and proofs of claim for administrative expense claims, was April 15, 2024.

Several rejection damages and administrative expense claims were filed, all but one of which has been settled or withdrawn.

"Liabilities subject to compromise" are recorded at the expected or estimated amount of the total allowed claim, however, the ultimate settlement of these liabilities remains subject to analysis and negotiation, approval of the Bankruptcy Court and the other factors discussed above, and any unliquidated claims may be settled or resolved for materially different amounts. These amounts are also subject to adjustments if we make changes to our assumptions or estimates related to unliquidated claims as additional information becomes available to us. Such adjustments may be material, and the Company will continue to evaluate the amount and classification of its pre-petition liabilities. Any additional liabilities that are subject to compromise will be recognized accordingly, and the aggregate amount of "Liabilities subject to compromise" may change materially.

Upon emergence from bankruptcy, the Company recorded $60.7 million in restricted cash as required by the Plan for bankruptcy and administrative claim settlements and pre-emergence bankruptcy professional fees. Post emergence the Company settled claims and pre-emergence bankruptcy professional fees totaling $58.1 million, resulting in a restricted investment securities balance of $2.6 million as of September 30, 2026. In accordance with the Plan, the Claims Ombudsman had until the end of the GUC Reserve Adjustment Period (as defined in the Plan) to request an increase in the reserve, if he believed the existing reserve would be insufficient to fund all allowed and disputed unsecured claims. The Claims Ombudsman made no such request, and the GUC Reserve Adjustment Period concluded in September 2024.

Concurrently, the Company recorded a liability totaling $29.9 million upon emergence from bankruptcy within liabilities subject to compromise, which was reflective of the expected allowed claims amounts in accordance with ASC 852-10. Since emerging from bankruptcy, the Company settled liabilities subject to compromise in the amount of $27.3 million, resulting in a liabilities subject to compromise balance of $2.6 million as of September 30, 2026. This balance reflects both undisputed and partially disputed amounts the Company may owe.

The Company's liabilities for legal proceedings and potential related obligations may include amounts for the securities litigation, government claims and indemnification obligations described in more detail below or other claims that may be asserted against the Company and may or may not be offset by insurance. Changes in the Company's operations in connection with the Chapter 11 Cases reduced the Company's need to maintain insurance coverage at previous levels or to carry certain insurance policies. The amount accrued for as of September 30, 2026 was estimated based on available information and legal advice, the potential resolution of these matters in light of historical negotiations with the parties, and the potential impact of the outcome of one or more claims on related matters, but does not take into account the impact of the applicable provisions of the Bankruptcy Code, the terms of the Plan, ongoing discussions with the parties thereto and other stakeholders or actual amounts that may be asserted in Claims submitted in the Chapter 11 Cases or for indemnification as these factors cannot yet be determined and are subject to substantial uncertainty. Accordingly, the accrued amount may be adjusted in the future based on new developments and it does not reflect a full range of possible outcomes for these proceedings, or the full amount of any damages alleged, which are significantly higher.

Insurance Matters

The Company was notified by its primary insurer under its post-merger directors and officers insurance policy that the insurer is taking the position that no coverage is available for the Ohio Securities Class Action, various shareholder derivative actions, the consolidated stockholder class action, various demands for inspection of books and records, the SEC investigation, and the investigation by the United States Attorney's Office for the Southern District of New York described below, and certain indemnification obligations, under an exclusion to the policy called the "retroactive date exclusion." The insurer has identified other potential coverage issues as well. Excess coverage typically follows the terms of the underlying insurance and pays covered loss that reaches the excess attachment point. As a result of the denial of coverage, no or limited insurance may be available to us to reimburse our expenses or cover any potential losses for these matters, which could be significant. The insurers in our Side A directors and officers ("D&O") insurance program, providing coverage for individual directors and officers in derivative actions and certain other situations, have issued a reservation of rights letter which, while not denying coverage, has cast doubt on the availability of coverage for at least some individuals and/or claims. The Company continues to analyze the insurer's position and intends to pursue any available coverage under this policy and other insurance.

On October 25, 2024, the Company filed a complaint in the United States Bankruptcy Court for the District of Delaware seeking a declaration that the Company is entitled to coverage from the 2020-2021 and 2021-2022 primary layer D&O liability insurance company for costs to defend certain lawsuits and respond to certain SEC and DOJ investigations. The primary policy has face limits of $5 million. In response, the primary layer insurer moved to dismiss and filed a competing lawsuit in New York State court seeking a declaration that there is no coverage for the same lawsuits and SEC and DOJ investigations. The Bankruptcy Court granted the motion to dismiss. On cross motions for summary judgment, the New York State court granted summary judgment in favor of the primary layer insurance company and denied the Company's motion for summary judgment. The Company has appealed the decision to the intermediate appellate court. The appellate court reversed the lower court and found the Company has coverage for some claims. The primary layer insurer moved for reargument and leave to appeal to the New York Court of Appeals, the Company opposed the motion, and the appellate court denied it on September 22, 2026. The Company is seeking entry of judgment.

Certain former directors and officers have also stated that they intend to pursue coverage for their defense costs related to these lawsuits, and the Bankruptcy Court has ordered that they coordinate with the Company on these efforts in order to maximize the amount of coverage potentially available.

Ohio Securities Class Action

Six related putative securities class action lawsuits were filed against the Company and certain of its current and former officers and directors and former DiamondPeak directors between March 18, 2021 and May 14, 2021 in the U.S. District Court for the Northern District of Ohio (Rico v. Lordstown Motors Corp., et al.; Palumbo v. Lordstown Motors Corp., et al.; Zuod v. Lordstown Motors Corp., et al.; Brury v. Lordstown Motors Corp., et al.; Romano v. Lordstown Motors Corp., et al.; and FNY Managed Accounts LLC v. Lordstown Motors Corp., et al.). The matters have been consolidated and the Court appointed George Troicky as lead plaintiff and Labaton Sucharow LLP as lead plaintiff's counsel (the "Ohio Securities Class Action"). On March 10, 2021, lead plaintiff and several additional named plaintiffs filed their consolidated amended complaint, asserting violations of federal securities laws under Section 10(b), Section 14(a), Section 20(a), and Section 20A of the Exchange Act and Rule 10b-5 thereunder against the Company and certain of its current and former officers and directors. The complaint generally alleges that the Company and individual defendants made materially false and misleading statements relating to vehicle pre-orders and production timeline. Defendants filed a motion to dismiss, which is fully briefed as of March 3, 2023. The Company filed a suggestion of bankruptcy on June 28, 2023, and filed an amended suggestion of bankruptcy on July 11, 2023, which notified the court of the filing of the Chapter 11 Cases and resulting automatic stay. On August 28, 2023, the court denied the pending motion to dismiss, without prejudice, given the notice of the automatic stay, subject to potential re-filing by the Defendants following the lifting of the stay.

The Plan settled the Ohio Securities Class Action, with the lead plaintiff receiving (i) $3 million in cash and (ii) up to an additional $7 million, consisting of (a) 25% of all net litigation proceeds received by the Company on Retained Causes of Action (if any); and (b) the lesser of (x) 16% of any distribution made by the Company on account of Foxconn's preferred stock liquidation preference, and (y) $5 million, on behalf of the Ohio Settlement Class (as defined in the Plan).

Derivative Litigation

Four related stockholder derivative lawsuits were filed against certain Company officers and directors, former DiamondPeak directors, and against the Company as a nominal defendant between April 28, 2021 and July 9, 2021 in the U.S. District Court for the District of Delaware (Cohen, et al. v. Burns, et al.; Kelley, et al. v. Burns, et al.; Patterson, et al. v. Burns, et al.; and Sarabia v. Burns, et al.). The derivative actions in the District Court of Delaware have been consolidated. On August 27, 2021, plaintiffs filed a consolidated amended complaint, asserting violations of Section 10(b), Section 14(a), Section 20(a) and Section 21D of the Exchange Act and Rule 10b-5 thereunder, breach of fiduciary duties, insider selling, and unjust enrichment, all relating to vehicle pre-orders, production timeline, and the merger with DiamondPeak. On October 11, 2021, defendants filed a motion to stay this consolidated derivative action pending resolution of the motion to dismiss in the consolidated securities class action. On March 7, 2023, the court granted in part defendants' motion to stay, staying the action until the resolution of the motion to dismiss in the consolidated securities class action, but requiring the parties to submit a status report if the motion to dismiss was not resolved by March 3, 2023. The court further determined to dismiss without a motion, on the grounds that the claim was premature, plaintiffs' claim for contribution for violations of Sections 10(b) and 21D of the Exchange Act without prejudice. The parties filed a joint status report as required because the motion to dismiss in the consolidated securities class action was not resolved as of March 3, 2023. The parties filed additional court-ordered joint status reports on October 28, 2022, January 6, 2023 and April 3, 2023. On April 4, 2023, the Court ordered the parties to submit a letter brief addressing whether the Court should lift the stay. On April 14, 2023, the parties submitted a joint letter requesting that the Court not lift the stay. On April 17, 2023, the court lifted the stay and ordered the parties to meet and confer by May 8, 2023 and submit a proposed case-management plan. On May 9, 2023, the court reinstated the stay and ordered the parties to advise the court of any developments in the consolidated securities class action or material changes to Lordstown's condition. The Company filed a suggestion of bankruptcy on June 27, 2023, which notified the court of the filing of the Chapter 11 Cases and resulting automatic stay. The court entered an order acknowledging the effect of the automatic stay on June 28, 2023. An independent committee of directors evaluated the derivative claims with the assistance and advice of special litigation counsel to make a recommendation as to the disposition of such claims. Ultimately, such claims were retained by the Company and not released under the Plan. The proceedings are subject to uncertainties inherent in the litigation process.

Another related stockholder derivative lawsuit was filed in U.S. District Court for the Northern District of Ohio on June 30, 2021 (Thai v. Burns, et al.), asserting violations of Section 10(b), Section 14(a), Section 20(a) and Section 21D of the Exchange Act and Rule 10b-5 thereunder, breach of fiduciary duties, unjust enrichment, abuse of control, gross mismanagement, and waste, based on similar facts as the consolidated derivative action in the District Court of Delaware. On October 21, 2021, the court in the Northern District of Ohio derivative action entered a stipulated stay of the action and scheduling order relating to defendants' anticipated motion to dismiss and/or subsequent motion to stay that is similarly conditioned on the resolution of the motion to dismiss in the consolidated securities class action. The Company filed a suggestion of bankruptcy on June 28, 2023, and filed an amended suggestion of bankruptcy on July 19, 2023, which notified the court of the filing of the Chapter 11 Cases and resulting automatic stay. An independent committee of directors evaluated the derivative claims with the assistance and advice of special litigation counsel to make a recommendation as to the disposition of such claims. Ultimately, such claims were retained by the Company and not released under the Plan. The proceedings are subject to uncertainties inherent in the litigation process.

Another related stockholder derivative lawsuit was filed in the Delaware Court of Chancery on December 2, 2021 (Cormier v. Burns, et al. (C.A. No. 2021-1049)), asserting breach of fiduciary duties, insider selling, and unjust enrichment, based on similar facts as the federal derivative actions. An additional related stockholder derivative lawsuit was filed in the Delaware Court of Chancery on February 18, 2023 (Jackson v. Burns, et al. (C.A. No. 2023-0164)), also asserting breach of fiduciary duties, unjust enrichment, and insider selling, based on similar facts as the federal derivative actions. On April 19, 2023, the parties in Cormier and Jackson filed a stipulation and proposed order consolidating the two actions, staying the litigation until the resolution of the motion to dismiss in the consolidated securities class action and appointing Schubert Jonckheer & Kolbe LLP and Lifshitz Law PLLC as Co-Lead Counsel. On May 10, 2023, the court granted the parties' proposed stipulation and order to consolidate the actions, and to stay the consolidated action pending the resolution of the motion to dismiss in the consolidated securities class action. While the action remains stayed, on June 24, 2023, the plaintiffs filed a consolidated complaint asserting similar claims, and substituting a new plaintiff (Ed Lomont) for Cormier, who no longer appears to be a named plaintiff in the consolidated action. On June 27, 2023, the Company filed a suggestion of bankruptcy, which notified the court of the filing of the Chapter 11 Cases and resulting automatic stay. An independent committee of directors evaluated the derivative claims with the assistance and advice of special litigation counsel to make a recommendation as to the disposition of such claims. Ultimately, such claims were retained by the Company and not released under the Plan. The proceedings are subject to uncertainties inherent in the litigation process.

DiamondPeak Delaware Class Action Litigation

Two putative class action lawsuits were filed against former DiamondPeak directors and DiamondPeak Sponsor LLC on December 8 and 13, 2021 in the Delaware Court of Chancery (*Hebert v. Hamamoto, et al.* (C.A. No. 2021-1066); and *Amin v Hamamoto, et al.* (C.A. No. 2021-1085)) (collectively, the "Delaware Class Action Litigation"). The plaintiffs purported to represent a class of investors in DiamondPeak and asserted breach of fiduciary duty claims based on allegations that the defendants made or failed to prevent alleged misrepresentations regarding vehicle pre-orders and production timeline, and that but for those allegedly false and misleading disclosures, the plaintiffs would have exercised a right to redeem their shares prior to the de-SPAC transaction. On February 9, 2023, the parties filed a stipulation and proposed order consolidating the two putative class action lawsuits. The parties subsequently advised the Company that they reached an agreement to resolve this matter, and the former DiamondPeak directors sought indemnification from the Company with respect to a portion of the settlement amount.

On September 8, 2024, the Company and the former DiamondPeak directors entered into a settlement agreement pursuant to which, among other things, such former directors' claims against the Company were settled.

SEC Claim

The Company received two subpoenas from the SEC for the production of documents and information, including relating to the merger between DiamondPeak and Lordstown Motors Corp. and pre-orders of vehicles, and the Company was informed by the U.S. Attorney's Office for the Southern District of New York that it is investigating these matters. The Company cooperated, and intends to continue to cooperate, with these and any other regulatory or governmental investigations and inquiries. Ultimately, the SEC filed a claim against the Company for $45.0 million (the "SEC Claim"). The Company settled the SEC Claim by (i) settling the Ohio Securities Class Action and (ii) making an offer of settlement to the SEC, which was approved by

the SEC on February 29, 2024. Upon the Company's emergence from bankruptcy, the SEC Claim was deemed withdrawn pursuant to the terms of the offer of settlement and the Plan. See the section in this Note 11 titled "Ohio Securities Class Action" for additional information regarding the Company's continuing contingent obligations related to the Ohio Securities Class Action settlement. No amounts attributable to the Company's settlement of the SEC Claim were paid or are payable to the SEC.

Indemnification Obligations

The Company may have potential indemnification obligations with respect to the current and former directors named in the above-referenced actions, which obligations may be significant and may not be covered by the Company's applicable directors and officers insurance. The Company believes it has defenses to certain of these potential indemnification obligations, including that such claims for indemnification are subject to subordination pursuant to applicable law, and, if allowed, should receive the treatment set forth in Article III.B.8 of the Plan.

Foxconn Transactions

The Company entered into a series of transactions with affiliates of Foxconn, beginning with the Agreement in Principle that was announced on September 30, 2021, pursuant to which the Company entered into definitive agreements to sell our manufacturing facility in Lordstown, Ohio under an asset purchase agreement (the "Foxconn APA") and outsource manufacturing of the Endurance to Foxconn under a contract manufacturing agreement (the "CMA"). On November 7, 2022, the Company entered into an investment agreement with Foxconn under which Foxconn agreed to make additional equity investments in the Company (the "Investment Agreement"). The Investment Agreement superseded and replaced an earlier joint venture agreement. The Foxconn APA, the CMA and the Investment Agreement together are herein referred to as the "Foxconn Transactions."

On June 27, 2023, the Company commenced the Foxconn Litigation in the Bankruptcy Court seeking relief for breaches of the Investment Agreement, the Foxconn APA and the CMA and fraudulent and tortious actions that the Company believes were committed by Foxconn. See the following section and Note 1 - Description of Business - Foxconn Litigation for additional information. The Investment Agreement and the CMA were rejected pursuant to the Plan upon the Company's emergence from bankruptcy. The Foxconn APA transaction was consummated before the Chapter 11 Cases. Refer to Note 8 - Series A Convertible Preferred Stock for additional details.

Foxconn Litigation

On June 27, 2023, the Company commenced the Foxconn Litigation in the Bankruptcy Court seeking relief for breaches of the Investment Agreement and other agreements and fraudulent and tortious actions that the Company believes were committed by Foxconn, which have caused substantial harm to our operations and prospects and significant damages.

On September 29, 2023, Foxconn filed a motion to dismiss all counts of the Foxconn Litigation and brief in support of the same (the "Foxconn Adversary Motion to Dismiss"), asserting that all of the Company's claims are subject to binding arbitration provisions and that the Company has failed to state a claim for relief.

On August 1, 2024, the Bankruptcy Court entered an opinion and order partially denying and partially granting the Foxconn Adversary Motion to Dismiss, which was subsequently amended on October 1, 2024. Nine of the Company's claims survived the motion to dismiss on the grounds that the Company pled viable claims against Foxconn and the claims were not subject to mandatory arbitration. The Court also dismissed two of the Company's claims in favor of arbitration. The order is presently being appealed by Foxconn to the Third Circuit Court of Appeals. The Bankruptcy Court has stayed litigation of the claims that it ruled were not subject to arbitration pending that appeal. The Court also allowed that the two dismissed claims should proceed to arbitration.

The Company is vigorously pursuing the litigation.

The Post-Petition Securities Action

On July 26, 2023, a putative class action lawsuit was filed in the U.S. District Court for the Northern District of Ohio by Bandol Lim ("Plaintiff Lim"), individually and on behalf of other stockholders asserting violations of Section 10(b), Section 20(a) of the Exchange Act and Rule 10b-5 thereunder relating to the Company's disclosure regarding its relationship with Foxconn and the Foxconn Transactions (the "Post-Petition Securities Action"). The lawsuit names Edward Hightower, Adam Kroll, and Daniel Ninivaggi as Defendants ("Defendants") in their capacities as Company officers and/or directors. Defendants have informed the Company they dispute the allegations and intend to vigorously defend against the suit. None of the Debtors is named as a Defendant in the Post-Petition Securities Action. Plaintiff Lim and RIDE Investor Group each filed motions for appointment as lead plaintiff in the Post-Petition Securities Action. On September 30, 2024, the Post-Petition Securities Action was dismissed in full on the grounds that none of the allegations were actionable. Separately, each of the members of the RIDE Investor Group filed proofs of claim (the "RIDE Proofs of Claims") against the Company, purportedly on behalf of themselves and the putative class in the Post-Petition Securities Action, in an unliquidated amount. The RIDE Investor Group has not sought authority from the Bankruptcy Court to file its purported class proofs of claim. The Plan constituted an objection to each of the RIDE Proofs of Claim, and on October 25, 2024, the Company filed additional objections to the RIDE Proofs of Claim on various grounds. Each of the RIDE Proofs of Claim was disallowed by Bankruptcy Court order, and the Company bears no liability for such claims.

NHTSA Matters

The Company's obligations under the Safety Act administered by NHTSA for the vehicles it has manufactured and sold continued in force during the pendency of and following the Chapter 11 Cases. During the Chapter 11 Cases, the Company's obligations were treated as a claim of the United States government against the Company. The Plan did not discharge the Company from claims arising after emergence from bankruptcy, nor did it preclude or enjoin the enforcement of any police or regulatory power. The Company believes it has repurchased all of the vehicles that were sold (other than the vehicles sold to LAS Capital or its affiliates, for which it assumed warranty, product liability and recall liabilities). The Company cannot predict the extent of the liability that may arise from the Safety Act obligations for vehicles the Company has already manufactured and sold, or any claims that may be asserted by NHTSA.

NOTE 15 - RELATED PARTY TRANSACTIONS

Under the Investment Agreement, Foxconn made additional equity investments in the Company, whereby it became a related party under the Company's Related Party Transaction Policy as a 5% or more beneficial owner of the Company's Class A common stock. For the nine months ended September 30,

2026 and 2025, the Company made no payments, and had no amounts payable, to Foxconn.

William Gallagher, who served as the Company's Chief Executive Officer from the Effective Date until September 26, 2025, is a principal of M3 Advisory Partners, LP ("M3 Partners"). M3 Partners served as the Equity Committee's financial consultant during the bankruptcy proceedings. Upon emergence from bankruptcy, the Company engaged M3 Partners to provide executive management and support services pursuant to the terms of an engagement agreement (the "Engagement Agreement"). While serving as the Company's Chief Executive Officer, Mr. Gallagher remained employed by M3 Partners and provided his services pursuant to the Engagement Agreement. In connection with the appointment of Alexander Matina as the Company's Chief Executive Officer on September 26, 2025, the Company entered into an amended and restated engagement letter (the "Amended Engagement Agreement") with M3 Partners to reflect that William Gallagher would no longer be serving in the role of Chief Executive Officer of the Company. The Amended Engagement Agreement provides that M3 Partners will continue to provide support to the Company, including a litigation trustee, in evaluating and managing its operations, assets and liabilities, and such other services as M3 Partners and the Company otherwise agree in writing.

Pursuant to the Amended Engagement Agreement, M3 Partners' fees are calculated on an hourly basis. The Company incurred approximately $0.1 million and $0.2 million in fees payable to M3 Partners under the Engagement Agreement and Amended Engagement Agreement for the three and nine months ended September 30, 2026, respectively, which is included in general and administrative expenses within the condensed consolidated statements of operations. The Company incurred approximately $0.2 million and $0.7 million in fees payable to M3 Partners under the Engagement Agreement for the three and nine months ended September 30, 2025, respectively, which is included in general and administrative expenses within the condensed consolidated statements of operations.

The Company has entered into loans with FPI, FPII, FPIII, 4445WV, FPIV and FPV in each of which it has an equity interest of more than 20% and which it considers related parties (see Note 6 – Loans Receivable to Related Parties, net of Equity Method Losses for further information). As of September 30, 2026, the Company has an original loan balance of $11.6 million that is partially offset by an equity method loss of $0.7 million with a net loans receivable balance of $10.9 million on the condensed consolidated balance sheet. As of September 30, 2026, the Company also has interest receivables for these loans of $0.7 million recorded in receivables on the condensed consolidated balance sheet.

NOTE 16 – ACQUISITION

On July 15, 2026, Affinity Advisory Holdings Corp. ("AAH") and a subsidiary of the Company, completed the acquisition of 100% of the voting equity interests of Affinity Advisory Network, LLC and AAN Wealth Advisors, LLC (together, "Affinity") in order to acquire its integrated platform combining insurance distribution and registered investment advisory service. The aggregate consideration payable under the Purchase Agreement consisted of (a) a cash payment at closing of $6,720,000, subject to customary adjustments for working capital, cash, indebtedness, and transaction expenses; (b) 80,000 shares of Class A common stock of the Company (the "Class A Common Stock"); and (c) shares of AAH common stock equal to 15% of its issued and outstanding shares immediately following the closing. The Sellers are also eligible to receive a contingent earnout payment of up to $1,312,000 (plus accrued interest), payable in up to three annual installments of approximately $437,333 each following the closing, subject to meeting certain insurance-writing thresholds.

Acquisition Consideration

The following table summarizes the components of the acquisition's total consideration (in thousands, except share data) that are reflected in the condensed consolidated financial statements:

Consideration			**Valuation Methodology**
Cash (1)	$	6,826	
80,000 shares of Stark Novus Financial Inc. Class A Common Stock issued at closing		141	Class A Common Stock - 80,000 shares x stock price at date of closing
Contingent consideration (2)		973	Monte Carlo simulation method
Non-controlling interest		1,490	Discounted Cash Flow method utilizing a weighted average cost of capital rate. Level 3 investment
Fair Value of total consideration transferred	$	9,430	

(1) Total cash consideration of $6,826, including in respect of $222 of cash on the balance sheet of Affinity at closing, which was paid for dollar for dollar as part of the purchase price, less net working capital adjustments of $218.

(2) The contingent consideration of $973 represents the value of the earnout payment as described in Note 1 – *The Acquisition*, which is measured at fair value each period with changes in fair value recorded in operating (expense) income, net in the condensed consolidated statement of operations.

Purchase Price Allocation

The following table presents the preliminary purchase price allocation, including intangible-asset useful lives (in years) and valuation method for the Affinity acquisition (dollar amounts in thousands):

Net Assets Acquired:		**Fair Value**	**Intangible Useful Life**	**Intangible Valuation Method**
Cash and cash equivalents	$	222		
Receivables		113		
Accounts payable		(4)		
Accrued expenses and other liabilities		(327)		
Net working capital	$	4		
Trade names and trademarks	$	220	10	Relief from Royalty method
National Marketing Organization Agreement (3)		870	10	With-and-Without method
Noncompetition agreements		170	3	With-and-Without method
Agent relationships		1,430	10	Multi-period Excess Earnings method
Customer relationships		760	10	Multi-period Excess Earnings method
Identifiable intangible assets	$	3,450		
Goodwill	$	5,976		
Purchase price	**$**	**9,430**		
Value Conveyed:				
Purchase Consideration	**$**	**7,940**		
Non-controlling interest		**1,490**		Discounted Cash Flow method utilizing a weighted average cost of capital rate. Level 3 investment.
Total Purchase Consideration	**$**	**9,430**		

(3) The National Marketing Organization Agreement ("NMO") represents an agreement with the insurance company through which the Company currently derives a significant portion of its insurance commission revenue. For the three months ended September 30, 2026, commissions on products written through that insurance company accounted for approximately 59% of total insurance advisory revenues.

The purchase price was allocated among the identified assets to be acquired. Goodwill was recognized as a result of the acquisition, which represents the excess fair value of consideration over the fair value of the underlying net assets and non-controlling interest, largely arising from the extensive industry expertise of Affinity. The Acquisition was accounted for as a business combination under ASC 805. The estimates of, and assumptions related to fair value of assets acquired and liabilities assumed as of the Closing Date are based upon preliminary valuation assumptions believed by management to be reasonable, but which are inherently uncertain and unpredictable. Such assumptions are based on currently available information and market data.

The purchase price allocation is preliminary and is subject to revision during the measurement period as additional information concerning the acquisition-date fair values of assets acquired, liabilities assumed, contingent consideration and identifiable intangible assets become available. Measurement-period adjustments, if any, will be recognized in the reporting period in which the adjustment amounts are determined

Unaudited Financial Information for Affinity

The Company's condensed consolidated statements of operations for the three and nine months ended September 30, 2026 include net revenue of $0.9 million and net income of $0.3 million attributable to Affinity from the acquisition date of July 15, 2026.

Unaudited Supplemental Pro Forma Information

The following unaudited supplemental pro forma information presents the combined results of the Company and Affinity as if the acquisition had occurred on January 1, 2025 (in thousands):

	For the Three Months Ended September 30, 2026	For the Three Months Ended September 30, 2025	For the Nine Months Ended September 30, 2026	For the Nine Months Ended September 30, 2025
Net revenue	$ 1,038	$ 1,011	$ 2,606	$ 2,885
Net (loss) income attributable to Stark Novus Financial Inc.	$ (2,312)	$ 830	$ (2,977)	$ 864

The unaudited supplemental pro forma information reflects adjustments for the amortization of acquired intangible assets. Acquisition related costs of $0.4 million are reflected in the pro forma results for the nine months ended September 30, 2025, as if they had been incurred on January 1, 2025, and have been excluded from the pro forma results for the three and nine months ended September 30, 2026. The unaudited supplemental pro forma information is not necessarily indicative of the results that would have been achieved had the Affinity Acquisition occurred on January 1, 2025, or of future results.

NOTE 17. VARIABLE INTEREST ENTITIES

The Company has provided loans to FPI, FPII, FPIII, 4445WV, FPIV and FPV (collectively, the "VIEs"). The Company's lending arrangements with the VIEs represent variable interests because the Company's loans expose it to variability in the economic performance of the VIEs. The Company determined that these entities are variable interest entities because the equity investment at risk is not sufficient to permit the entities to finance their activities without additional subordinated financial support.

The Company evaluates its variable interests to determine whether it is the primary beneficiary of each VIE. The Company determined that it is not the primary beneficiary of the VIEs because it does not have the power to direct the activities that most significantly affect their economic performance. Accordingly, the Company does not consolidate the VIEs.

As of September 30, 2026 and December 31, 2025, the aggregate carrying amount of the Company's variable interests in the nonconsolidated VIEs was $10.9 million and $2.2 million, respectively, which is included in loans receivable in the Company's condensed consolidated balance sheet. During the nine months ended September 30, 2026, the Company recognized $0.7 million of equity in losses of equity method investees, which was recorded to the related loans receivable. The Company's maximum exposure to loss from its involvement with the VIEs as of September 30, 2026 was $10.9 million and $2.2 million, respectively, representing the carrying amount of the loans receivable. The maximum exposure to loss does not necessarily represent the Company's expected loss from its involvement with the VIEs.

NOTE 18 - SUBSEQUENT EVENTS

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the financial statements were issued. Based upon this review, the Company did not identify any subsequent events that would have required adjustment or disclosure in the financial statements, other than as disclosed in Note 6 - Loans Receivable to Related Parties, net of Equity Method Losses with respect to the notice of default sent to Foxpoint Borrowers and Guarantor.

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the accompanying condensed consolidated financial statements and notes. Forward-looking statements in this MD&A are not guarantees of future performance and may involve risks and uncertainties that could cause actual results to differ materially from those projected. Refer to the "Cautionary Note Regarding Forward-Looking Statements" and the "Risk Factors" section under Part I, Item 1A in our Annual Report on Form 10-K for a discussion of these risks and uncertainties, including without limitation, with respect to the Chapter 11 Cases, our emergence from bankruptcy and our liquidity, capital resources and financial condition.

Our operations during the three and nine months ended September 30, 2026 have included Affinity's insurance-distribution and investment-advisory activities following the July 15, 2026 acquisition, as well as actions and related expenditures associated with completing the Chapter 11 Cases and emerging from bankruptcy, resolving substantial litigation, claims reconciliation, financial reporting and regulatory compliance. Our assets include cash and cash equivalents, investment securities available-for-sale, acquired goodwill and identifiable intangible assets, the Foxconn Litigation claims, claims the Company may have against other parties, and net operating loss carryforwards ("NOLs"). In addition, we have funded certain loans receivable as part of our ongoing post-emergence financial activities. Additional potential assets, such as the Foxconn Litigation claims, claims the Company may have against other parties, and NOLs, are not reflected in the financial statements.

Upon emergence from bankruptcy: (i) the Foxconn Litigation and other retained causes of action of the Company were preserved and may be prosecuted; (ii) claims filed in the bankruptcy will continue to be resolved pursuant to the claims resolution process with allowed claims being treated in accordance with the Plan; (iii) distributions to holders of allowed claims and allowed Interests will be made subject to the provisions of the Plan, and (iv) we will continue to conduct business and may enter into transactions, including business combinations, or otherwise, that could permit the Company an opportunity to create value, including through use of the NOLs.

In light of our emergence from bankruptcy on March 14, 2024, our results for the three and nine months ended September 30, 2026 and 2025 reflect the accounting assumptions and treatment caused by the Chapter 11 Cases and the Plan and, for 2026, the acquisition of Affinity on July 15, 2026, and may not be representative of our operations and results going forward. See the risks and factors described in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2025 for further discussion of the risks associated with our emergence from bankruptcy, our liquidity, capital resources and financial condition, and the use of estimates and resulting uncertainty in establishing our presented financial results, among other risks.

Results of Operations for the three months ended September 30, 2026 and 2025

	(in thousands) (Unaudited)	
	For the three months ended September 30, 2026	**For the three months ended September 30, 2025**
Revenue:		
Insurance commission	$ 715	$ —
Wealth management fees	219	—
Total Revenue	$ 934	$ —
Operating expenses:		
Professional compensation	$ 61	$ —
Subcontractor and contract labor costs	283	—
Amortization of intangible assets	80	—
General and administrative expenses	$ 2,508	$ 1,225
Legal settlement and litigation benefit, net	—	(1,642)
Marketing and advertising expenses	133	-
Total operating expense (income), net	$ 3,065	$ (417)
Operating (loss) income	(2,131)	417
Other (expense) income:		
Other expense, net	(84)	(22)
Realized gain on debt securities available for sale	—	—
Investment and interest income	453	560
Equity in losses of equity method investees	(702)	—
Total other (expense) income	(333)	538
Net (loss) income	$ (2,464)	$ 955
Net income attributable to non-controlling interest	57	—
Net (loss) income attributable to Stark Novus Financial Inc.	(2,521)	955
Less accrued preferred stock dividend	798	738
Net (loss) income attributable to common shareholders	$ (3,319)	$ 217

Revenue – Insurance Commissions and Wealth Management Fees

Insurance commissions represent commission revenue earned when a submitted annuity and life insurance policy is approved by the carrier and funded. Insurance commissions were $0.7 million for the three months ended September 30, 2026 compared to $0 for the three months ended September 30, 2025 as the Affinity acquisition closed on July 15, 2026.

Wealth management fees represent fees charged to clients based on the average daily market value of the assets held in clients' designated accounts over the preceding calendar quarter. Wealth management fees were $0.2 million for the three months ended September 30, 2026 compared to $0 for the three months ended September 30, 2025 as the Affinity acquisition closed on July 15, 2026.

Professional Compensation

Professional compensation consists of costs of employees directly associated with generating commission revenue. Professional compensation was $0.1 million for the three months ended September 30, 2026 compared to $0 for the three months ended September 30, 2025 as the Affinity acquisition closed on July 15, 2026.

Subcontractor and Contract Labor Costs

Subcontractor and contract labor costs consist of payout amounts that are earned by and paid out to advisors based on advisory and commission revenue earned on each client's account and production-based bonuses earned by advisors based on the levels of advisory and commission revenue they produce. Subcontractor and contract labor costs were $0.3 million for the three months ended September 30, 2026 compared to $0 for the three months ended September 30, 2025 as the Affinity acquisition closed on July 15, 2026.

Amortization of Intangible Assets

Amortization of intangible assets related to the Affinity acquisition was approximately $0.1 million for the three months ended September 30, 2026. The expense reflects the amortization of identifiable intangible assets over their respective estimated useful lives, as described in Note 16 – Acquisition.

General and Administrative Expense

General, and administrative expenses ("G&A") increased by $1.3 million to $2.5 million for the three months ended September 30, 2026 compared to $1.2 million for the three months ended September 30, 2025.

G&A for the three months ended September 30, 2026 and 2025 consisted of personnel and professional fees and was higher than last year mainly due to higher legal and professional fees as the legal cases progressed during the period, as well as personnel and professional fees related to Affinity that were not incurred in the same period last year.

Legal Settlement and Litigation Benefit, net

The Company had no legal settlement and litigation benefit (expense) for the three months ended September 30, 2026 compared to $1.6 million for the three months ended September 30, 2025. This represents adjustments to accrued liabilities subject to compromise from claims as a result of the final settlement of claims.

Marketing and Advertising

Marketing and advertising expenses consist primarily of promotional activities associated with the Company's direct marketing, including meetings and seminars which are held in the pursuit of attracting new clients. Marketing and advertising costs were $0.1 million for the three months ended September 30, 2026 compared to $0 for the three months ended September 30, 2025 as the Affinity acquisition closed on July 15, 2026.

Results of Operations for the nine months ended September 30, 2026 and 2025

	(in thousands) (Unaudited)	
	For the nine months ended September 30, 2026	**For the nine months ended September 30, 2025**
Revenue:		
Insurance commissions	$ 715	$ —
Wealth management fees	219	—
Total Revenue	$ 934	$ —
Operating expenses:		
Professional compensation	$ 61	$ —
Subcontractor and contract labor costs	283	—
Amortization of intangible assets	80	—
General and administrative expenses	5,559	4,846
Legal settlement and litigation benefit, net	(779)	(3,140)
Marketing and advertising expenses	133	—
Total operating expense, net	$ 5,337	$ 1,706
Operating loss	(4,403)	(1,706)
Other (expense) income:		
Other expense, net	(152)	(90)
Realized gain on debt securities available for sale	—	925
Investment and interest income	1,625	1,357
Equity in losses of equity method investees	(702)	—
Total other income	771	2,192
Net (loss) income	$ (3,632)	$ 486
Net income attributable to non-controlling interest	57	-
Net (loss) income attributable to Stark Novus Financial Inc.	(3,689)	486
Less accrued preferred stock dividend	2,348	2,170
Net loss attributable to common shareholders	$ (6,037)	$ (1,684)

Revenue – Insurance Commissions and Wealth Management Fees

Insurance commissions represent commission revenue earned when a submitted annuity and life insurance policy is approved by the carrier and funded. Insurance commissions were $0.7 million for the nine months ended September 30, 2026 compared to $0 for the nine months ended September 30, 2025 as the Affinity acquisition closed on July 15, 2026.

Wealth management fees represent fees charged to clients based on the average daily market value of the assets held in clients' designated accounts over the preceding calendar quarter. Wealth management fees were $0.2 million for the nine months ended September 30, 2026 compared to $0 for the nine months ended September 30, 2025 as the Affinity acquisition closed on July 15, 2026.

Professional Compensation

Professional compensation consists of costs of employees directly associated with generating commission revenue. Professional compensation was $0.1 million for the nine months ended September 30, 2026 compared to $0 for the nine months ended September 30, 2025 as the Affinity acquisition closed on July 15, 2026.

Subcontractor and Contract Labor Costs

Subcontractor and contract labor costs consist of payout amounts that are earned by and paid out to advisors based on advisory and commission revenue earned on each client's account and production-based bonuses earned by advisors based on the levels of advisory and commission revenue they produce. Subcontractor and contract labor costs were $0.3 million for the nine months ended September 30, 2026 compared to $0 for the nine months ended September 30, 2025 as the Affinity acquisition closed on July 15, 2026.

Amortization of Intangible Assets

Amortization of intangible assets related to the Affinity acquisition was approximately $0.1 million for the nine months ended September 30, 2026. The expense reflects the amortization of identifiable intangible assets over their respective estimated useful lives, as described in Note 16 – Acquisition.

General and Administrative Expense

General and administrative expenses increased by $0.7 million to $5.6 million for the nine months ended September 30, 2026 compared to $4.9 million for the nine months ended September 30, 2025.

G&A for the nine months ended September 30, 2026 and 2025 consisted of personnel and professional fees and was higher than last year mainly due to higher legal and professional fees as the legal cases progressed during the period, as well as personnel and professional fees related to Affinity that were not incurred in the same period last year.

Legal settlement and litigation benefit, net

Legal settlement and litigation benefit, net decreased by $2.4 million to $0.8 million for the nine months ended September 30, 2026 compared to $3.1 million for the nine months ended September 30, 2025. This represents adjustments to accrued liabilities subject to compromise from claims as a result of the final settlement of claims.

Marketing and Advertising

Marketing and advertising expenses consist primarily of promotional activities associated with the Company's direct marketing, including meetings and seminars which are held in the pursuit of attracting new clients. Marketing and advertising costs were $0.1 million for the nine months ended September 30, 2026 compared to $0 for the nine months ended September 30, 2025 as the Affinity acquisition closed on July 15, 2026.

Liquidity and Capital Resources

The Company had cash and cash equivalents of approximately $16.0 million, investment securities available-for-sale of $4.2 million and restricted investment securities of approximately $2.6 million, an accumulated deficit of $1.2 billion at September 30, 2026, and a net loss attributable to Stark Novus Financial Inc. of $3.7 million for the nine months ended September 30, 2026.

Our liquidity and ability to continue as a going concern are dependent upon, among other things: (i) the resolution of significant contingent and other claims and liabilities (see Note 14 - Commitments and Contingencies) and (ii) the outcome of our efforts to realize value, if any, from the Company's retained causes of action, including the Foxconn Litigation, and other remaining assets.

We have incurred significant professional fees and other costs in connection with the prosecution of the Chapter 11 Cases and expect to continue to incur significant professional fees and costs. In addition, we are subject to significant contingent unliquidated liabilities, the full scope of which is uncertain at this time (see Note 14 - Commitments and Contingencies). Furthermore, under the Plan, we are conducting a process to reconcile the claims asserted that has resulted in approximately $2.6 million of the Company's restricted investment securities being restricted for settling outstanding claims against the Company, including litigation and indemnification claims. Pursuant to the Bankruptcy Code, the Company is first required to pay all administrative claims in full. Under the Plan, the Company established an escrow for the payment of certain professional fees incurred in connection with the Chapter 11 Cases ("Professional Fee Escrow"), which was fully paid out as of September 30, 2024. The Plan also required the Company to establish a $45 million reserve for allowed and disputed claims of general unsecured creditors (the "Claims Reserve"), including interest (although there can be no assurance the Company will be able to pay such claims in full, with interest). As of September 30, 2026, $2.6 million was included in restricted investment securities, which represents the initial Claims Reserve of $45 million, less $42.4 million which was released from the Claims Reserve related to the claims reconciliation process. Pursuant to the Plan (which includes certain exceptions), upon emergence (i) the Claims Ombudsman was appointed to oversee the administration of claims asserted against the Company by general unsecured creditors and (ii) a trustee was appointed to oversee the litigation claims held by the trust, which may be funded with certain retained causes of action of the Company, as determined by the Board of Directors. Holders of certain unsecured claims are expected to be entitled to receive post-petition interest on their claim amount as of the later of the date the claim was due to be paid, or the petition date. Therefore, if the claims resolution process takes longer than anticipated, the total liability to settle claims will increase to reflect the increased interest expense.

The amount of the Claims Reserve is subject to change and could increase materially if amounts paid in respect of unliquidated claims are greater than anticipated. The Claims Reserve is adjusted downward as payments are made for allowed claims, and may also be adjusted downward as claims are resolved or otherwise as a result of the claims resolution process. There is also risk of additional litigation and claims that may be asserted after the Chapter 11 Cases against the Company or its indemnified directors and officers that may be known or unknown and the Company may not have the resources to adequately defend or dispute such claims due to the Chapter 11 Cases. The Company cannot provide any assurances as to what the Company's total actual liabilities will be based on any such claims. To the extent that the Claims Reserve is insufficient to pay general unsecured creditors in full with interest, such deficiency will be payable from certain other assets of the Company, as set forth in the Plan.

Our assets include cash and cash equivalents, investment securities available-for-sale, acquired goodwill and identifiable intangible assets, the Foxconn Litigation claims, claims the Company may have against other parties, and NOLs. In addition, we have funded certain loans receivable as part of our ongoing post-emergence financial activities.

See "Risk Factors" under Part I - Item 1A in our Annual Report on Form 10-K for further discussion of the risks associated with our limited capital resources and loss exposures, among other risks.

Summary of Cash Flows

The following table provides a summary of the Company's cash flow data for the period indicated:

	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Net cash used in operating activities	$ (5,688)	$ (5,646)
Net cash (used in) provided by investing activities	$ (12,712)	$ 785

Net Cash Used in Operating Activities

Net cash used in operating activities were $5.7 million for the nine months ended September 30, 2026 compared to $5.6 million for the nine months ended September 30, 2025. The $5.7 million of cash used in operating activities for the nine months ended September 30, 2026 was comprised of the $3.6 million net loss for the period, as adjusted to reconcile cash used by operating activities for the nine months ended September 30, 2026 which included $3.6 million of changes in operating assets and liabilities, partially offset by $0.6 million of stock-based compensation and $0.7 million of equity in losses of equity method investees. The $5.6 million of cash used in operating activities for the nine months ended September 30, 2025 was comprised of the $0.5 million net income for the period, as adjusted to reconcile cash used by operating activities for the nine months ended September 30, 2025 which included $0.9 million of realized gain on debt securities available for sale, $5.1 million of changes in operating assets and liabilities, partially offset by $0.3 million of stock-based compensation.

Net Cash (Used In) Provided by Investing Activities

Net cash used in investing activities was $12.7 million for the nine months ended September 30, 2026, reflecting $9.4 million of loan originations, $6.6 million attributed to the Affinity acquisition and $6.7 million of purchases of investment securities available-for-sale, partially offset by $10.0 million of maturities of investment securities available-for-sale.

Net cash provided by investing activities was $0.8 million for the nine months ended September 30, 2025, which included $30.0 million related to maturities of investment securities available-for-sale, partially offset by $29.2 million for purchases of investment securities available-for-sale.

Off-Balance Sheet Arrangements

The Company has no obligations, assets or liabilities, which would be considered off-balance sheet arrangements as of September 30, 2026, other than what is disclosed in Note 1- under Principals of Consolidation. The Company does not participate in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements. The Company has not entered into any off-balance sheet financing arrangements, established any special purpose entities, guaranteed any debt or commitments of other entities, or purchased any non-financial assets.

Critical Accounting Estimates

The preparation of our Consolidated Financial Statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent losses and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. In applying accounting principles, we often must make individual estimates and assumptions regarding expected outcomes or uncertainties. Our estimates, judgments and assumptions are continually evaluated based on available information and experience. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates. We believe the following are areas where the degree of judgment and complexity in determining amounts recorded in our Consolidated Financial Statements make accounting estimates critical.

Liabilities Subject to Compromise

The Company operated as a debtor-in-possession under the jurisdiction of the Bankruptcy Court until its emergence on March 14, 2024. In the accompanying condensed consolidated balance sheet, "Liabilities subject to compromise" reflects expected allowed claim amounts under ASC 852-10 and is subject to material change as claims continue to be considered, modified, allowed or disallowed. Refer to Note 14 – Commitments and Contingencies for further detail.

Business Combinations

The Company accounts for business combinations using the acquisition method of accounting. The purchase price of an acquired business is allocated to the identifiable assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. The Company recognizes separately from goodwill the identifiable intangible assets acquired in a business combination. Any excess of the purchase price over the fair value of the identifiable net assets acquired and non-controlling interest is recorded as goodwill. The Company recognizes acquisition-related transaction costs as expenses as incurred. Any noncontrolling interest in an acquired entity is recognized at its acquisition-date fair value or, when permitted by applicable accounting guidance, based on its proportionate share of the fair value of the acquiree's identifiable net assets.

Determining the fair values of assets acquired and liabilities assumed requires management to make significant estimates and assumptions, including estimates regarding future cash flows, discount rates, market participant assumptions, asset lives and other valuation inputs.

The Company recognizes the fair value of contingent consideration, if any, as part of the consideration transferred on the acquisition date. Contingent consideration classified as a liability is subsequently remeasured at fair value at each reporting date, with changes in fair value generally recognized in earnings until the contingency is resolved.

The Company may adjust provisional amounts during the measurement period as new information about facts and circumstances existing at the acquisition date becomes available. Such adjustments are recognized retrospectively as of the acquisition date. The measurement period may not exceed one year.

Goodwill

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the identifiable assets acquired and liabilities assumed and non-controlling interest. Goodwill is not amortized but is tested for impairment at the reporting unit level at least annually as of December 31, and more frequently when events or changes in circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying amount.

The Company may first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The Company may elect to bypass the qualitative assessment and perform a quantitative impairment test.

When a quantitative impairment test is performed, the Company compares the fair value of each reporting unit with its carrying amount, including goodwill. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to the excess, limited to the amount of goodwill allocated to the reporting unit. The fair value of a reporting unit is determined using valuation techniques consistent with market participant perspectives. Any goodwill impairment loss recognized establishes a new carrying amount for goodwill and may not be subsequently reversed.

Intangible Assets

Intangible assets are recorded at fair value when acquired in a business combination. Intangible assets with finite useful lives are amortized over their estimated useful lives using the straight-line method, and are evaluated for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Amortization is recorded in amortization of intangible assets in operating expenses on the condensed consolidated statements of operations. An impairment loss is recognized when the carrying amount of the asset group is not recoverable based on expected undiscounted cash flows and exceeds its fair value.

Recent Accounting Standards

See Note 2 - Summary of Significant Accounting Policies to the condensed consolidated financial statements for more information about recent accounting pronouncements, the timing of their adoption, and management's assessment, to the extent they have made one, of their potential impact on the Company's financial condition and results of operations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a smaller reporting company, the Company is not required to provide the information required by this item.

Item 4. Controls and Procedures

Management's Evaluation of our Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. We do not expect that our disclosure controls and procedures will prevent all errors and all instances of fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. The design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs and the nature of operating activities. Internal control over financial reporting also can be circumvented by collusion or improper override. Because of the inherent limitations in all disclosure controls and procedures, no evaluation of disclosure controls and procedures can provide absolute assurance that we have detected all our control deficiencies and instances of fraud, if any. The design of disclosure controls and procedures also is based partly on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer, who also serves as our principal financial officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer, who also serves as our principal financial officer, has concluded that, as of the end of the period covered by this report, our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) are effective to provide reasonable assurance that information that we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the quarter ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

For a description of our legal proceedings, see Note 14 - Commitments and Contingencies of the notes to the condensed consolidated financial statements.

Item 1A. Risk Factors.

An investment in our common stock involves a high degree of risk. You should carefully consider the risks set forth in the section captioned "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on March 26, 2026, before making an investment decision. During the period covered by this Quarterly Report on Form 10-Q, there have been no material changes to the risk factors previously discussed in the Company's SEC filings, other than as set forth below.

We may not successfully integrate and operate Affinity or realize the anticipated benefits of the acquisition.

On July 15, 2026, we completed the acquisition of Affinity, which operates an insurance-distribution and registered investment-advisory business. Our ability to realize the anticipated benefits of the acquisition depends on our ability to successfully integrate and oversee these operations and support their continued development. Integrating and operating Affinity may require substantial management attention and financial and operational resources, including resources needed for financial reporting, information technology, recordkeeping, supervision and compliance. These demands may divert management's attention from other business activities and result in costs or operational disruptions greater than we anticipate. We may encounter difficulties coordinating personnel, systems, policies and business practices or maintaining effective oversight of the acquired operations.

Our due diligence and subsequent oversight may not identify all liabilities, operational weaknesses or compliance issues affecting the acquired businesses. Matters arising from their historical or continuing activities could expose us to client claims, regulatory inquiries, remediation expenses or other losses. The anticipated growth, profitability and other benefits of the acquisition may not be realized within the expected time frame, or at all. If Affinity underperforms or the assumptions underlying our acquisition valuation prove inaccurate, we could incur additional expenses or impairment charges relating to acquired goodwill and intangible assets. These developments could materially adversely affect our business, financial condition, results of operations and cash flows.

The success of the Affinity acquisition depends on retaining key personnel and business relationships.

Affinity's business depends on the continued service of senior professionals and its relationships with independent agents, investment advisors and insurance carriers. Certain senior professionals possess relationships and industry expertise important to the business. Our ability to maintain these relationships following the acquisition is important to preserving the value of the acquired business and achieving its expected results. Key personnel, agents or advisors may leave, affiliate with competitors or reduce the business they conduct through Affinity, and advisory clients may terminate relationships or move assets elsewhere. Changes in personnel, compensation arrangements, service levels or operating practices following the acquisition could adversely affect retention. These risks are heightened by concentrations in Affinity's business. For the three months ended September 30, 2026, commissions on products written through a single insurance company accounted for approximately 59% of our total insurance advisory revenues. In addition, a significant amount of our current revenue is derived from products purchased by individuals living in Ohio. The loss of these relationships could reduce insurance commissions, assets under management, advisory fees and referrals and increase recruiting and retention costs and reduce the value of the goodwill and intangible assets recorded in connection with the acquisition.

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

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information.

(a) None.

(b) None.

(c) During the quarter ended September 30, 2026, none of our directors or officers adopted or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," (as each term is defined in Item 408(c) of Regulation S-K).

Item 6. Exhibits

Exhibit Index

Exhibit No.	Description
3.1	Third Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on March 15, 2024).
3.2	Certificate of Amendment of the Third Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on July 21, 2026).
3.3	Third Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on July 21, 2026).
3.4	Certificate of Designation, Preferences and Rights of Series A Convertible Preferred Stock (incorporated by reference to the Company's Current Report on Form 8-K, filed with the SEC on November 22, 2022)
3.5	Certificate of Correction to the Certificate of Amendment of Third Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on October 22, 2026)
10.1*	Omnibus Amendment to Financing Documents, dated as of August 18, 2026, by and among Foxpoint Florida, LLC, Foxpoint Florida II, LLC, Foxpoint Florida III, LLC, Foxpoint Florida IV, LLC, Foxpoint Florida V, LLC, 4445 W. Vine, LLC, James Neumann, Stark Novus Financial Inc. and the other persons party thereto as lenders.
31.1*	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Rule 13a-14(a) /15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Principal Executive Officer and 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	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File - The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

* Filed herewith

** Furnished herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

STARK NOVUS FINANCIAL INC.

Date: November 16, 2026

/s/ Alexander C. Matina

Name: Alexander C. Matina

Title: Chief Executive Officer, President, Treasurer, and Secretary
(Principal Executive Officer and Principal Financial Officer)

Exhibit 10.1

OMNIBUS AMENDMENT TO FINANCING DOCUMENTS

This OMNIBUS AMENDMENT TO FINANCING DOCUMENTS (this "Amendment"), dated as of August 18, 2026, is entered into by and among (1) FOXPOINT FLORIDA, LLC, a Missouri limited liability company ("FPF Borrower"); (2) FOXPOINT FLORIDA II, LLC, a Missouri limited liability company ("FPFII Borrower"); (3) FOXPOINT FLORIDA III, LLC, a Missouri limited liability company ("FPFIII Borrower"); (4) FOXPOINT FLORIDA IV, LLC, a Missouri limited liability company ("FPFIV Borrower"); (5) FOXPOINT FLORIDA V, LLC, a Missouri limited liability company ("FPFV Borrower"); (6) 4445 W. VINE, LLC, a Missouri limited liability company ("Vine Borrower"; and together with FPF Borrower, FPFII Borrower, FPFIII Borrower, FPFIV Borrower, and FPFV Borrower, each a "Borrower" and collectively, the "Borrowers"); (7) JAMES NEUMANN, an individual ("Guarantor"); (8) STARK NOVUS FINANCIAL INC. (f/k/a Nu Ride Inc.), a Delaware corporation ("SNF"), in its capacity as collateral agent for the Secured Parties under the FPFII Loan Agreement and the FPFIV Loan Agreement (in such capacity, the "Agent"), and in its individual capacity as a Lender under each of the Financing Documents; and (9) each other Person party hereto as a lender (SNF, in its capacity as a lender, and each other such Person party hereto as a lender, each a "Lender" and collectively, the "Lenders").

RECITALS

A. FPF Borrower, SNF (as Lender), and Guarantor are parties to (i) that certain Funding Agreement, dated as of December 30, 2025 (the "FPF Funding Agreement"), (ii) that certain Secured Promissory Note, dated as of December 30, 2025, in the original principal amount of $2,215,000.00 (the "FPF Note"), and (iii) that certain Limited Guaranty, Pledge and Security Agreement, dated as of December 30, 2025 (the "FPF Guaranty"; and together with the FPF Funding Agreement and the FPF Note, and all other documents executed in connection therewith, the "FPF Financing Documents").

B. FPFII Borrower, SNF (as Agent and as a Lender), the other Lenders party thereto, and Guarantor are parties to (i) that certain Loan and Security Agreement, dated as of January 23, 2026 (the "FPFII Loan Agreement"), (ii) those certain Secured Promissory Notes issued thereunder (the "FPFII Notes"), and (iii) that certain Limited Guaranty, Pledge and Security Agreement, dated as of January 23, 2026 (the "FPFII Guaranty"; and together with the FPFII Loan Agreement, the FPFII Notes, and all other documents executed in connection therewith, the "FPFII Financing Documents").

C. FPFIII Borrower, SNF (as Lender), and Guarantor are parties to (i) that certain Funding Agreement, dated as of February 13, 2026 (the "FPFIII Funding Agreement"), (ii) that certain Secured Promissory Note, dated as of February 13, 2026, in the original principal amount of $615,000.00 (the "FPFIII Note"), and (iii) that certain Limited Guaranty, Pledge and Security Agreement, dated as of February 13, 2026 (the "FPFIII Guaranty"; and together with the FPFIII Funding Agreement and the FPFIII Note, and all other documents executed in connection therewith, the "FPFIII Financing Documents").

D. Vine Borrower, SNF (as Lender), and Guarantor are parties to (i) that certain Funding Agreement, dated as of February 13, 2026 (the "Vine Funding Agreement"), (ii) that certain Secured Promissory Note, dated as of February 13, 2026, in the original principal amount of $485,000.00 (the "Vine Note"), and (iii) that certain Limited Guaranty, Pledge and Security Agreement, dated as of February 13, 2026 (the "Vine Guaranty"; and together with the Vine Funding Agreement and the Vine Note, and all other documents executed in connection therewith, the "Vine Financing Documents").

E. FPFIV Borrower, SNF (as Agent and as a Lender), the other Lenders party thereto, and Guarantor are parties to (i) that certain Loan and Security Agreement, dated as of April 1, 2026 (the "FPFIV Loan Agreement"), (ii) those certain Secured Promissory Notes issued thereunder (the "FPFIV Notes"), and (iii) that certain Limited Guaranty, Pledge and Security Agreement, dated as of April 1, 2026 (the "FPFIV Guaranty"; and together with the FPFIV Loan Agreement, the FPFIV Notes, and all other documents executed in connection therewith, the "FPFIV Financing Documents").

F. FPFV Borrower, SNF (as Lender), and Guarantor are parties to (i) that certain Funding Agreement, dated as of April 20, 2026 (the "FPFV Funding Agreement"), (ii) that certain Secured Promissory Note, dated as of April 20, 2026, in the original principal amount of $830,000.00 (the "FPFV Note"), and (iii) that certain Limited Guaranty, Pledge and Security Agreement, dated as of April 20, 2026 (the "FPFV Guaranty"; and together with the FPFV Funding Agreement and the FPFV Note, and all other documents executed in connection therewith, the "FPFV Financing Documents"; and together with the FPF Financing Documents, the FPFII Financing Documents, the FPFIII Financing Documents, the Vine Financing Documents, and the FPFIV Financing Documents, collectively, the "Financing Documents").

G. Each Borrower has failed to pay monthly interest installments that became due and payable on June 1, 2026, under the applicable Financing Documents (such accrued and unpaid interest, the "Late Interest").

H. Each Borrower has notified the Agent and/or the applicable Lenders that it does not expect to be able to pay the monthly interest installments that became or will become due, as applicable, on June 1, 2026, July 1, 2026, August 1, 2026, and September 1, 2026 (the "Future Interest"; and the Future Interest, together with the Late Interest, the "Deferred Interest").

I. The Guarantor, through his ownership and control of a Missouri limited liability company ("MO Media"), and the Borrowers, collectively own certain billboards and related outdoor advertising assets located in the Orlando, Palm Bay, Ocala, Melbourne and Kissimmee markets of Central Florida (Orange, Brevard, Marion and Osceola Counties), as more particularly described on Exhibit A to the LOI Draft, as defined below (the "Orlando Assets"). In order to obtain funds to permit the Borrowers to repay the Deferred Interest and all other amounts owing under the Financing Documents, the Guarantor has proposed to sell the Orlando Assets (the "Orlando Sale"). The Guarantor is currently negotiating a non-binding indication of interest for the sale of the Orlando Assets, a copy of a draft of which is attached hereto as Exhibit A (the "LOI Draft"), and the Guarantor has agreed to execute a letter of intent with an Acceptable Buyer (as defined below) on terms no less favorable to the Borrowers and Guarantor than those set forth in the LOI Draft (a "Qualifying LOI") on or before August 19, 2026 (the "LOI Deadline"). In addition, MO Media owns a billboard outdoor advertising asset located in Kern County, California (such asset together with all related and future assets at such site, the "Bakersfield Asset").

J. In light of the foregoing, the Borrowers and the Guarantor have requested that the Agent and the Lenders agree to amend the Financing Documents to, among other things, (i) defer the due date for payment of the Deferred Interest to the closing date of the Orlando Sale, (ii) require the Guarantor to execute a Qualifying LOI on or before the LOI Deadline, (iii) require that the net proceeds of the Orlando Sale be applied, first, to the payment in full of all amounts owing to the Lenders under the Financing Documents (including all outstanding principal, accrued and unpaid interest (including Deferred Interest and interest accrued thereon), and all reasonable and documented fees, costs, and expenses of the Agent and the Lenders), (iv) require the Guarantor to pledge as additional collateral a certain billboard advertising asset located in Bridgeton, Missouri (such asset together with all related and future assets at such site, the "Bridgeton Asset"), as additional security for any shortfall remaining after application of the Orlando Sale proceeds, and (v) require the Guarantor to pledge the Bakersfield Asset as additional collateral securing the obligations under the Financing Documents solely in the event that the Orlando Sale fails to close.

K. On the terms and subject to the conditions set forth herein, the Agent and the Lenders have agreed to such amendment.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

1.1 Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the applicable Financing Documents. As used in this Amendment, the following terms shall have the following meanings:

"Acceptable Buyer" means a buyer that (a) has the financial capacity and operational experience to consummate the acquisition of the Orlando Assets on the terms set forth in the Qualifying LOI and (b) is reasonably acceptable to the Agent. For the avoidance of doubt, each of the parties set forth in Exhibit B attached hereto shall be deemed an Acceptable Buyer for purposes of this Amendment.

"Bakersfield Asset" means the lease and permit related to a billboard located, or to be built, at 1711 S. Chester Avenue, Bakersfield, California, together with all future assets related thereto at such site.

"Bridgeton Asset" means the billboard advertising asset described on Exhibit C attached hereto.

"Business Day" means any day other than a Saturday, a Sunday, or a day on which commercial banks in New York, New York are authorized or required by law to remain closed.

"Deferred Interest" has the meaning set forth in Recital H hereof.

"LOI Deadline" has the meaning set forth in Recital I hereof.

"LOI Draft" has the meaning set forth in Recital I hereof.

"Net Orlando Sale Proceeds" means the gross proceeds received by the Guarantor, the Borrowers, or any entity owned or controlled by the Guarantor from the Orlando Sale, less reasonable and documented transaction costs, including brokerage commissions, transfer taxes, and reasonable attorneys' fees.

"Orlando Assets" has the meaning set forth in Recital I hereof.

"Orlando Closing Date" means the date on which the closing of the Orlando Sale occurs.

"Orlando Sale" has the meaning set forth in Recital I hereof.

"Qualifying LOI" has the meaning set forth in Recital I hereof.

ARTICLE II
AMENDMENTS TO FINANCING DOCUMENTS

2.1 Deferral of Deferred Interest.

(a) Notwithstanding any provision of any Financing Document to the contrary, the Deferred Interest shall not be due and payable on the dates otherwise specified in the applicable Financing Documents but shall instead be due and payable in full on the Orlando Closing Date. For the avoidance of doubt, interest shall continue to accrue on the outstanding principal balance of each loan under the applicable Financing Documents at the applicable interest rate during the period from May 1, 2026, through the day immediately preceding the Orlando Closing Date, and all such accrued interest shall constitute Deferred Interest payable on the Orlando Closing Date. In addition, the monthly interest installment that would next become due under the applicable Financing Documents following the Orlando Closing Date (i.e., the interest accrued for the calendar month in which the Orlando Closing Date occurs) shall be due and payable on the Orlando Closing Date.

(b) On the Orlando Closing Date, the Net Orlando Sale Proceeds shall be applied in the following order of priority: (i) first, to the payment in full of all reasonable and documented fees, costs, and expenses (including attorneys' fees) of the Agent and the Lenders incurred in connection with the Financing Documents and this Amendment (including previously invoiced fees that remain unpaid at such time); (ii) second, to the payment in full of all accrued and unpaid interest on the Deferred Interest pursuant to Section 2.1(c); (iii) third, to the payment in full of all Deferred Interest and all other accrued and unpaid interest under the Financing Documents (including the interest installment described in the last sentence of Section 2.1(a)); (iv) fourth, to the repayment in full of all outstanding principal under the Financing Documents (including, for the avoidance of doubt, the outstanding principal balance of the loan under the FPF Financing Documents); and (v) fifth, the remainder, if any, to the Guarantor or as the Guarantor may direct. Amounts applied pursuant to clauses (ii) through (iv) above shall be allocated among the Financing Documents on a pro rata basis based on the respective outstanding amounts owing thereunder.

(c) All Deferred Interest shall bear interest from the date on which such Deferred Interest was originally due and payable under the applicable Financing Documents until paid in full at a rate equal to twenty percent (20%) *per annum*, calculated on the basis of a 360-day year and actual days elapsed. Any interest accrued on the Deferred Interest pursuant to this Section 2.1(c) shall be due and payable on the Orlando Closing Date together with the Deferred Interest.

2.2 Event of Default; Contingent Collateral; Bridgeton Security.

(a) Each of the Financing Documents is hereby amended to provide that the occurrence of any of the following shall constitute an immediate "Event of Default" under each Financing Document to which each applicable Borrower is a party, without any notice, grace period, or cure period of any kind: (i) the Guarantor fails to execute a Qualifying LOI on or before the LOI Deadline; (ii) the Orlando Sale fails to close on or before the date that is sixty (60) days after the date of execution of the Qualifying LOI (the "Orlando Outside Date"); (iii) the Qualifying LOI is terminated or expires without a definitive purchase agreement having been executed; (iv) any Borrower or the Guarantor takes any action, or fails to take any action, that causes or is reasonably likely to cause the Orlando Sale not to close; or (v) on the Orlando Closing Date, the Net Orlando Sale Proceeds are not applied in accordance with Section 2.1(b).

(b) If an Event of Default occurs under Section 2.2(a)(i), Section 2.2(a)(ii), or Section 2.2(a)(iii) (each, an "Orlando Sale Failure Event"), then the Guarantor shall promptly, and in any event within ten (10) Business Days following the occurrence of such Orlando Sale Failure Event (the "Outside Collateral Grant Date"), cause the Bakersfield Asset to be pledged as additional collateral securing all obligations of the Borrowers under each of the Financing Documents, pursuant to such security agreements, deeds of trust, UCC financing statements, and other documentation as the Agent and the Lenders shall require, in each case in form and substance acceptable to the Agent and the Lenders in their sole and absolute discretion (the "Bakersfield Pledge") and to issue to the Lenders a portion of the equity interests of the entity that owns the Bakersfield Asset in an equivalent amount as has been issued in connection with each of the transactions under the Financing Documents. The Guarantor hereby covenants and agrees to execute and deliver, and to cause MO Media and any other entity owned or controlled by the Guarantor that holds any interest in the Bakersfield Asset to execute and deliver, all such documents and instruments, and to take all such further actions as the Agent or any Lender may reasonably request to effectuate and perfect such security interests in the Bakersfield Asset. For the avoidance of doubt, if the Orlando Sale closes and the Net Orlando Sale Proceeds are applied in accordance with Section 2.1(b), the Lenders shall have no claim to, lien on, or security interest in the Bakersfield Asset.

(c) As additional security for the obligations of the Borrowers under the Financing Documents, the Guarantor shall, on or prior to the Orlando Closing Date, grant to the Agent, for the benefit of the Lenders, a first-priority lien and security interest in the Bridgeton Asset, pursuant to such security agreements, UCC financing statements, guaranty agreements, and other documentation as the Agent and the Lenders shall require, in each case in form and substance acceptable to the Agent and the Lenders in their sole and absolute discretion (the "Bridgeton Security Interest"); provided, however, that the Bridgeton Security Interest shall secure a portion of the obligations owing under the Financing Documents in an aggregate amount not to exceed $465,000 (the "Bridgeton Collateral Cap"). The Guarantor may, at his option, substitute additional Bakersfield Assets (other than the Bakersfield Asset subject to the contingent pledge under Section 2.2(b)) for the Bridgeton Asset as collateral; provided that (x) the Guarantor delivers to the Agent third-party appraisals, in form and substance satisfactory to the Agent and the Lenders, demonstrating that the fair market value of such substitute Bakersfield Assets is not less than an amount equal to the Bridgeton Collateral Cap, and (y) any security interest in such substitute Bakersfield Asset shall secure a portion of the obligations owing under the Financing Documents in an aggregate amount not to exceed the Bridgeton Collateral Cap. Upon any such substitution, the Agent shall release the Bridgeton Security Interest. The Guarantor hereby covenants and agrees to execute and deliver, and to cause any entity owned or controlled by the Guarantor that holds any interest in the Bridgeton Asset or such substitute Bakersfield Asset to execute and deliver, all such documents and instruments, and to take all such further actions as the Agent or any Lender may reasonably request to effectuate and perfect the Bridgeton Security Interest or any substitute security interest contemplated by this Section 2.2(c).

2.3 Guarantor Covenants. (a) The Guarantor hereby covenants and agrees that he shall (i) use commercially reasonable efforts to execute a Qualifying LOI with an Acceptable Buyer on or before the LOI Deadline, (ii) use commercially reasonable efforts to consummate the Orlando Sale as promptly as practicable, and (iii) cause the Net Orlando Sale Proceeds to be applied on the Orlando Closing Date in accordance with Section 2.1(b). The Guarantor shall keep the Agent and the Lenders reasonably informed of the status of the negotiation and execution of the Qualifying LOI and the Orlando Sale and shall promptly notify the Agent and the Lenders of any material developments with respect thereto, including any proposed modifications to the terms of the Qualifying LOI or the definitive purchase agreement for the Orlando Sale.

(b) The Guarantor shall cause the definitive purchase agreement for the Orlando Sale to include a provision expressly providing that all accounts receivable arising from advertising contracts or other revenue-generating agreements relating to the Orlando Assets for services rendered or advertising displayed prior to the closing of the Orlando Sale, or between the date of the Qualifying LOI and the closing of the Orlando Sale, shall remain the property of the applicable Borrowers and shall be remitted to such Borrower promptly upon collection by the purchaser.

(c) Pending the closing of the Orlando Sale, the Guarantor shall cause each Borrower to continue to operate the Orlando Assets in the ordinary course of business, consistent with past practices, and shall not permit any Borrower to sell, transfer, encumber, or otherwise dispose of any Orlando Asset (other than pursuant to the Orlando Sale) without the prior written consent of the Agent.

2.4 No Waiver of Existing Defaults. Nothing in this Amendment shall be construed as a waiver of any existing Default or Event of Default under any Financing Document (other than any Event of Default arising solely from the failure to pay the Deferred Interest on the dates originally specified in the applicable Financing Documents, which is hereby waived solely to the extent and for the period set forth in Section 2.1), or as a waiver of any right or remedy of the Agent or any Lender under any Financing Document. All rights and remedies of the Agent and the Lenders under the Financing Documents are hereby expressly reserved.

2.5 Lender. Each Financing Document is hereby amended by replacing each reference to "Nu Ride Inc." set forth therein with a reference to "Stark Novus Financial Inc." and each reference to the defined term "Nu Ride" and similar term with a reference to "SNF."

2.6 Continuing Effect. Except as expressly amended hereby, all terms and conditions of each of the Financing Documents shall remain in full force and effect and are hereby ratified and confirmed. In the event of any conflict between the terms of this Amendment and the terms of any Financing Document, the terms of this Amendment shall control.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of Borrowers. Each Borrower hereby represents and warrants to the Agent and each Lender, as of the date hereof, that:

(a) such Borrower has the power and authority to execute, deliver, and perform this Amendment, and the execution, delivery, and performance of this Amendment have been duly authorized by all necessary action;

(b) this Amendment constitutes the legal, valid, and binding obligation of such Borrower, enforceable against such Borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights generally and subject to equitable principles (regardless of whether enforcement is sought in equity or at law); and

(c) no Default or Event of Default (other than as expressly waived pursuant to Section 2.4 hereof) has occurred and is continuing under any Financing Document to which such Borrower is a party.

3.2 Representations and Warranties of Guarantor. The Guarantor hereby represents and warrants to the Agent and each Lender, as of the date hereof, that:

(a) the Guarantor has the legal capacity and authority to execute, deliver, and perform this Amendment;

(b) this Amendment constitutes the legal, valid, and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights generally and subject to equitable principles (regardless of whether enforcement is sought in equity or at law);

(c) the execution, delivery, and performance of this Amendment by the Guarantor will not violate any provision of any applicable law or regulation or any order, judgment, writ, award, or decree of any court, arbitrator, or governmental authority applicable to the Guarantor or any of his property, or any agreement or instrument to which the Guarantor is a party or by which his property is bound; and

(d) the Guarantor, directly or through MO Media, the Borrowers, or any other entity owned or controlled by the Guarantor, has good and marketable title to the Orlando Assets, the Bakersfield Asset, and the Bridgeton Asset, in each case free and clear of all liens, encumbrances, security interests, claims, and restrictions of any kind (other than liens in favor of the Agent or the Lenders under the Financing Documents), and the Guarantor has full right, power, and authority to sell the Orlando Assets as contemplated by the Orlando Sale, to pledge the Bakersfield Asset as contemplated by Section 2.2(b) hereof, and to grant the Bridgeton Security Interest as contemplated by Section 2.2(c) hereof, and the consummation of such transactions will not violate, conflict with, or result in a breach of any agreement, instrument, order, judgment, or decree to which the Guarantor or any such entity is a party or by which such assets are bound.

ARTICLE IV
CONDITIONS TO EFFECTIVENESS

4.1 Conditions to Effectiveness. This Amendment shall become effective upon the satisfaction (or waiver by the Agent and the Lenders) of each of the following conditions precedent:

(a) the Agent shall have received a counterpart of this Amendment, duly executed and delivered by each party hereto;

(b) the Borrowers and the Guarantor shall have paid Twenty Thousand Dollars ($20,000.00) of the fees, costs, and expenses (including, without limitation, the reasonable and documented fees, disbursements, and other charges of counsel to the Agent and the Lenders) incurred by the Agent and the Lenders in connection with the negotiation, preparation, execution, and delivery of this Amendment;

(c) the representations and warranties of each Borrower set forth in Section 3.1 hereof and of the Guarantor set forth in Section 3.2 hereof and the representations and warranties set forth in the Financing Documents shall be true and correct in all material respects as of the date hereof (except to the extent that any such representation or warranty expressly relates to an earlier date, in which case such representation or warranty shall be true and correct in all material respects as of such earlier date); and

(d) no Default or Event of Default (other than as expressly waived pursuant to Section 2.4 hereof) shall have occurred and be continuing under any Financing Document, both before and after giving effect to this Amendment.

ARTICLE V
MISCELLANEOUS

5.1 Governing Law. This Amendment and any claim, controversy, dispute, or cause of action (whether in contract or tort or otherwise) based upon, arising out of, or relating to this Amendment shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to its conflicts of law principles.

5.2 Counterparts; Electronic Signatures. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Any signature to this Amendment may be delivered by facsimile, electronic mail (including pdf), or any electronic signature complying with the U.S. federal ESIGN Act of 2000, the New York Electronic Signature and Records Act, the Uniform Electronic Transactions Act as adopted in any State, or other transmission method, and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes to the fullest extent permitted by applicable law.

5.3 Entire Agreement. This Amendment, together with the Financing Documents (as amended hereby), constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations, and discussions, whether oral or written, of the parties with respect to such subject matter.

5.4 Amendments. This Amendment may not be amended, modified, supplemented, terminated, or waived except by a written instrument signed by each of the parties hereto.

5.5 Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

5.6 Headings. Section headings in this Amendment are included for convenience of reference only and shall not affect the interpretation of this Amendment.

5.7 Severability. If any provision of this Amendment is held to be invalid, illegal, or unenforceable in any respect, the remainder of this Amendment shall not be affected thereby, and the remaining provisions shall be carried out as nearly as possible according to their original terms.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

BORROWERS:

FOXPOINT FLORIDA, LLC

By: /s/ James Neumann
Name: James Neumann
Title: Manager

FOXPOINT FLORIDA II, LLC

By: /s/ James Neumann
Name: James Neumann
Title: Manager

FOXPOINT FLORIDA III, LLC

By: /s/ James Neumann
Name: James Neumann
Title: Manager

FOXPOINT FLORIDA IV, LLC

By: /s/ James Neumann
Name: James Neumann
Title: Manager

FOXPOINT FLORIDA V, LLC

By: /s/ James Neumann
Name: James Neumann
Title: Manager

4445 W. VINE, LLC

By: /s/ James Neumann
Name: James Neumann
Title: Manager

GUARANTOR:

/s/ James Neumann
JAMES NEUMANN, individually

AGENT AND LENDER:

STARK NOVUS FINANCIAL INC.,
as Agent and as a Lender

By: /s/ Alexander Matina
Name: Alexander Matina
Title: Chief Executive Officer

LENDERS:

TB42 IRREVOCABLE TRUST

By: /s/ Paul Huygens
Name: Paul Huygens
Title: Trustee

PETER KRAVITZ ASSET PROTECTION TRUST

By: /s/ Peter Kravitz
Name: Peter Kravitz
Title: Trustee

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Alexander C. Matina, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Stark Novus Financial Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present, in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize, and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 16, 2026

/s/ Alexander C. Matina
Alexander C. Matina
Chief Executive Officer, President, Treasurer, and Secretary
(Principal Executive Officer and Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Stark Novus Financial Inc. (the "Company") for the period ended September 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Alexander C. Matina, Chief Executive Officer, President, Treasurer, and Secretary of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 16, 2026

By: */s/ Alexander C. Matina*
Alexander C. Matina
Chief Executive Officer, President, Treasurer, and Secretary
(Principal Executive Officer and Principal Financial Officer)