

**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 June 30, 2023

Or

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

For the transition period from _____ to _____

Commission File Number: 001-39772

Altitude Acquisition Corp.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

85-2533565
(I.R.S. Employer
Identification No.)

400 Perimeter Center Terrace Suite 151
Atlanta, Georgia
(Address of Principal Executive Offices)

30346
(Zip Code)

1(800)950-2950
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Units, each consisting of one share of Class A common stock and one-half of one redeemable warrant	ALTUU	The Nasdaq Stock Market LLC
Class A common stock, par value \$0.0001 per share	ALTU	The Nasdaq Stock Market LLC
Warrants, each whole warrant exercisable for one share of Class A common stock, each at an initial exercise price of \$11.50 per share	ALTUW	The Nasdaq Stock Market LLC

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

Large accelerated filer

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

As of August 14, 2023, there were 8,834,645 shares of the registrant's Class A common stock, par value \$0.0001 per share, and zero shares of the registrant's Class B common stock, par value \$0.0001 per share, outstanding.

Altitude Acquisition Corp.
Quarterly Report on
Form 10-Q
For the Quarter Ended June 30, 2023

	<u>Page</u>
PART I. FINANCIAL INFORMATION	
Item 1. Interim Financial Statements	1
Condensed Consolidated Balance Sheets as of June 30, 2023 (Unaudited) and December 31, 2022	1
Unaudited Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2023 and 2022	2
Unaudited Condensed Consolidated Statements of Changes in Stockholders' Deficit for the three and six months ended June 30, 2023 and 2022	3
Unaudited Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2023 and 2022	4
Notes to Unaudited Condensed Consolidated Financial Statements	5
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	22
Item 3. Quantitative and Qualitative Disclosures About Market Risk	30
Item 4. Controls and Procedures	30
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	31
Item 1A. Risk Factors	31
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	32
Item 3. Defaults Upon Senior Securities	32
Item 4. Mine Safety Disclosures	32
Item 5. Other Information	32
Item 6. Exhibits	33
Signatures	34

Item 1. Interim Financial Statements.

ALTITUDE ACQUISITION CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2023 (Unaudited)	December 31, 2022
Assets		
Current Assets		
Cash	\$ 81,121	\$ 760
Prepaid expenses	35,000	815
Total current assets	116,121	1,575
Cash held in Trust Account	13,612,504	16,975,796
Total Assets	<u>\$ 13,728,625</u>	<u>\$ 16,977,371</u>
Liabilities, Class A common stock subject to possible redemption and Stockholders' Deficit:		
Current Liabilities		
Accounts payable	\$ 1,198,055	\$ 511,152
Income taxes payable	76,481	38,180
Advances from Sponsor	904,044	802,644
Promissory Note –Related Party	135,000	—
Due to related party, net	—	242,089
Total current liabilities	2,313,580	1,594,065
Warrant liability	1,311,338	1,383,449
Deferred legal fee	7,757,957	5,352,657
Deferred underwriting fee	10,500,000	10,500,000
Total liabilities	<u>21,882,875</u>	<u>18,830,171</u>
Commitments and Contingencies		
Class A common stock subject to possible redemption, \$0.0001 par value, 1,334,645 and 1,672,102 shares subject to possible redemption at redemption value of \$10.00 per share at June 30, 2023 and December 31, 2022, respectively	13,346,531	16,721,020
Stockholders' deficit:		
Preferred stock, \$0.0001 par value; 1,000,000 shares authorized; no shares issued or outstanding at June 30, 2023 and December 31, 2022	—	—
Class A common stock, \$0.0001 par value, 280,000,000 shares authorized; 7,500,000 and 0 shares issued and outstanding at June 30, 2023 and December 31, 2022, excluding 1,334,645 and 1,672,102 shares subject to possible redemption	750	—
Class B common stock, \$0.0001 par value, 20,000,000 shares authorized, 0 and 7,500,000 shares issued and outstanding at June 30, 2023 and December 31, 2022	—	750
Additional paid-in capital	432,106	251,866
Accumulated deficit	(21,933,637)	(18,826,436)
Total stockholders' deficit	<u>(21,500,781)</u>	<u>(18,573,820)</u>
Total liabilities, Class A common stock subject to possible redemption and stockholders' deficit	<u>\$ 13,728,625</u>	<u>\$ 16,977,371</u>

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

ALTITUDE ACQUISITION CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Formation and operating costs	\$ 1,799,105	\$ 1,518,182	\$ 3,418,295	\$ 2,446,400
Loss from operations	(1,799,105)	(1,518,182)	(3,418,295)	(2,446,400)
Other income:				
Interest income	18	—	38	1
Interest income earned on Trust	277,246	304,269	277,246	311,869
Unrealized (loss) gain on change in fair value of warrants	(98,324)	987,781	72,111	10,525,589
Total other income	178,940	1,292,050	349,395	10,837,459
(Loss) Income before income tax provision	(1,620,165)	(226,132)	(3,068,900)	8,391,059
Income tax provision	(38,301)	(8,780)	(38,301)	(8,780)
Net (loss) income	\$ (1,658,466)	\$ (234,912)	\$ (3,107,201)	\$ 8,382,279
Basic and diluted weighted average shares outstanding, Class A common stock	1,877,359	25,339,955	5,007,342	27,657,104
Basic and diluted net (loss) income per share, Class A common stock	\$ (0.68)	\$ (0.01)	\$ (0.35)	\$ 0.24
Basic and diluted weighted average shares outstanding, Class B common stock	576,923	7,500,000	3,977,901	7,500,000
Basic and diluted net (loss) income per share, Class B common stock	\$ (0.68)	\$ (0.01)	\$ (0.35)	\$ 0.24

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

ALTITUDE ACQUISITION CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balance as of December 31, 2022	—	\$ —	7,500,000	\$ 750	\$ 251,866	\$(18,826,436)	\$(18,573,820)
Sponsor administrative agreement waiver	—	—	—	—	242,089	—	242,089
Net loss	—	—	—	—	—	(1,448,735)	(1,448,735)
Balance as of March 31, 2023 (unaudited)	—	\$ —	7,500,000	\$ 750	\$ 493,955	\$(20,275,171)	\$(19,780,466)
Conversion of Common Stock to Class A							
Common Stock	7,500,000	750	(7,500,000)	(750)	—	—	—
Accretion of Class A common stock to redemption value	—	—	—	—	(61,849)	—	(61,849)
Net loss	—	—	—	—	—	(1,658,466)	(1,658,466)
Balance as of June 30, 2023 (unaudited)	<u>7,500,000</u>	<u>\$ 750</u>	<u>—</u>	<u>\$ —</u>	<u>\$ 432,106</u>	<u>\$(21,933,637)</u>	<u>\$(21,500,781)</u>

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balance as of December 31, 2021	—	\$ —	7,500,000	\$ 750	\$ —	\$(27,823,525)	\$(27,822,775)
Net income	—	—	—	—	—	8,617,191	8,617,191
Balance as of March 31, 2022 (unaudited)	—	\$ —	7,500,000	\$ 750	\$ —	\$(19,206,334)	\$(19,205,584)
Net loss	—	—	—	—	—	(234,912)	(234,912)
Accretion of Class A common stock to redemption value	—	—	—	—	—	(165,357)	(165,357)
Balance as of June 30, 2022 (unaudited)	<u>—</u>	<u>\$ —</u>	<u>7,500,000</u>	<u>\$ 750</u>	<u>\$ —</u>	<u>\$(19,606,603)</u>	<u>\$(19,605,853)</u>

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

ALTITUDE ACQUISITION CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended	
	June 30,	
	2023	2022
Cash Flows from Operating Activities:		
Net (loss) income	\$(3,107,201)	\$ 8,382,279
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Interest income earned on Trust	(277,246)	(311,869)
Unrealized gain on change in fair value of warrants	(72,111)	(10,525,589)
Changes in current assets and current liabilities:		
Prepaid expenses	(34,185)	88,250
Due to related party, net	—	60,000
Deferred legal fee	2,405,300	1,401,360
Income taxes payable	38,301	8,780
Advances from Sponsor	101,400	788,423
Accounts payable and accrued expenses	686,903	148,363
Net cash (used in) provided by operating activities	(258,839)	39,997
Cash Flows from Investing Activities:		
Reimbursement of franchise tax payment	204,200	—
Cash withdrawn from Trust Account in connection with redemption	3,436,338	—
Net cash provided by investing activities	3,640,538	—
Cash Flows from Financing Activities:		
Proceeds from issuance of promissory note to related party	135,000	—
Funds withdrawn from Trust Account	—	81,200
Redemption of Class A common stock	(3,436,338)	—
Net cash provided by financing activities	(3,301,338)	81,200
Net Change in Cash	80,361	121,197
Cash-Beginning	760	43,054
Cash-Ending	\$ 81,121	\$ 164,251
Supplemental Disclosure of Non-cash Financing Activities:		
Waiver of amounts due to related party under the Administrative Support Agreement	\$ 242,089	\$ —
Payment from Trust Account in connection with redemption of shares	\$ —	\$249,614,847

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

**ALTITUDE ACQUISITION CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1. DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

Altitude Acquisition Corp. (the “Company”) is a blank check company incorporated in Delaware on August 12, 2020. The Company was formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses (“Business Combination”). The Company has two wholly-owned subsidiaries that were formed on March 30, 2023, Altitude Merger Sub I, Inc., a Delaware corporation (“Merger Sub I”) and Altitude Merger Sub II, LLC, a Delaware limited liability company (“Merger Sub II”).

As of June 30, 2023, the Company had not commenced any operations. All activity for the period from August 12, 2020 (inception) through June 30, 2023 relates to the Company’s formation and the initial public offering (“IPO”) described below, and, since the closing of the IPO, a search for a Business Combination candidate. The Company will not generate any operating revenues until after the completion of its initial Business Combination, at the earliest.

The Company generated non-operating income in the form of interest income on investments held in trust from the proceeds derived from the IPO through June 30, 2023 and recognizes changes in the fair value of warrant liability as other income (expense).

Financing

The Company’s sponsor is Altitude Acquisition Holdco LLC, a Delaware limited liability company (the “Sponsor”).

The registration statement for the Company’s IPO (as described below) was declared effective by the U.S. Securities and Exchange Commission (the “SEC”) on December 8, 2020 (the “Effective Date”). On December 11, 2020, the Company consummated the IPO of 30,000,000 units (the “Units” and, with respect to the shares of Class A common stock included in the Units, the “Public Shares”), including the issuance of 3,900,000 Units as a result of the partial exercise of the underwriters’ over-allotment option, at \$10.00 per Unit generating gross proceeds of \$300,000,000, which is described in Note 3.

Simultaneously with the closing of the IPO, the Company consummated the sale of an aggregate of 8,000,000 warrants (the “Private Placement Warrants”) at a price of \$1.00 per warrant in a private placement (the “Private Placement”) to the Company’s Sponsor, generating gross proceeds to the Company of \$8,000,000, which is described in Note 4.

Trust Account

Following the closing of the IPO on December 11, 2020, an amount of \$300,000,000 (\$10.00 per Unit) from the net proceeds of the sale of the Units in the IPO and the sale of the Private Placement Warrants was placed in a trust account established for the benefit of the Company’s public stockholders (the “Trust Account”) which was initially invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 185 days or less or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act which invest only in direct U.S. government treasury obligations, until the earlier of: (a) the completion of the Company’s initial Business Combination, (b) the redemption of any Public Shares properly submitted in connection with a stockholder vote to amend the Company’s amended and restated certificate of incorporation (“Charter”), and (c) the redemption of the Company’s Public Shares if the Company is unable to complete the initial Business Combination within a specified time period (the “Combination Period”) following the closing of the IPO. On December 5, 2022, in order to mitigate the risk of being deemed an unregistered investment company, the Company instructed Continental Stock Transfer & Trust Company (“CST”), the trustee of the Trust Account, to liquidate the securities held in the Trust Account and instead hold all funds in the Trust Account in an interest-bearing bank deposit account.

On June 10, 2022, the Company’s stockholders approved an amendment to the Company’s Charter to extend the Combination Period from June 11, 2022 to October 11, 2022. In connection with the amendment to the Charter, stockholders holding an aggregate of 24,944,949 Public Shares exercised their right to redeem their shares for approximately \$10.01 per share of the funds held in the Trust Account totaling \$249,614,847.

On June 16, 2022, pursuant to the Investment Management Trust Agreement dated as of December 8, 2020 (“Trust Agreement”) between the Company and CST, the Company issued a request to CST to withdraw \$81,200 of interest income from the Trust Account for the payment of the Company’s taxes.

On October 6, 2022, the Company’s stockholders approved a second amendment to the Charter to extend the Combination Period from October 11, 2022 to April 11, 2023. In connection with the amendment to the Charter, stockholders holding an aggregate of 3,382,949 Public Shares exercised their right to redeem their shares for approximately \$10.05 per share of the funds held in the Trust Account totaling \$34,009,688.

[Table of Contents](#)

On April 7, 2023, the Company's stockholders approved a third amendment to the Company's Charter to give the Company's board of directors ("Board") the right to extend the Combination Period, without further stockholder vote, monthly, up to eight times for an additional one month each time, from April 11, 2023 up to December 11, 2023 (each, a "Monthly Extension"). Additionally, the Company's stockholders approved amendments to the Charter to provide for a the right of a holder of Class B common stock of the Company, par value \$0.001 per share ("Class B common stock"), to convert its shares of Class B common stock into shares of Class A common stock of the Company, par value \$0.001 per share ("Class A common stock"), on a one-to-one basis at any time and from time to time at the election of the holder, and to remove (a) the limitation that the Company will not consummate a Business Combination if it would cause the Company's net tangible assets to be less than \$5,000,000 following such redemptions and (b) the limitation that the Company will not redeem Public Shares that would cause the Company's net tangible assets to be less than \$5,000,001 following such redemptions. The Company's stockholders also re-elected Hilton Sturisky as a Class I director for a three year term. In connection with the extension of the Combination Period, stockholders holding an aggregate of 337,457 Public Shares exercised their right to redeem their shares for approximately \$10.08 per share of the funds held in the Trust Account, leaving approximately \$13,460,674 in cash in the Trust Account after satisfaction of such redemptions.

The Board has exercised four (4) of its Monthly Extensions, on each of May 9, 2023, June 6, 2023, July 6, 2023, and August 3, 2023. Accordingly, the Combination Period currently extends through September 11, 2023.

Initial Business Combination

The Charter provides the Company's public stockholders with the opportunity to redeem all or a portion of their Public Shares upon the completion of the initial Business Combination either (i) in connection with a stockholder meeting called to approve the initial Business Combination or (ii) by means of a tender offer. The decision as to whether the Company will seek stockholder approval of a proposed initial Business Combination or conduct a tender offer will be made by the Company, solely in its discretion. The stockholders will be entitled to redeem their shares for a pro rata portion of the amount then on deposit in the Trust Account (initially approximately \$10.00 per share, plus any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company to pay its tax obligations).

The shares of Class A common stock subject to redemption are recorded at a redemption value and classified as temporary equity, in accordance with Accounting Standards Codification ("ASC") Topic 480 "Distinguishing Liabilities from Equity." If the Company seeks stockholder approval, the Company will proceed with an initial Business Combination only if such initial Business Combination is approved by the affirmative vote of the holders of a majority of the shares of the Common Stock that are voted at a stockholder meeting held to consider such initial Business Combination. The Company has until September 11, 2023 to consummate a Business Combination (which date may be extended by the Board monthly up to December 11, 2023 in connection with the Monthly Extensions). However, if the Company is unable to complete a Business Combination within the Combination Period, the Company will redeem 100% of the outstanding Public Shares for a pro rata portion of the funds held in the Trust Account, equal to the aggregate amount then on deposit in the Trust Account including interest earned on the funds held in the Trust Account and not previously released to the Company to pay its taxes, less up to \$100,000 of interest to pay dissolution expenses, divided by the number of then outstanding Public Shares, subject to applicable law, and then seek to dissolve and liquidate.

The Sponsor, officers and directors have agreed to (i) waive their redemption rights with respect to their Founder Shares (defined below) and Public Shares in connection with the completion of the initial Business Combination, (ii) waive their redemption rights with respect to their Founder Shares and Public Shares in connection with a stockholder vote to approve an amendment to the Company's amended and restated certificate of incorporation, and (iii) waive their rights to liquidating distributions from the Trust Account with respect to their Founder Shares if the Company fails to complete the initial Business Combination within the Combination Period.

Liquidity and Going Concern

As of June 30, 2023, the Company had cash outside the Trust Account of \$81,121 available for working capital needs, and a negative working capital of approximately \$1.9 million.

Prior to the completion of the IPO, the Company's liquidity needs had been satisfied through a payment from the Sponsor of \$25,000 for the Founder Shares, the loan under an unsecured promissory note from the Sponsor of \$275,000, and advances from the Sponsor of \$634,447. Subsequent to the consummation of the IPO and Private Placement, the Company's liquidity needs have been satisfied through the proceeds from the consummation of the Private Placement not held in the Trust Account and from advances made by the Sponsor and its affiliates.

In addition, in order to finance transaction costs in connection with an initial Business Combination, the Company's Sponsor or an affiliate of the Sponsor or certain of the Company's officers and directors may, but are not obligated to, provide the Company Working Capital Loans (see Note 5). To date, there were no amounts outstanding under any Working Capital Loans.

At June 30, 2023, the Company owed the Sponsor or its affiliates \$904,044 in advances and \$135,000 in promissory notes and as of December 31, 2022, \$802,644 related to these advances, respectively.

The Company has incurred and expects to continue to incur significant costs in pursuit of its acquisition plans. The Company will need to raise additional capital through loans or additional investments from its Sponsor, stockholders, officers, directors, or third parties. The Company's officers, directors and Sponsor may, but are not obligated to, loan the Company funds, from time to time or at any time, in whatever amount they deem reasonable in their sole discretion, to meet the Company's working capital needs. Accordingly, the Company may not be able to obtain additional financing.

[Table of Contents](#)

In addition, the Company has until September 11, 2023, to consummate a Business Combination (which date may be extended by the Board monthly up to December 11, 2023 in connection with the Monthly Extensions). If the Company is unable to complete a Business Combination during the Combination Period, the Company will redeem 100% of the outstanding Public Shares for a pro rata portion of the funds held in the Trust Account, equal to the aggregate amount then on deposit in the Trust Account including interest earned on the funds held in the Trust Account and not previously released to the Company to pay its taxes, less up to \$100,000 of interest to pay dissolution expenses, divided by the number of then outstanding Public Shares, subject to applicable law and as further described in the registration statement for the IPO, and then seek to dissolve and liquidate.

As a result of the above, in connection with the Company's assessment of going concern considerations in accordance with FASB's Accounting Standards Update ("ASU") 2014-15, "Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern," management determined that if the Company is unable to raise additional funds to alleviate liquidity needs as well as complete a Business Combination by September 11, 2023, the scheduled liquidation date of the Company (which date may be extended by the Board monthly up to December 11, 2023 in connection with the Monthly Extensions), then the Company will cease all operations except for the purpose of liquidating. The liquidity condition as well as the date for mandatory liquidation and subsequent dissolution raise substantial doubt about the Company's ability to continue as a going concern. No adjustments have been made to the carrying amounts of assets or liabilities should the Company be required to liquidate after December 11, 2023. The Company intends to complete a Business Combination before the mandatory liquidation date. These consolidated financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company's Sponsor has agreed that it will indemnify and hold harmless the Company if and to the extent any claims by a third party for services rendered or products sold to the Company, or a prospective target business with which the Company has entered into a written letter of intent, confidentiality or similar agreement or Business Combination agreement, reduce the amount of funds in the Trust Account to below the lesser of (i) \$10.00 per public share and (ii) the actual amount per public share held in the Trust Account as of the date of the liquidation of the Trust Account, if less than \$10.00 per share due to reductions in the value of the trust assets, less taxes payable, provided that such liability will not apply to any claims by a third party or prospective target business who executed a waiver of any and all rights to the monies held in the Trust Account (whether or not such waiver is enforceable) nor will it apply to any claims under the Company's indemnity of the underwriters of the IPO against certain liabilities, including liabilities under the Securities Act (defined below). However, the Company has not asked its Sponsor to reserve for such indemnification obligations, nor has the Company independently verified whether its Sponsor has sufficient funds to satisfy its indemnity obligations and believe that the Company's Sponsor's only assets are securities of the Company. Therefore, the Company cannot assure that its Sponsor would be able to satisfy those obligations.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, which were formed on March 30, 2023. All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements are presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") for financial information and pursuant to the rules and regulations of the SEC. Accordingly, they do not include all of the information and footnotes required by GAAP. In the opinion of management, the unaudited condensed consolidated financial statements reflect all adjustments, which include only normal recurring adjustments necessary for the fair statement of the balances and results for the periods presented. Operating results for the three and six months ended June 30, 2023 are not necessarily indicative of the results that may be expected through December 31, 2023 or any future periods.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Annual Report on Form 10-K filed by the Company with the SEC on March 23, 2023.

Emerging Growth Company Status

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as amended (the "Securities Act"), as modified by the Jumpstart our Business Startups Act of 2012 (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

[Table of Contents](#)

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

Use of Estimates

The preparation of these unaudited condensed consolidated financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of these unaudited condensed consolidated financial statements.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of these unaudited condensed consolidated financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. One of the more significant accounting estimates included in these unaudited condensed consolidated financial statements is the determination of the fair value of the warrant liability. Accordingly, the actual results could differ significantly from those estimates.

Cash and Cash Equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. As of June 30, 2023 and December 31, 2022, the Company did not have any cash equivalents.

Offering Costs

The Company complies with the requirements of ASC 340-10-S99-1 and SEC Staff Accounting Bulletin (SAB) Topic 5A—"Expenses of Offering". Offering costs consist of legal, accounting, underwriting fees and other costs that are directly related to the IPO. Offering costs are allocated to the separable financial instruments issued in the IPO based on a relative fair value basis compared to total proceeds received. Offering costs associated with warrant liabilities are expensed, and offering costs associated with the Class A common stock included in the Units sold in the IPO are charged to the temporary equity.

Cash held in Trust Account

As of June 30, 2023 and December 31, 2022, there was \$13,612,504 and \$16,975,796 in cash held in the Trust Account, respectively.

On December 5, 2022, in order to mitigate the risk of being deemed an unregistered investment company, the Company instructed CST to liquidate the securities held in the Trust Account and instead hold all funds in the Trust Account in an interest-bearing bank deposit account. As a result, following such change, the Company will likely receive minimal, if any, interest, on the funds held in the Trust Account.

Class A Common Stock Subject to Possible Redemption

The Company accounts for its Class A common stock subject to possible redemption in accordance with the guidance in ASC Topic 480 "Distinguishing Liabilities from Equity." Class A common stock subject to mandatory redemption (if any) is classified as liability instruments and are measured at fair value. Conditionally redeemable Class A common stock (including Class A common stock that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) is classified as temporary equity. At all other times, Class A common stock is classified as stockholders' deficit. The Company's Class A common stock features certain redemption rights that are considered to be outside of the Company's control and subject to the occurrence of uncertain future events. Accordingly, as of June 30, 2023 and December 31, 2022, 1,334,645 and 1,672,102 shares of Class A common stock subject to possible redemption were presented at redemption value as temporary equity, outside of the stockholders' deficit section of the Company's condensed consolidated balance sheets, respectively.

Table of Contents

Income Taxes

The Company accounts for income taxes under ASC 740 “Income Taxes” (“ASC 740”). ASC 740 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the consolidated financial statement and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. ASC 740 additionally requires a valuation allowance to be established when it is more likely than not that all or a portion of deferred tax assets will not be realized. As of June 30, 2023, and December 31, 2022, the Company’s deferred tax asset had a full valuation allowance recorded against it. The Company’s effective tax rate was 0.97% and 0.54% for the three and six months ended June 30, 2023, respectively, and (3.88)% and 0.10% for the three and six months ended June 30, 2022, respectively. The effective tax rate differs from the statutory tax rate of 21% for the three and six months ended June 30, 2023 and 2022, due to the valuation allowance on the deferred tax assets.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s consolidated financial statements and prescribes a recognition threshold and measurement process for consolidated financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim period, disclosure and transition.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of June 30, 2023 and December 31, 2022. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

The Company has identified the United States as its only “major” tax jurisdiction.

The Company may be subject to potential examination by federal and state taxing authorities in the areas of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with federal and state tax laws. The Company’s management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

Net (Loss) Income Per Common Share

The Company has two classes of common stock, which are referred to as Class A common stock and Class B common stock. Earnings and losses are shared pro rata between the two classes of common stock. The Company has not considered the effect of the warrants sold in the IPO and the Private Placement to purchase an aggregate of 23,000,000 of the Company’s Class A common stock in the calculation of diluted (loss) income per share, since their exercise is contingent upon future events. As a result, diluted net (loss) income per share of common stock is the same as basic net (loss) income per share of common stock. The table below presents a reconciliation of the numerator and denominator used to compute basic and diluted net (loss) income per share for each class of common stock.

	For the three months ended June 30, 2023		For the three months ended June 30, 2022	
	Class A Common Stock	Class B Common Stock	Class A Common Stock	Class B Common Stock
Basic and diluted net loss per share:				
Numerator:				
Allocation of net loss	\$ (1,268,614)	\$ (389,852)	\$ (181,263)	\$ (53,649)
Denominator:				
Weighted-average shares outstanding	1,877,359	576,923	25,339,955	7,500,000
Basic and diluted net loss per share	\$ (0.68)	\$ (0.68)	\$ (0.01)	\$ (0.01)
	For the six months ended June 30, 2023		For the six months ended June 30, 2022	
	Class A Common Stock	Class B Common Stock	Class A Common Stock	Class B Common Stock
Basic and diluted net (loss) income per share:				
Numerator:				
Allocation of net (loss) income	\$ (1,731,597)	\$ (1,375,604)	\$ 6,594,103	\$ 1,788,176
Denominator:				
Weighted-average shares outstanding	5,007,342	3,977,901	27,657,104	7,500,000
Basic and diluted net (loss) income per share	\$ (0.35)	\$ (0.35)	\$ 0.24	\$ 0.24

[Table of Contents](#)

Concentration of Credit Risk

The Company has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Company's financial condition, results of operations, and cash flows.

Derivative Financial Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives in accordance with ASC Topic 815, "Derivatives and Hedging". Derivative instruments are recorded at fair value on the grant date and re-valued at each reporting date, with changes in the fair value reported in the statements of operations. Derivative assets and liabilities are classified on the consolidated balance sheets as current or non-current based on whether or not net-cash settlement or conversion of the instrument could be required within 12 months of the consolidated balance sheet date. The Company has determined that the warrants are a derivative instrument. FASB ASC 470-20, Debt with Conversion and Other Options addresses the allocation of proceeds from the issuance of convertible debt into its equity and debt components. The Company applies this guidance to allocate IPO proceeds from the Units between Class A common stock and Public Warrants (defined below), using the residual method by allocating IPO proceeds first to fair value of the Public Warrants and then the Class A common stock.

Fair Value Measurements

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

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

In some circumstances, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In those instances, the fair value measurement is categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

The fair value of the Private Placement Warrants is based on a valuation model utilizing management judgment and pricing inputs from observable and unobservable markets with less volume and transaction frequency than active markets. Significant deviations from these estimates and inputs could result in a material change in fair value. The fair value of the Private Placement Warrants is classified as Level 3. The fair value of the Public Warrants (as defined below) is classified as Level 1. See Note 8 for additional information on assets and liabilities measured at fair value.

Recent Accounting Standards

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

[Table of Contents](#)

NOTE 3. INITIAL PUBLIC OFFERING

On December 11, 2020, the Company sold 30,000,000 Units, including 3,900,000 Units issued pursuant to the underwriters' partial exercise of their over-allotment option, at a purchase price of \$10.00 per Unit. Each Unit consists of one share of Class A common stock, and one-half of one warrant (the "Public Warrants") to purchase one share of Class A common stock. Each whole Public Warrant entitles the holder to purchase one share of Class A common stock at a price of \$11.50 per share, subject to adjustment. Each Public Warrant will become exercisable on the later of 30 days after the completion of the initial Business Combination or 12 months from the closing of the IPO and will expire five years after the completion of the initial Business Combination, or earlier upon redemption or liquidation.

The Company paid an underwriting fee at the closing of the IPO of \$6,000,000. As of June 30, 2023 and December 31, 2022, an additional fee of \$10,500,000 (see Note 6) was deferred and will become payable upon the Company's completion of an initial Business Combination. The deferred portion of the fee will become payable to the underwriters from the amounts held in the Trust Account solely in the event the Company completes its initial Business Combination.

All of the 30,000,000 shares of Class A common stock sold as part of the Units in the IPO contain a redemption feature which allows for the redemption of such Public Shares in connection with the Company's liquidation, if there is a stockholder vote or tender offer in connection with the Business Combination and in connection with certain amendments to the Charter. In accordance with SEC and its staff's guidance on redeemable equity instruments, which has been codified in ASC 480-10-S99, redemption provisions not solely within the control of the Company require common stock subject to redemption to be classified outside of permanent equity. In connection with the amendments to the Charter and the extensions of the Combination Period, on June 14, 2022, October 12, 2022, and April 7, 2023, stockholders holding an aggregate of 24,944,949, 3,382,949, and 337,457, respectively, shares of the Company's Class A common stock exercised their right to redeem their shares for approximately \$10.01, \$10.05, and \$10.08, respectively, per share of the funds held in the Company's Trust Account, for a total aggregate amount of \$287,060,872.

The Class A common stock is recorded in accordance with ASC 480-10-S99. If it is probable that the equity instrument will become redeemable, the Company has the option to either accrete changes in the redemption value over the period from the date of issuance (or from the date that it becomes probable that the instrument will become redeemable, if later) to the earliest redemption date of the instrument or to recognize changes in the redemption value immediately as they occur and adjust the carrying amount of the instrument to equal the redemption value at the end of each reporting period. The Company recognizes changes in redemption value immediately as they occur. Immediately upon the closing of the IPO, the Company recognized the accretion from initial book value to redemption amount value. The change in the carrying value of redeemable Class A common stock resulted in charges against additional paid-in capital and accumulated deficit.

As of June 30, 2023 and December 31, 2022, the common stock reflected on the condensed consolidated balance sheets are reconciled in the following table:

Gross proceeds from IPO	\$ 300,000,000
Less:	
Proceeds allocated to Public Warrants	(19,987,400)
Common stock issuance costs	(15,968,970)
Payment from Trust Account in connection with redemption of shares	(283,624,535)
Plus:	
Accretion of carrying value to redemption value	36,301,925
Class A common stock subject to possible redemption, December 31, 2022	16,721,020
Plus:	
Accretion of carrying value to redemption value	61,849
Less:	
Redemption	(3,436,338)
Class A common stock subject to possible redemption, June 30, 2023	\$ 13,346,531

Warrants

Each whole warrant will entitle the holder to purchase one share of the Company's Class A common stock at a price of \$11.50 per share, subject to adjustment as discussed herein. In addition, if (x) the Company issues additional shares of Class A common stock or equity-linked securities for capital raising purposes in connection with the closing of its initial Business Combination at an issue price or effective issue price of less than \$9.20 per share of Class A common stock (with such issue price or effective issue price to be determined in good faith by the Company's board of directors and, in the case of any such issuance to the Company's Sponsor or its affiliates, without taking into account any Founder Shares held by the Company's Sponsor or its affiliates, prior to such issuance) (the "Newly Issued Price"), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of the initial Business Combination on the date of the consummation of the initial Business Combination (net of redemptions), and (z) the volume weighted average trading price of the Company's common stock during the 20 trading day period starting on the trading day prior to the day on which the Company consummates the initial Business Combination (such price, the "Market Value") is below \$9.20 per share, the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value and the Newly Issued Price, and the \$18.00 per share redemption trigger price described below under "Redemption of warrants" will be adjusted (to the nearest cent) to be equal to 180% of the higher of the Market Value and the Newly Issued Price.

The warrants will become exercisable on the later of twelve months from the closing of the IPO or thirty days after the completion of the Company's initial Business Combination and will expire five years after the completion of the Company's initial Business Combination, at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

The Company will not be obligated to deliver any shares of Class A common stock pursuant to the exercise of a warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act with respect to the shares of Class A common stock underlying the warrants is then effective and a prospectus is current. No warrant will be exercisable, and the Company will not be obligated to issue shares of Class A common stock upon exercise of a warrant unless Class A common stock issuable upon such warrant exercise has been registered, qualified or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants. In no event will the Company be required to net cash settle any warrant. In the event that a registration statement is not effective for the exercised warrants, the purchaser of a Unit containing such warrant will have paid the full purchase price for the Unit solely for the share of Class A common stock underlying such Unit.

Once the warrants become exercisable, the Company may call the Public Warrants for redemption:

- in whole and not in part;
- at a price of \$0.01 per warrant;
- Upon not less than 30 days' prior written notice of redemption (the "30-day redemption period") to each warrant holder; and
- if, and only if, the reported last sale price of the Class A common stock equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending three business days before the Company sends the notice of redemption to the warrant holders.

If the Company calls the Public Warrants for redemption as described above, the management will have the option to require any holder that wishes to exercise its warrant to do so on a "cashless basis." If the management takes advantage of this option, all holders of warrants would pay the exercise price by surrendering their warrants for that number of shares of Class A common stock equal to the quotient obtained by dividing (x) the product of the number of shares of Class A common stock underlying the warrants, multiplied by the excess of the "fair market value" (defined below) over the exercise price of the warrants by (y) the fair market value. The "fair market value" shall mean the average reported last sale price of the Class A common stock for the ten trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants.

NOTE 4. PRIVATE PLACEMENT

Simultaneously with the closing of the IPO, the Sponsor purchased an aggregate of 8,000,000 Private Placement Warrants at a purchase price of \$1.00 per Private Placement Warrant, generating gross proceeds to the Company of \$8,000,000. The proceeds from the sale of the Private Placement Warrants were added to the proceeds from the IPO held in the Trust Account.

The Private Placement Warrants are identical to the Public Warrants except that the Private Placement Warrants, so long as they are held by the Sponsor or its permitted transferees, (i) will not be redeemable by the Company, (ii) may not (including the Class A common stock issuable upon exercise of such Private Placement Warrants), subject to certain limited exceptions, be transferred, assigned or sold by the holders until 30 days after the completion of the Company's initial Business Combination, and (iii) may be exercised by the holders on a cashless basis and (iv) will be entitled to registration rights. No underwriting fees were paid with respect to such sale. The issuance of the Private Placement Warrants was made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act.

NOTE 5. RELATED PARTY TRANSACTIONS

Founder Shares

In August 2020, the Company issued 8,625,000 shares of Class B common stock to the Sponsor for \$25,000 in cash, or approximately \$0.003 per share (the "Founder Shares"). On November 30, 2020 the Sponsor surrendered an aggregate of 1,437,500 Founder Shares, which were cancelled. On December 8, 2020, as part of an upsizing of the IPO, the Company effected a stock split in which each issued share of Class B common stock that was outstanding was converted into one and forty-four one-thousandths shares of Class B common stock, resulting in an aggregate of 7,503,750 shares of Class B common stock issued and outstanding. All shares and associated amounts have been retroactively restated to reflect the share surrender and stock split. The Founder Shares included an aggregate of up to 978,750 shares subject to forfeiture if the over-allotment option was not exercised by the underwriters in full. On December 11, 2020, the underwriters partially exercised their over-allotment option, hence, 975,000 Founder Shares were no longer subject to forfeiture and 3,750 Founder Shares were forfeited for no consideration.

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

On April 7, 2023, pursuant to the terms of the Charter, as amended, the Sponsor elected to convert 7,500,000 shares of Class B common stock held by it on a one-for-one basis into 7,500,000 shares of Class A common stock (see Note 6).

Private Placement Warrants

Simultaneously with the closing of the IPO, the Sponsor purchased an aggregate of 8,000,000 Private Placement Warrants for an aggregate purchase price of \$8,000,000, or \$1.00 per Private Placement Warrant (see Note 4).

Administrative Support Agreement

The Company has agreed, commencing on the date of the securities of the Company were first listed on The Nasdaq Capital Market (the "Listing Date"), to pay an affiliate of the Company's Sponsor a monthly fee of an aggregate of \$10,000 for office space, utilities and secretarial and administrative support. Upon completion of the Company's initial Business Combination or its liquidation, the Company will cease paying these monthly fees. During the quarter-ended March 31, 2023, the Sponsor agreed to waive the company's payment obligation under the administrative support agreement and therefore has recognized contribution from Sponsor of \$247,667.

Due from/to Related Party

As of December 31, 2022, the Company had due to related party balance of \$242,089, which consisted of \$247,667 for the administrative service fees incurred, net of \$5,578 receivable from related party. During the quarter-ended March 31, 2023, the administrative service fee and receivable from related party was waived. As of June 30, 2023, there is no balance due from/to related party.

[Table of Contents](#)

Advances from Sponsor

At June 30, 2023 and December 31, 2022, the Company owed the Sponsor or its affiliates \$904,044 and \$802,644 related to advances, respectively.

Promissory Note — Related Party

On June 2, 2021, the Company issued an unsecured promissory note to the Sponsor for an aggregate available principal amount of \$00,000 to be used for a portion of the expenses of the Business Combination. This loan is non-interest bearing, unsecured and due at the earlier of December 31, 2021 or the closing of the Business Combination. The Company had no borrowings under the promissory note as of June 30, 2023 and December 31, 2022.

Promissory Note — Related Party

On April 25, 2023, the Company issued a promissory note (the “Promissory Note”) to the Sponsor. Pursuant to the Promissory Note, the Sponsor loaned the Company an aggregate principal amount of \$135,000 for working capital purposes. The Promissory Note is non-interest bearing, non-convertible and payable on the earlier of the date on which the Company consummates its initial business combination or the liquidation of the Company. As of June 30, 2023 the Company has borrowed a total of \$135,000 from the Sponsor.

Non-Redemption Agreements

Prior to the stockholder meeting at which the Company sought stockholder approval to extend the Combination Period from June 11, 2022 to October 11, 2022, on June 9, 2022, the Company entered non-redemption agreements (“June Non-Redemption Agreements”) with certain existing stockholders (“June Non-Redeeming Stockholders”) holding an aggregate of 1,250,000 shares of Class A common stock. Pursuant to the June Non-Redemption Agreements, the June Non-Redeeming Stockholders agreed to (a) not redeem any shares of Class A common stock held by them on the date of the June Non-Redemption Agreements in connection with the extension, (b) vote all of their shares in favor of the extension and any initial business combination presented by the Company for approval by its stockholders, and (c) not Transfer (as such term is defined in the June Non-Redemption Agreements) any of their shares until the earlier of October 11, 2022 and consummation of the Company’s initial business combination.

In connection with the June Non-Redemption Agreements, Gary Teplis, the Chief Executive Officer of the Company, agreed to pay to each June Non-Redeeming Stockholder \$0.033 per share in cash per month through October 11, 2022, and as a result Mr. Teplis paid a total of \$184,929 to the June Non-Redeeming Stockholders.

Prior to the stockholder meeting at which the Company sought stockholder approval to extend the Combination Period from October 11, 2022 to April 11, 2023, on October 5, 2022, the Company entered into a non-redemption agreement (“October Non-Redemption Agreement”) with an existing stockholder (“October Non-Redeeming Stockholder”) holding an aggregate of 223,124 shares of Class A common stock. Pursuant to the October Non-Redemption Agreement, the October Non-Redeeming Stockholder agreed to (a) not redeem the shares in connection with the extension and (b) vote all of its shares in favor of the extension.

In connection with the October Non-Redemption Agreement, Mr. Teplis agreed to pay to the October Non-Redeeming Stockholder \$0.05 per share per month through June 11, 2023, in a single cash payment within 45 days from the date of the October Non-Redemption Agreement, and as a result Mr. Teplis paid a total \$66,937 to the October Non-Redeeming Stockholder.

Related Party Loans

In order to finance transaction costs in connection with an initial Business Combination, the Sponsor or an affiliate of the Sponsor or certain of the Company’s officers and directors may, but are not obligated to, loan the Company funds as may be required (“Working Capital Loans”). If the Company completes an initial Business Combination, the Company will repay the Working Capital Loans out of the proceeds of the Trust Account released to the Company. Otherwise, the Working Capital Loans would be repaid only out of funds held outside the Trust Account. In the event that an initial Business Combination does not close, the Company may use a portion of the working capital held outside the Trust Account to repay the Working Capital Loans but no proceeds from the Trust Account would be used to repay the Working Capital Loans. Up to \$1,500,000 of such Working Capital Loans may be convertible into warrants at a price of \$1.00 per warrant at the option of the lender. The warrants would be identical to the Private Placement Warrants, including as to exercise price, exercisability and exercise period. At June 30, 2023 and December 31, 2022, no Working Capital Loans were outstanding.

NOTE 6. COMMITMENTS AND CONTINGENCIES

Risks and Uncertainties

On August 16, 2022, the Inflation Reduction Act of 2022 (the “IR Act”) was signed into federal law. The IR Act provides for, among other things, a new U.S. federal 1% excise tax on certain repurchases of stock by publicly traded domestic (i.e., U.S.) corporations and certain domestic subsidiaries of publicly traded foreign (i.e. non-U.S.) corporations occurring on or after January 1, 2023. The excise tax is imposed on the repurchasing corporation itself, not its stockholders from which shares are repurchased. The amount of the excise tax is generally 1% of the fair market value of the shares repurchased at the time of the repurchase. However, for purposes of calculating the excise tax, repurchasing corporations are permitted to net the fair market value of certain new stock issuances against the fair market value of stock repurchases during the same taxable year. In addition, certain exceptions apply to the excise tax. The U.S. Department of the Treasury (the “Treasury”) has been given authority to provide regulations and other guidance to carry out and prevent the abuse or avoidance of the excise tax.

Any repurchase by the Company of the Company’s stock that occurs after December 31, 2022, in connection with a Business Combination, extension vote or otherwise, generally is expected to be subject to the excise tax. Whether and to what extent the Company would be subject to the excise tax on a redemption of Class A common stock or other stock of the Company in connection with a Business Combination, extension vote or otherwise would depend on a number of factors, including (i) whether the redemption is treated as a repurchase of stock for purposes of the excise tax, (ii) the fair market value of the redemption treated as a repurchase of stock in connection with the Business Combination, extension or otherwise, (iii) the structure of a Business Combination, (iii) the nature and amount of any “PIPE” or other equity issuances in connection with a Business Combination (or otherwise issued not in connection with a Business Combination but issued within the same taxable year of a redemption treated as a repurchase of stock) and (iv) the content of regulations and other guidance from the Treasury.

Registration Rights

The holders of the Founder Shares, Private Placement Warrants, and warrants that may be issued upon conversion of Working Capital Loans have registration rights to require the Company to register a sale of any of its securities held by them pursuant to a registration rights agreement signed prior to or on the Effective Date. These holders are entitled to make up to three demands, excluding short form registration demands, that the Company registers such securities for sale under the Securities Act. In addition, these holders are entitled to “piggy-back” registration rights.

Underwriting Agreement

The underwriters of the IPO had a 45-day option from December 11, 2020 to purchase up to an additional 3,915,000 Units to cover over-allotments, if any. On December 11, 2020, the underwriters partially exercised their over-allotment option and purchased an additional 3,900,000 Units. The unexercised portion of the over-allotment option was forfeited.

On December 11, 2020, the underwriters were paid a cash underwriting fee of \$6,000,000, or 2% of the gross proceeds of the IPO. Additionally, the underwriters will be entitled to a deferred underwriting fee of \$10,500,000, or 3.5% of the gross proceeds of the IPO held in the Trust Account upon the completion of the Company’s initial Business Combination subject to the terms of the underwriting agreement.

Charter Amendment

On April 7, 2023, the Company held an annual meeting of stockholders (the “Annual Meeting”), the Company’s stockholders approved several proposals to amend the Company’s Charter to (i) permit the Board to extend the date by which the Company must complete a Business Combination from April 11, 2023 monthly up to eight (8) times for an additional one month each time, up to December 11, 2023, (ii) provide for a the right of a holder of Class B common stock to convert its shares of Class B common stock into shares of Class A common stock on a one-to-one basis at any time and from time to time at the election of the holder and (iii) remove (a) the limitation that the Company will not consummate a business combination if it would cause the Company’s net tangible assets to be less than \$5,000,001 following such redemptions and (b) the limitation that the Company will not redeem Public Shares that would cause the Company’s net tangible assets to be less than \$5,000,001 following such redemptions. The Company’s stockholders also re-elected Hilton Sturisky as a Class I director for a three year term.

In connection with the Annual Meeting, stockholders holding an aggregate of 337,457 Public Shares exercised their right to redeem their shares for approximately \$10.08 per share of the funds held in the Trust Account, leaving approximately \$3,460,674 in cash in the Trust Account after satisfaction of such redemptions.

Conversion of Class B Common Stock

On April 7, 2023, pursuant to the terms of the Charter, as amended, the Sponsor, the holder of an aggregate of 7,500,000 shares of Class B common stock, elected to convert each outstanding share of Class B common stock held by it on a one-for-one basis into shares of Class A common stock, with immediate effect. Following such conversion, as of April 7, 2023, the Company had an aggregate of 8,834,645 shares of Class A common stock issued and outstanding and 0 shares of Class B common stock issued and outstanding.

Business Combination Agreement

On April 23, 2023, the Company, entered into a business combination agreement (the “Business Combination Agreement”) by and among the Company, Merger Sub I, Merger Sub II, Picard Medical, Inc., a Delaware corporation (“Picard”) and Hunniwell Picard I, LLC, solely in its capacity as the representative, agent and attorney-in-fact of the security holders of Picard. The Business Combination Agreement provides, among other things, that on the terms and subject to the conditions set forth therein, Merger Sub I will merge with and into Picard (the “First Merger”), with Picard surviving as a wholly-owned subsidiary of the Company (the “Surviving Corporation”). Immediately following the First Merger and as part of the same overall transaction as the First Merger, the Surviving Corporation will merge with and Merger Sub II, with Merger Sub II surviving as the surviving entity (the “Surviving Entity”, and such merger, the “Second Merger” and, together with the First Merger, the “Mergers”). Upon the closing of the Mergers (the “Closing”), it is anticipated that the Company will change its name to “Picard Medical Holdings, Inc.” and is referred to herein as “New Picard” as of the time following such change of name. The date on which the Closing actually occurs is hereinafter referred to as the “Closing Date.”

Prior to the First Merger, each issued and outstanding share of Picard’s preferred stock, par value \$0.0001 per share (“Picard Preferred Stock”), will automatically convert into one (1) share of common stock of Picard, par value \$0.001 per share (“Picard Common Stock”). Each of Picard’s convertible notes that are outstanding prior to the First Merger, if any, will convert prior to the First Merger into shares of Picard Common Stock in accordance with the terms of such convertible notes. Each share of Picard Common Stock held by a Picard securityholder immediately prior to the First Effective Time (including shares issued upon conversion of Picard Preferred Stock and convertible notes, but not including dissenting shares) will be automatically cancelled and converted into the right to receive a pro rata portion of an aggregate of 48,000,000 shares of common stock of New Picard, par value \$0.001 per share (“New Picard Common Stock”), and an aggregate of 6,500,000 warrants to purchase shares of New Picard Common Stock at an initial exercise price of \$11.50 per share (“New Picard Warrants”), plus up to an additional 6,500,000 New Picard Warrants if certain earnout conditions are satisfied (the “Earnout Warrants”). Each of Picard’s options that are outstanding and unexercised prior to the First Merger will be assumed by New Picard and converted into a New Picard option with the same terms and conditions. Each of Picard’s warrants that are outstanding and unexercised prior to the First Merger, whether or not then vested or exercisable, will be assumed by New Picard and will be converted into a warrant to acquire shares of New Picard Common Stock and will be subject to the same terms and conditions that applied to the Picard warrant immediately prior to the First Merger.

The Earnout Warrants will be held in escrow following the Closing and will be released to the Picard securityholders if, at any time during the five (5) year period following the Closing, the dollar volume-weighted average price (“VWAP”) of New Picard Common Stock for any 20 trading days within any 30 trading day period is greater than \$12.50.

At the Closing, New Picard will issue 100,000 shares of New Picard Common Stock and 30,000 New Picard Warrants to certain service providers of the Company.

Sponsor Support Agreement

In connection with the execution of the Business Combination Agreement, on April 23, 2023, the Sponsor entered into a support agreement with the Company and Picard (the “Sponsor Support Agreement”). Under the Sponsor Support Agreement, Sponsor agreed to vote, at any meeting of the stockholders of the Company, and in any action by written consent of the stockholders of the Company, all of the common stock of the Company held by the Sponsor in favor of the Mergers and related actions. The Sponsor Support Agreement prohibits the Sponsor from, among other things, selling, assigning or transferring or redeeming any shares of Class A common stock held by it. In addition, the Sponsor Support Agreement provides that the Sponsor will, in connection with the Closing (x) forfeit up to 4,500,000 shares of Class A common stock held by the Sponsor immediately prior to the Closing, with such number of forfeited shares to be reduced by 20,000 shares for each \$1,000,000 by which the proceeds of the Closing Offering (as defined in the Business Combination Agreement) plus the funds remaining in the Trust Account (after giving effect to redemptions and any financial incentives or discounts given to incentivize non-redemption and the repayment of any outstanding debt to the Sponsor) together with the proceeds from any Picard Financing (as defined in the Business Combination Agreement), exceeds \$38,000,000, (y) forfeit 6,500,000 Private Placement Warrants held by Sponsor immediately prior to the Closing, and (z) deposit with CST, acting as escrow agent, 1,250,000 shares of Class A common stock (the “Sponsor Earnout Shares”) and 1,000,000 Private Placement Warrants (the “Sponsor Earnout Warrants” and together with the Sponsor Earnout Shares, the “Sponsor Earnout Securities”). The Sponsor Earnout Securities will be released to the Sponsor upon achievement of the following milestones at any time during the five year period following the Closing: (i) 500,000 Sponsor Earnout Shares will be released if the VWAP of New Picard Common Stock is equal to or greater than \$12.50 for any 20 trading days within any 30 trading day period, (ii) 250,000 Sponsor Earnout Shares and 1,000,000 Earnout Warrants will be released upon the closing of the acquisition by the Company or New Picard, as applicable, of at least 10,000,000 Company Warrants or New Picard Warrants, as applicable, from public investors, and (iii) 750,000 Sponsor Earnout Shares will be released upon the release of the Sponsor Earnout Shares and Sponsor Earnout Warrants pursuant to both (i) and (ii) of this paragraph. Any Sponsor Earnout Securities that have not been released from escrow on the date that is five years after the Closing will be forfeited.

Picard Support Agreements

In connection with the execution of the Business Combination Agreement, on April 23, 2023, certain Picard stockholders holding an aggregate of approximately 90% of the outstanding Picard equity, on an as-converted to Picard Common Stock basis, and 100% of the outstanding Picard Preferred Stock (together, the “Picard Supporting Stockholders”) entered into support agreements with the Company and Picard (the “Picard Support Agreements”). Under the Picard Support Agreements, each Picard Supporting Stockholder has executed and delivered a written consent with respect to the outstanding shares of Picard Common Stock and Picard Preferred Stock held by such Picard Supporting Stockholder (the “Subject Picard Shares”) approving the Business Combination Agreement and the transactions contemplated thereby. In addition to the foregoing, each Picard Supporting Stockholder agreed that at any meeting of the holders of Picard capital stock, each such Picard Supporting Stockholder will appear at the meeting, in person or by proxy, and cause its Subject Picard Shares to be voted (i) to approve and adopt the Business Combination Agreement and the transactions contemplated thereby, including the Mergers; (ii) against any (A) any merger, consolidation, share exchange, business combination or other similar transaction or (B) any sale, lease, exchange, transfer or other disposition of all or a material portion of the assets of Picard (a “Alternative Proposal”); and (iii) against any amendment of the certificate of incorporation, or bylaws of Picard or proposal or transaction that would impede or frustrate the provisions of the Picard Support Agreements, the Business Combination Agreement or the transactions contemplated thereby. In addition, the Picard Support Agreements prohibit the Picard Supporting Stockholders from, among other things, (i) transferring any of the Subject Picard Shares; (ii) entering into (a) any option, warrant, purchase right, or other contract that would require the Picard Support Stockholders to transfer the Subject Picard Shares, or (b) any voting trust, proxy or other contract with respect to the voting or transfer of the Subject Picard Shares; or (iii) or taking any action in furtherance of the foregoing.

[Table of Contents](#)

The Picard Support Agreement provides that the Picard Supporting Stockholders will not directly or indirectly, (i) solicit, initiate or knowingly encourage or facilitate any inquiry, proposal, or offer which constitutes, or could reasonably be expected to lead to, an Alternative Proposal in their capacity as such, (ii) participate in any discussions or negotiations regarding, or furnish or receive any nonpublic information relating to the Picard or its subsidiaries, in connection with any Alternative Proposal, (iii) approve or recommend, or make any public statement approving or recommending an Alternative Proposal, (iv) enter into any letter of intent, merger agreement or similar agreement providing for an Alternative Proposal, (v) make, or in any manner participate in a “solicitation” (as such term is used in the rules of the SEC) of proxies or powers of attorney or similar rights to vote, or seek to advise or influence with respect to voting of the Picard capital stock intending to facilitate any Alternative Proposal or cause any holder of shares of Picard capital stock not to vote to adopt the Business Combination Agreement and approve the Mergers and the other transactions contemplated thereby, (vi) become a member of a “group” (as such term is defined in Section 13(d) of the Exchange Act) with respect to any voting securities of Picard that takes any action in support of an Alternative Proposal or (vii) otherwise resolve or agree to do any of the foregoing.

Picard’s Supporting Stockholders each also irrevocably waived, and agreed not to exercise or assert, any dissenters’ or appraisal rights under Delaware law in connection with the Mergers and the Business Combination Agreement.

Other Agreements

The Business Combination Agreement contemplates the execution of various additional agreements and instruments, on or before the Closing, including, among others, the agreements described below.

Registration Rights Agreement

In connection with the Closing, the Company, Picard, and certain of their respective stockholders will enter into an amended and restated registration rights agreement (the “Registration Rights Agreement”). Pursuant to the Registration Rights Agreement, New Picard will be required to register for resale securities held by the stockholders party thereto. In addition, the holders will have certain demand and “piggyback” registration rights. New Picard will bear the expenses incurred in connection with the filing of any registration statements pursuant to the Registration Rights Agreement.

Lock-Up Agreement

In connection with the Closing, the Company and certain record and/or beneficial owner of equity securities of Picard (“Holders”) will enter into a lock-up agreement (the “Lock-Up Agreement”). Pursuant to the Lock-Up Agreement, the Holders will agree, subject to customary exceptions, not to transfer (a) any shares of New Picard Common Stock received by them as consideration in the Mergers (the “Lock-Up Shares”) for the period ending on the earliest of (x) the date that is one (1) year following the Closing Date, (y) the date on which the closing price of shares of New Picard Common Stock on Nasdaq equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for twenty (20) of any thirty (30) consecutive trading days commencing at least 150 days after the Closing, and (z) the date on which New Picard completes a liquidation, merger, capital stock exchange, reorganization or similar transaction that results in all of New Picard’s stockholders having the right to exchange their shares of New Picard Common Stock for cash, securities or other property and (b) any warrants of received as consideration in the Mergers (including the Earnout Warrants) for a period of 30 days after Closing.

[Table of Contents](#)

NOTE 7. STOCKHOLDERS' DEFICIT

Preferred Stock — The Company is authorized to issue a total of 1,000,000 shares of preferred stock at par value of \$0.0001 each. As of June 30, 2023 and December 31, 2022, there were no shares of preferred stock issued and outstanding.

Class A Common Stock — The Company is authorized to issue a total of 280,000,000 shares of Class A common stock at par value of \$0.0001 each. As of June 30, 2023 and December 31, 2022, there were 8,834,645 and 1,672,102 shares of Class A common stock subject to redemption, of which 1,334,645 and 1,672,102, are included in temporary equity, respectively.

Class B Common Stock — The Company is authorized to issue a total of 20,000,000 shares of Class B common stock at par value of \$0.0001 each. After giving retroactive effect to the forfeiture of shares and subsequent split described in Note 5, as of June 30, 2023 and December 31, 2022, there were 0 and 7,500,000 shares of Class B common stock issued and outstanding. On April 7, 2023, pursuant to the terms of the Charter, the Sponsor, the holder of an aggregate of 7,500,000 shares of Class B common stock, elected to convert each outstanding share of Class B common stock held by it on one-for-one basis into shares of Class A common stock, with immediate effect.

The Company's initial stockholders have agreed not to transfer, assign or sell their Founder Shares until the earlier to occur of (A) one year after the completion of the Company's initial Business Combination or (B) subsequent to the Company's initial Business Combination, (x) if the last sale price of the Company's Class A common stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after the Company's initial Business Combination, or (y) the date on which the Company completes a liquidation, merger, capital stock exchange or other similar transaction that results in all of its stockholders having the right to exchange their shares of common stock for cash, securities or other property. Any permitted transferees will be subject to the same restrictions and other agreements of the Company's initial stockholders with respect to any Founder Shares.

Holders of the Class A common stock and holders of the Class B common stock will vote together as a single class on all matters submitted to a vote of the Company's stockholders, with each share of common stock entitling the holder to one vote.

NOTE 8. FAIR VALUE MEASUREMENTS

The following table presents information about the Company's liabilities that are measured at fair value on a recurring basis at June 30, 2023, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

	June 30, 2023	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Liabilities:				
Warrant Liability—Public Warrants	\$ 825,000	\$825,000	\$ —	\$ —
Warrant Liability—Private Placement Warrants	486,338	—	—	486,338
	<u>\$1,311,338</u>	<u>\$825,000</u>	<u>\$ —</u>	<u>\$ 486,338</u>

Table of Contents

The following table presents information about the Company's liabilities that are measured at fair value on a recurring basis at December 31, 2022, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

	December 31, 2022	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Liabilities:				
Warrant Liability—Public Warrants	\$ 877,500	\$877,500	\$ —	\$ —
Warrant Liability—Private Placement Warrants	\$ 505,949	—	—	505,949
	<u>\$ 1,383,449</u>	<u>\$877,500</u>	<u>\$ —</u>	<u>\$ 505,949</u>

The measurement of the Public Warrants at June 30, 2023 and December 31, 2022 is classified as Level 1 due to the use of an observable market quote in an active market. As of June 30, 2023 and December 31, 2022, the aggregate value of Public Warrants was \$825,000 and \$877,500, respectively. During the period ended June 30, 2023 and year ended December 31, 2022 there were no transfers between Level 1, 2 and 3 on the derivative warrant liabilities.

The estimated fair value of the Private Placement Warrants on June 30, 2023 and December 31, 2022 is determined using Level 3 inputs. Inherent in a Monte Carlo simulation model are assumptions related to expected stock-price volatility (pre-merger and post-merger), expected term, dividend yield and risk-free interest rate. The Company estimates the volatility of its common stock based on management's understanding of the volatility associated with instruments of other similar entities. The risk-free interest rate is based on the U.S. Treasury Constant Maturity similar to the expected remaining life of the warrants. The expected life of the warrants is simulated based on management assumptions regarding the timing and likelihood of completing a business combination. The dividend rate is based on the historical rate, which the Company anticipates to remain at zero. The assumptions used in calculating the estimated fair values represent the Company's best estimate. However, inherent uncertainties are involved. If factors or assumptions change, the estimated fair values could be materially different.

The key inputs into the Monte Carlo simulation model for the Private Placement Warrants were as follows at June 30, 2023:

Input	June 30, 2023
Expected term (years)	0.96
Expected volatility	7.7%
Risk-free interest rate	5.40%
Exercise price	\$ 11.50
Fair value of the common stock price	\$ 10.05

The key inputs into the Monte Carlo simulation model for the Private Placement Warrants were as follows at December 31, 2022:

Input	December 31, 2022
Expected term (years)	1.15
Expected volatility	7.9%
Risk-free interest rate	4.68%
Exercise price	\$ 11.50
Fair value of the common stock price	\$ 9.92

The primary significant unobservable input used in the fair value measurement of the Company's Private Placement Warrants is the expected volatility of the common stock. Significant increases (decreases) in the expected volatility in isolation would result in a significantly higher (lower) fair value measurement.

The following table sets forth a summary of the changes in the fair value of the Level 3 warrant liability for the three and six months ended June 30, 2023:

	Warrant Liability
Fair value as of December 31, 2022	\$ 505,949
Change in fair value	(60,935)
Fair value as of March 31, 2023	\$ 445,014
Change in fair value	41,324
Fair value as of June 30, 2023	\$ 486,338

[Table of Contents](#)

The following table sets forth a summary of the changes in the fair value of the Level 3 warrant liability for the three and six months ended June 30, 2022:

	<u>Warrant Liability</u>
Fair value as of December 31, 2021	\$ 4,822,783
Change in fair value	<u>(3,428,308)</u>
Fair value as of March 31, 2022	1,394,475
Change in fair value	<u>(344,281)</u>
Fair value as of June 30, 2022	<u>\$ 1,050,194</u>

NOTE 9. SUBSEQUENT EVENTS

The Company evaluated subsequent events and transactions that occurred after the condensed consolidated balance sheet dates, up to the date on which the condensed consolidated financial statements were issued. Based upon this review, other than described below, the Company did not identify any subsequent events that would have required adjustment or disclosure in the condensed consolidated financial statements.

On July 6, 2023, the Company issued a press release announcing that its board of directors (the "Board") had elected to extend the Combination Period from July 11, 2023 for an additional month to August 11, 2023, the fourth of eight potential Monthly Extensions available to the Company. Further, on August 3, 2023, the Company issued a press release announcing that the Board had elected to extend the Combination Period from August 11, 2023 to September 11, 2023, the fifth of eight potential Monthly Extensions available to the Company.

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

References to “we”, “us”, “our” or the “Company” are to Altitude Acquisition Corp., except where the context requires otherwise. The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and related notes thereto included elsewhere in this report.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q 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”). We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “should,” “could,” “would,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “continue,” or the negative of such terms or other similar expressions. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those described in our other Securities and Exchange Commission (“SEC”) filings.

Overview

We are a blank check company incorporated on August 12, 2020 as a Delaware corporation and formed for the purpose of effecting a business combination. On April 23, 2023, the Company, entered into a business combination agreement (the “Business Combination Agreement”) by and among the Company, Altitude Merger Sub I, Inc., a Delaware corporation and a direct, wholly owned subsidiary of Altitude (“Merger Sub I”), Altitude Merger Sub II, LLC a Delaware limited liability company and a direct wholly owned subsidiary of Altitude (“Merger Sub II”) Picard Medical, Inc., a Delaware corporation (“Picard”) and Hunniwell Picard I, LLC, solely in its capacity as the representative, agent and attorney-in-fact of the security holders of Picard. We intend to consummate a business combination with Picard before the end of the Combination Period, but we are not able to assure you whether we will complete a business combination with the Picard or with any other target business. We also have neither engaged in any operations nor generated any revenue to date. Based on our business activities, the Company is a “shell company” as defined under the Exchange Act because we have no operations and nominal assets consisting almost entirely of cash.

On December 11, 2020, we consummated our initial public offering (“IPO”) of 30,000,000 units (“Units”), including 3,900,000 Units issued to the underwriters based on a partial exercise of their over-allotment option. Each Unit consists of one share of Class A common stock, par value \$0.0001 per share (“Class A common stock” or “Public Shares”) and one-half of one redeemable warrant (“Public Warrants”), with each whole Public Warrant entitling the holder thereof to purchase one share of Class A common stock for \$11.50 per share. The Units were sold at a price of \$10.00 per Unit, generating gross proceeds of \$300 million. Simultaneously with the consummation of the IPO, we completed the private placement (“Private Placement”) of an aggregate of 8,000,000 warrants (“Private Placement Warrants”) to the Sponsor at a purchase price of \$1.00 per Private Placement Warrant, generating gross proceeds of \$8 million. Prior to the consummation of the initial public offering, on August 12, 2020, we issued an aggregate of 8,625,000 shares of our Class B common stock, par value \$0.0001 per share (“Founder Shares”) to our Sponsor for an aggregate purchase price of \$25,000 in cash. On November 30, 2020, our Sponsor surrendered an aggregate of 1,437,500 Founder Shares to us for no consideration, resulting in our Sponsor holding an aggregate of 7,503,750 Founder Shares. On December 11, 2020 the underwriters partially exercised their over-allotment option, and as a result, 975,000 Founder Shares were no longer subject to forfeiture and 3,750 Founder Shares were forfeited for no consideration. Accordingly, this resulted in our Sponsor holding an aggregate of 7,500,000 Founder Shares.

A total of \$300,000,000, comprised of \$292,000,000 of the proceeds from the IPO (which amount includes \$10,500,000 of the underwriters’ deferred discount) and \$8,000,000 of the proceeds of the sale of the Private Placement Warrants, was placed in a U.S.-based trust account (“Trust Account”) at J.P. Morgan Chase Bank, N.A., maintained by Continental Stock Transfer & Trust Company (“CST”), acting as trustee.

On December 5, 2022, in order to mitigate the risk of being deemed an unregistered investment company, we instructed CST to liquidate the securities held in the Trust Account and instead hold all funds in the Trust Account in an interest-bearing bank deposit account. As a result, following such change, we will likely receive minimal, if any, interest, on the funds held in the Trust Account.

As of June 30, 2023 and December 31, 2022, there was \$13,612,504 and \$16,975,796 in cash held in the Trust Account. The Trust Account is held in an interest-bearing bank deposit account and the income earned on the deposit account is also for the benefit of our public stockholders.

On June 10, 2022, the Company’s stockholders approved an amendment to the Company’s Charter to extend the Combination Period from June 11, 2022 to October 11, 2022. In connection with the amendment to the Charter, stockholders holding an aggregate of 24,944,949 Public Shares exercised their right to redeem their shares for approximately \$10.01 per share of the funds held in the Trust Account totaling \$249,614,847. Prior to the June special meeting, on June 9, 2022, we entered into non redemption agreements (“June Non-Redemption Agreements”) with certain of our existing stockholders (“June Non-Redeeming Stockholders”) holding an aggregate of 1,250,000 shares of Class A common stock. Pursuant to the June Non-Redemption Agreements, the June Non-Redeeming Stockholders agreed to (a) not redeem any shares of Class A common stock held by them on the date of the Non-Redemption Agreements in connection with the extension, (b) vote all of their shares in favor of the extension and any initial business combination presented by the Company for approval by its stockholders, and (c) not Transfer (as such term is defined in the June Non-Redemption Agreements) any of their shares until the earlier of October 11, 2022 and consummation of the Company’s initial business combination.

In connection with the June Non-Redemption Agreements, Gary Teplis, the Chief Executive Officer of the Company, agreed to pay to each June Non-Redeeming Stockholder \$0.033 per share in cash per month through October 11, 2022, and as a result Mr. Teplis paid a total of \$184,929 to the June Non-Redeeming Stockholders.

On October 6, 2022, the Company's stockholders approved a second amendment to the Charter to extend the Combination Period from October 11, 2022 to April 11, 2023. In connection with the amendment to the Charter, stockholders holding an aggregate of 3,382,949 Public Shares exercised their right to redeem their shares for approximately \$10.05 per share of the funds held in the Trust Account totaling \$34,009,688.

Prior to the October special meeting, on October 5, 2022, we entered into an non-redemption agreement ("October Non-Redemption Agreement") with one of our existing stockholders ("October Non-Redeeming Stockholder") holding an aggregate of 223,124 shares of Class A common stock. Pursuant to the October Non-Redemption Agreement, the October Non-Redeeming Stockholder agreed to (a) not redeem the shares in connection with the extension and (b) vote all of its shares in favor of the extension.

In connection with the October Non-Redemption Agreement, Mr. Teplis agreed to pay to the October Non-Redeeming Stockholder \$0.05 per share per month through April 11, 2023, in a single cash payment within 45 days from the date of the October Non-Redemption Agreement and, as a result, Mr. Teplis paid a total \$66,937 to the October Non-Redeeming Stockholder.

On April 7, 2023, the Company's stockholders approved a third amendment to the Company's Charter to give the Company's board of directors ("Board") the right to extend the Combination Period, without further stockholder vote, monthly, up to eight times for an additional one month each time, from April 11, 2023 up to December 11, 2023 (each, a "Monthly Extension"). Additionally, the Company's stockholders approved amendments to the Charter to provide for a the right of a holder of Class B common stock of the Company, par value \$0.001 per share ("Class B common stock"), to convert its shares of Class B common stock into shares of Class A common stock of the Company, par value \$0.001 per share ("Class A common stock"), on a one-to-one basis at any time and from time to time at the election of the holder, and to remove (a) the limitation that the Company will not consummate a Business Combination if it would cause the Company's net tangible assets to be less than \$5,000,000 following such redemptions and (b) the limitation that the Company will not redeem Public Shares that would cause the Company's net tangible assets to be less than \$5,000,001 following such redemptions. The Company's stockholders also re-elected Hilton Sturisky as a Class I director for a three year term. In connection with the extension of the Combination Period, stockholders holding an aggregate of 337,457 Public Shares exercised their right to redeem their shares for approximately \$10.08 per share of the funds held in the Trust Account, leaving approximately \$13,460,674 in cash in the Trust Account after satisfaction of such redemptions.

The Board has exercised five of its Monthly Extensions, on each of May 9, 2023, June 6, 2023, July 6, 2023, and August 3, 2023. Accordingly, the Combination Period currently extends through September 11, 2023.

Our management has broad discretion with respect to the specific application of the net proceeds of the IPO and the Private Placement, although substantially all of the net proceeds are intended to be applied generally towards consummating a business combination.

On April 7, 2023, pursuant to the terms of the Charter, Altitude Acquisition Holdco LLC ("Sponsor"), the holder of an aggregate of 7,500,000 shares of Class B common stock, elected to convert each outstanding share of Class B common stock held by it on a one-for-one basis into shares of Class A common stock, with immediate effect. Following such conversion, as of April 7, 2023, the Company had an aggregate of 8,834,645 shares of Class A common stock issued and outstanding and 0 shares of Class B common stock issued and outstanding.

Business Combination Agreement

On April 23, 2023, the Company, entered the Business Combination Agreement. The Business Combination Agreement provides, among other things, that on the terms and subject to the conditions set forth therein, Merger Sub I will merge with and into Picard (the “First Merger”), with Picard surviving as a wholly-owned subsidiary of the Company (the “Surviving Corporation”). Immediately following the First Merger and as part of the same overall transaction as the First Merger, the Surviving Corporation will merge with and Merger Sub II, with Merger Sub II surviving as the surviving entity (the “Surviving Entity”, and such merger, the “Second Merger” and, together with the First Merger, the “Mergers”). Upon the closing of the Mergers (the “Closing”), it is anticipated that the Company will change its name to “Picard Medical Holdings, Inc.” and is referred to herein as “New Picard” as of the time following such change of name. The date on which the Closing actually occurs is hereinafter referred to as the “Closing Date.”

Prior to the First Merger, each issued and outstanding share of Picard’s preferred stock, par value \$0.0001 per share (“Picard Preferred Stock”), will automatically convert into one (1) share of common stock of Picard, par value \$0.001 per share (“Picard Common Stock”). Each of Picard’s convertible notes that are outstanding prior to the First Merger, if any, will convert prior to the First Merger into shares of Picard Common Stock in accordance with the terms of such convertible notes. Each share of Picard Common Stock held by a Picard securityholder immediately prior to the First Effective Time (including shares issued upon conversion of Picard Preferred Stock and convertible notes, but not including dissenting shares) will be automatically cancelled and converted into the right to receive a pro rata portion of an aggregate of 48,000,000 shares of common stock of New Picard, par value \$0.001 per share (“New Picard Common Stock”), and an aggregate of 6,500,000 warrants to purchase shares of New Picard Common Stock at an initial exercise price of \$11.50 per share (“New Picard Warrants”), plus up to an additional 6,500,000 New Picard Warrants if certain earnout conditions are satisfied (the “Earnout Warrants”). Each of Picard’s options that are outstanding and unexercised prior to the First Merger will be assumed by New Picard and converted into a New Picard option with the same terms and conditions. Each of Picard’s warrants that are outstanding and unexercised prior to the First Merger, whether or not then vested or exercisable, will be assumed by New Picard and will be converted into a warrant to acquire shares of New Picard Common Stock and will be subject to the same terms and conditions that applied to the Picard warrant immediately prior to the First Merger.

The Earnout Warrants will be held in escrow following the Closing and will be released to the Picard securityholders if, at any time during the five (5) year period following the Closing, the dollar volume-weighted average price (“VWAP”) of New Picard Common Stock for any 20 trading days within any 30 trading day period is greater than \$12.50.

At the Closing, New Picard will issue 100,000 shares of New Picard Common Stock and 30,000 New Picard Warrants to certain service providers of the Company.

The Board of the Company has unanimously approved and declared advisable the Business Combination Agreement and the Mergers and resolved to recommend approval of the Business Combination Agreement and related matters by the Company’s stockholders. The Closing is expected to occur in the second half of 2023, following the receipt of required approval by the stockholders of the Company and Picard, required regulatory approvals, and the fulfilment of other conditions set forth in the Business Combination Agreement.

Sponsor Support Agreement

In connection with the execution of the Business Combination Agreement, on April 23, 2023, the Sponsor entered into a support agreement with the Company and Picard (the “Sponsor Support Agreement”). Under the Sponsor Support Agreement, Sponsor agreed to vote, at any meeting of the stockholders of the Company, and in any action by written consent of the stockholders of the Company, all of the common stock of the Company held by the Sponsor in favor of the Mergers and other related actions. The Sponsor Support Agreement prohibits the Sponsor from, among other things, selling, assigning or transferring or redeeming any shares of Class A common stock held by it. In addition, the Sponsor Support Agreement provides that the Sponsor will, in connection with the Closing (x) forfeit up to 4,500,000 shares of Class A common stock held by the Sponsor immediately prior to the Closing, with such number of forfeited shares to be reduced by 20,000 shares for each \$1,000,000 by which the proceeds of the Closing Offering (as defined in the Business Combination Agreement) plus the funds remaining in the Trust Account (after giving effect to redemptions and any financial incentives or discounts given to incentivize non-redemption and the repayment of any outstanding debt to the Sponsor) together with the proceeds from any Picard Financing (as defined in the Business Combination Agreement), exceeds \$38,000,000, (y) forfeit 6,500,000 Private Placement Warrants held by Sponsor immediately prior to the Closing, and (z) deposit with CST, acting as escrow agent, 1,250,000 shares of Class A common stock (the “Sponsor Earnout Shares”) and 1,000,000 Private Placement Warrants (the “Sponsor Earnout Warrants”) and together with the Sponsor Earnout Shares, the “Sponsor Earnout Securities”). The Sponsor Earnout Securities will be released to the Sponsor upon achievement of the following milestones at any time during the five year period following the Closing: (i) 500,000 Sponsor Earnout Shares will be released if the VWAP of New Picard Common Stock is equal to or greater than \$12.50 for any 20 trading days within any 30 trading day period, (ii) 250,000 Sponsor Earnout Shares and 1,000,000 Earnout Warrants will be released upon the closing of the acquisition by the Company or New Picard, as applicable, of at least 10,000,000 Company Warrants or New Picard Warrants, as applicable, from public investors, and (iii) 750,000 Sponsor Earnout Shares will be released upon the release of the Sponsor Earnout Shares and Sponsor Earnout Warrants pursuant to both (i) and (ii) of this paragraph. Any Sponsor Earnout Securities that have not been released from escrow on the date that is five years after the Closing will be forfeited.

Picard Support Agreements

In connection with the execution of the Business Combination Agreement, on April 23, 2023, certain Picard stockholders holding an aggregate of approximately 90% of the outstanding Picard equity, on an as-converted to Picard Common Stock basis, and 100% of the outstanding Picard Preferred Stock (together, the “Picard Supporting Stockholders”) entered into support agreements with the Company and Picard (the “Picard Support Agreements”). Under the Picard Support Agreements, each Picard Supporting Stockholder has executed and delivered a written consent with respect to the outstanding shares of Picard Common Stock and Picard Preferred Stock held by such Picard Supporting Stockholder (the “Subject Picard Shares”) approving the Business Combination Agreement and the transactions contemplated thereby. In addition to the foregoing, each Picard Supporting Stockholder agreed that at any meeting of the holders of Picard capital stock, each such Picard Supporting Stockholder will appear at the meeting, in person or by proxy, and cause its Subject Picard Shares to be voted (i) to approve and adopt the Business Combination Agreement and the transactions contemplated thereby, including the Mergers; (ii) against any (A) any merger, consolidation, share exchange, business combination or other similar transaction or (B) any sale, lease, exchange, transfer or other disposition of all or a material portion of the assets of Picard (a “Alternative Proposal”); and (iii) against any amendment of the certificate of incorporation, or bylaws of Picard or proposal or transaction that would impede or frustrate the provisions of the Picard Support Agreements, the Business Combination Agreement or the transactions contemplated thereby. In addition, the Picard Support Agreements prohibit the Picard Supporting Stockholders from, among other things, (i) transferring any of the Subject Picard Shares; (ii) entering into (a) any option, warrant, purchase right, or other contact that would require the Picard Support Stockholders to transfer the Subject Picard Shares, or (b) any voting trust, proxy or other contract with respect to the voting or transfer of the Subject Picard Shares; or (iii) or taking any action in furtherance of the foregoing.

The Picard Support Agreement provides that the Picard Supporting Stockholders will not directly or indirectly, (i) solicit, initiate or knowingly encourage or facilitate any inquiry, proposal, or offer which constitutes, or could reasonably be expected to lead to, an Alternative Proposal in their capacity as such, (ii) participate in any discussions or negotiations regarding, or furnish or receive any nonpublic information relating to the Picard or its subsidiaries, in connection with any Alternative Proposal, (iii) approve or recommend, or make any public statement approving or recommending an Alternative Proposal, (iv) enter into any letter of intent, merger agreement or similar agreement providing for an Alternative Proposal, (v) make, or in any manner participate in a “solicitation” (as such term is used in the rules of the SEC) of proxies or powers of attorney or similar rights to vote, or seek to advise or influence with respect to voting of the Picard capital stock intending to facilitate any Alternative Proposal or cause any holder of shares of Picard capital stock not to vote to adopt the Business Combination Agreement and approve the Mergers and the other transactions contemplated thereby, (vi) become a member of a “group” (as such term is defined in Section 13(d) of the Exchange Act) with respect to any voting securities of Picard that takes any action in support of an Alternative Proposal or (vii) otherwise resolve or agree to do any of the foregoing.

Picard’s Supporting Stockholders each also irrevocably waived, and agreed not to exercise or assert, any dissenters’ or appraisal rights under Delaware law in connection with the Mergers and the Business Combination Agreement.

Other Agreements

The Business Combination Agreement contemplates the execution of various additional agreements and instruments, on or before the Closing, including, among others, the agreements described below.

Registration Rights Agreement

In connection with the Closing, the Company, Picard, and certain of their respective stockholders will enter into an amended and restated registration rights agreement (the “Registration Rights Agreement”). Pursuant to the Registration Rights Agreement, New Picard will be required to register for resale securities held by the stockholders party thereto. In addition, the holders will have certain demand and “piggyback” registration rights. New Picard will bear the expenses incurred in connection with the filing of any registration statements pursuant to the Registration Rights Agreement.

Lock-Up Agreement

In connection with the Closing, the Company and certain record and/or beneficial owner of equity securities of Picard (“Holders”) will enter into a lock-up agreement (the “Lock-Up Agreement”). Pursuant to the Lock-Up Agreement, the Holders will agree, subject to customary exceptions, not to transfer (a) any shares of New Picard Common Stock received by them as consideration in the Mergers (the “Lock-Up Shares”) for the period ending on the earliest of (x) the date this is one (1) year following the Closing Date, (y) the date on which the closing price of shares of New Picard Common Stock on Nasdaq equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for twenty (20) of any thirty (30) consecutive trading days commencing at least 150 days after the Closing, and (z) the date on which New Picard completes a liquidation, merger, capital stock exchange, reorganization or similar transaction that results in all of New Picard’s stockholders having the right to exchange their shares of New Picard Common Stock for cash, securities or other property and (b) any warrants of received as consideration in the Mergers (including the Earnout Warrants) for a period of 30 days after Closing.

Nasdaq Deficiency Notice

On January 9, 2023, the Company received a deficiency notice from Nasdaq indicating that the Company failed to hold an annual meeting of stockholders within 12 months after its fiscal year ended December 31, 2021, as required by Nasdaq Listing Rule 5620(a). The Company submitted a plan to regain compliance and Nasdaq granted the Company until April 11, 2023, its then-current liquidation date, to regain compliance. The Company held its Annual Meeting on April 7, 2023 and accordingly regained compliance with Nasdaq Listing Rule 5620(a).

Results of Operations

As of June 30, 2023, we have not commenced any operations. All activity for the period from August 12, 2020 (inception) through June 30, 2023, relates to our formation and IPO, and, since the completion of the IPO, search for a target to consummate a business combination, including the negotiation of the Business Combination Agreement with Picard. We will not generate any operating revenues until after the completion of a business combination, at the earliest. We generate non-operating income in the form of interest income on cash deposits in the Trust Account. We incur expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance), as well as for due diligence expenses.

For the three months ended June 30, 2023, we had a net loss of \$1,658,466 which included operating costs of \$1,799,105, unrealized loss on change in fair value of warrants of \$98,324 and provision for income taxes \$38,301, offset by interest income earned on the operating bank account of \$18 and interest income earned on the proceeds in the Trust Account of \$277,246.

For the six months ended June 30, 2023, we had a net loss of \$3,107,201 which included operating costs of \$3,418,295 and provision for income taxes \$38,301, partially offset by unrealized gain on change in fair value of warrants of \$72,111, interest income earned on the proceeds in the Trust Account of \$277,246 and interest income earned on the operating bank account of \$38.

For the three months ended June 30, 2022, we had a net loss of \$234,912 which included operating costs of \$1,518,182 and income tax provision of \$8,780, partially offset by unrealized gain on change in fair value of warrants of \$987,781 and interest income earned on the proceeds in the Trust Account of \$304,269.

For the six months ended June 30, 2022, we had a net income of \$8,382,279 which included unrealized gain on change in fair value of warrants of \$10,525,589, interest income earned on the proceeds in the Trust Account of \$311,869 and interest income earned on the operating bank account of \$1, partially offset by operating costs of \$2,446,400 and income tax provision of \$8,780.

Liquidity and Capital Resources

As of June 30, 2023, we had cash outside our Trust Account of \$81,121 available for working capital needs. All remaining cash was held in the Trust Account and is generally unavailable for our use prior to an initial business combination.

On December 11, 2020, we consummated the IPO of 30,000,000 Units, at \$10.00 per Unit, generating gross proceeds of \$300,000,000.

Simultaneously with the closing of the IPO, we consummated the sale of 8,000,000 Private Placement Warrants, at a price of \$1.00 per Private Placement Warrant, generating gross proceeds of \$8,000,000.

In connection with the IPO, the underwriters were granted a 45-day option from the date of the prospectus to purchase up to 3,915,000 additional Units to cover over-allotments, if any. On December 11, 2020, the underwriters partially exercised their over-allotment option and purchased an additional 3,900,000 Units. The unexercised portion of the over-allotment option was forfeited.

Following our IPO and the sale of the Private Placement Warrants, a total of \$300,000,000 (\$10.00 per Unit) was placed in the Trust Account. We incurred \$17,107,057 in IPO related costs, including \$6,000,000 of underwriting fees, \$10,500,000 of deferred underwriting discount and \$607,057 of other costs.

As of June 30, 2023, we had investments held in the Trust Account of \$13,612,504 (including approximately \$756,498 of interest available). Interest income on the balance in the Trust Account may be used by us to pay taxes.

For the six months ended June 30, 2023, cash used by operating activities was \$258,839. Net loss of \$3,107,201 was impacted by unrealized gain on change in fair value of warrants of \$72,111, interest income earned on the proceeds in the Trust Account of \$277,246 and changes in operating assets and liabilities, which provided \$3,197,719 of cash for operating activities.

For the six months ended June 30, 2022, cash provided by operating activities was \$39,997. Net income of \$8,382,279 was impacted by interest income earned on Trust of \$311,869, unrealized gain on change in fair value of warrants of \$10,525,589, and changes in operating assets and liabilities, which provided \$2,495,176 of cash for operating activities.

We intend to use substantially all of the funds held in the Trust Account, including any amounts representing interest earned on the Trust Account (excluding the deferred underwriters' discount) to complete our initial business combination. We may withdraw interest to pay our taxes and liquidation expenses if we are unsuccessful in completing a business combination. We estimate our annual franchise tax obligations to be \$185,600, which is the maximum amount of annual franchise taxes payable by us as a Delaware corporation per annum, which we may pay from funds from the IPO held outside of the Trust Account or from interest earned on the funds held in the Trust Account and released to us for this purpose. Our annual income tax obligations will depend on the amount of interest and other income earned on the amounts held in the Trust Account reduced by our operating expense and franchise taxes. We expect the interest earned on the amount in the Trust Account will be sufficient to pay our income taxes. To the extent that our equity or debt is used, in whole or in part, as consideration to complete our initial business combination, the remaining proceeds held in the Trust Account will be used as working capital to finance the operations of the target business or businesses, make other acquisitions and pursue our growth strategies.

On June 2, 2021, we issued an unsecured promissory note to the Sponsor for an aggregate available principal amount of \$300,000 to be used for a portion of the expenses of the Business Combination. This loan is non-interest bearing, unsecured and due at the earlier of December 31, 2021 or the closing of the Business Combination. We had no borrowings under the promissory note.

Further, our Sponsor, officers and directors or their respective affiliates may, but are not obligated to, loan us funds as may be required (the "Working Capital Loans"). If we complete a Business Combination, we will repay the Working Capital Loans. In the event that a Business Combination does not close, we may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loans, but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. Such Working Capital Loans would be evidenced by promissory notes. The notes would either be repaid upon consummation of a Business Combination, without interest, or, at the lender's discretion. As of June 30, 2023 and December 31, 2022, no Working Capital Loans have been issued.

At June 30, 2023 and December 31, 2022, the Company owed its affiliates \$904,044 and \$802,644 related through advances, respectively, and owed the its sponsor \$904,044 and \$0 related to a Promissory Note, respectively. Although management expects that it will be able to raise additional capital to support its planned activities and complete a business combination on or prior to September 11, 2023 (which date may be extended by the Board monthly up to December 11, 2023 in connection with the Monthly Extension), it is uncertain whether it will be able to do so. However, if our estimate of the costs of identifying a target business, undertaking in-depth due diligence and negotiating a business combination are less than the actual amount necessary to do so, we may have insufficient funds available to operate our business prior to our initial Business Combination. Moreover, we may need to obtain additional financing either to complete our initial Business Combination or because we become obligated to redeem a significant number of our Public Shares upon consummation of our initial Business Combination, in which case we may issue additional securities or incur debt in connection with such Business Combination. Subject to compliance with applicable securities laws, we would only complete such financing simultaneously with the completion of our initial Business Combination. If we are unable to complete our initial Business Combination because we do not have sufficient funds available to us, we will be forced to cease operations and liquidate the Trust Account. In addition, following our business combination, if cash on hand is insufficient, we may need to obtain additional financing in order to meet our obligations.

Liquidity and Going Concern

As of June 30, 2023, the Company had cash outside the Trust Account of \$81,121 available for working capital needs, and a negative working capital of approximately \$1.9 million.

Prior to the completion of the IPO, the Company's liquidity needs had been satisfied through a payment from the Sponsor of \$25,000 for the Founder Shares, the loan under an unsecured promissory note from the Sponsor of \$275,000, and advances from the Sponsor of \$634,447. Subsequent to the consummation of the IPO and Private Placement, the Company's liquidity needs have been satisfied through the proceeds from the consummation of the Private Placement not held in the Trust Account and from advances made by the Sponsor and its affiliates.

In addition, in order to finance transaction costs in connection with an initial Business Combination, the Company's Sponsor or an affiliate of the Sponsor or certain of the Company's officers and directors may, but are not obligated to, provide the Company Working Capital Loans (see Note 5). To date, there were no amounts outstanding under any Working Capital Loans.

At June 30, 2023, the Company owed the Sponsor or its affiliates \$904,044 in advances and \$135,000 in promissory notes and as of December 31, 2022, \$802,644 related to these advances, respectively.

The Company has incurred and expects to continue to incur significant costs in pursuit of its acquisition plans. The Company will need to raise additional capital through loans or additional investments from its Sponsor, stockholders, officers, directors, or third parties. The Company's officers, directors and Sponsor may, but are not obligated to, loan the Company funds, from time to time or at any time, in whatever amount they deem reasonable in their sole discretion, to meet the Company's working capital needs. Accordingly, the Company may not be able to obtain additional financing.

As a result of the above, in connection with the Company's assessment of going concern considerations in accordance with FASB's Accounting Standards Update ("ASU") 2014-15, "Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern," management determined that if the Company is unable to raise additional funds to alleviate liquidity needs as well as complete a Business Combination by September 11, 2023, the scheduled liquidation date of the Company (which date may be extended by the Board monthly up to December 11, 2023 in connection with the Monthly Extensions), then the Company will cease all operations except for the purpose of liquidating. The liquidity condition as well as the date for mandatory liquidation and subsequent dissolution raise substantial doubt about the Company's ability to continue as a going concern. No adjustments have been made to the carrying amounts of assets or liabilities should the Company be required to liquidate after December 11, 2023. The Company intends to complete a Business Combination before the mandatory liquidation date. These consolidated financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company's Sponsor has agreed that it will indemnify and hold harmless the Company if and to the extent any claims by a third party for services rendered or products sold to the Company, or a prospective target business with which the Company has entered into a written letter of intent, confidentiality or similar agreement or Business Combination agreement, reduce the amount of funds in the Trust Account to below the lesser of (i) \$10.00 per public share and (ii) the actual amount per public share held in the Trust Account as of the date of the liquidation of the Trust Account, if less than \$10.00 per share due to reductions in the value of the trust assets, less taxes payable, provided that such liability will not apply to any claims by a third party or prospective target business who executed a waiver of any and all rights to the monies held in the Trust Account (whether or not such waiver is enforceable) nor will it apply to any claims under the Company's indemnity of the underwriters of the IPO against certain liabilities, including liabilities under the Securities Act (defined below). However, the Company has not asked its Sponsor to reserve for such indemnification obligations, nor has the Company independently verified whether its Sponsor has sufficient funds to satisfy its indemnity obligations and believe that the Company's Sponsor's only assets are securities of the Company. Therefore, the Company cannot assure that its Sponsor would be able to satisfy those obligations.

Off-Balance Sheet Financing Arrangements

We did not have any off-balance sheet arrangement as of June 30, 2023.

Contractual Obligations

As of June 30, 2023, we did not have any long-term debt, capital or operating lease obligations.

The Company agreed, commencing on the date that the securities of the Company were first listed on The Nasdaq Capital Market (the "Listing Date"), to pay an affiliate of the Company's Sponsor a monthly fee of an aggregate of \$10,000 for office space, utilities and secretarial and administrative support. Upon completion of the Company's initial Business Combination or its liquidation, the Company will cease paying these monthly fees. During the quarter of June 30, 2023, the Sponsor agreed to waive the company's payment obligation under the administrative support agreement and therefore has recognized contribution from Sponsor of \$247,667.

Critical Accounting Estimates

The preparation of condensed consolidated financial statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and income and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following as our critical accounting estimates:

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

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

Derivative Financial Instruments

We evaluate our financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives in accordance with ASC Topic 815, "Derivatives and Hedging". Derivative instruments are recorded at fair value on the grant date and re-valued at each reporting date, with changes in the fair value reported in the statements of operations. Derivative assets and liabilities are classified on the consolidated balance sheet as current or non-current based on whether or not net-cash settlement or conversion of the instrument could be required within 12 months of the consolidated balance sheet date. We have determined the warrants are a derivative instrument.

FASB ASC 470-20, Debt with Conversion and Other Options addresses the allocation of proceeds from the issuance of convertible debt into its equity and debt components. We apply this guidance to allocate IPO proceeds from the Units between Class A common stock and warrants, using the residual method by allocating IPO proceeds first to fair value of the warrants and then the Class A common stock.

Class A Common Stock Subject to Possible Redemption

We account for our Class A common stock subject to possible redemption in accordance with the guidance in ASC Topic 480 “Distinguishing Liabilities from Equity.” Common stock subject to mandatory redemption (if any) is classified as liability instruments and is measured at fair value. Conditionally redeemable Class A common stock (including common stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control) is classified as temporary equity. At all other times, common stock is classified as stockholders’ equity. Our Class A common stock features certain redemption rights that are considered to be outside of our control and subject to the occurrence of uncertain future events. Accordingly, at June 30, 2023 and December 31, 2022, 1,334,645 and 1,672,102 shares of Class A common stock subject to possible redemption are presented as temporary equity, outside of the stockholders’ deficit section of our consolidated balance sheets, respectively.

Net (Loss) Income Per Share of Common Stock

We have two classes of common stock, which are referred to as Class A common stock and Class B common stock. Earnings and losses are shared pro rata between the two classes of common stock. The 23,000,000 shares of Class A common stock potentially issuable upon the exercise of outstanding warrants to purchase Class A common stock were excluded from diluted earnings per share for the three and six months ended June 30, 2023 and 2022 because the warrants are contingently exercisable, and the contingencies have not yet been met. As a result, diluted net (loss) income per share of common stock is the same as basic net (loss) income per share of common stock for the periods presented.

Recent Accounting Standards

In August 2020, the FASB issued ASU 2020-06, Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity (“ASU 2020-06”), which simplifies accounting for convertible instruments by removing major separation models required under current GAAP. The ASU also removes certain settlement conditions that are required for equity-linked contracts to qualify for scope exception, and it simplifies the diluted earnings per share calculation in certain areas. ASU 2020-06 is effective January 1, 2024 and should be applied on a full or modified retrospective basis, with early adoption permitted beginning on January 1, 2021. We are currently assessing the impact, if any, that ASU 2020-06 would have on its financial position, results of operations or cash flows.

Management does not believe that any other recently issued, but not effective, accounting standards, if currently adopted, would have a material effect on our condensed consolidated financial statements.

JOBS Act

The JOBS Act contains provisions that, among other things, relax certain reporting requirements for qualifying public companies. We qualify as an “emerging growth company” under the JOBS Act and are allowed to comply with new or revised accounting pronouncements based on the effective date for private (not publicly traded) companies. We have elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our consolidated financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used. Additionally, subject to certain conditions set forth in the JOBS Act, if, as an “emerging growth company,” we choose to rely on such exemptions we may not be required to, among other things, (i) provide an independent registered public accounting firm’s attestation report on our system of internal controls over financial reporting pursuant to Section 404, (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act, (iii) comply with any requirement that may be adopted by the PCAOB regarding mandatory audit firm rotation or a supplement to the independent registered public accounting firm’s report providing additional information about the audit and the consolidated financial statements (auditor discussion and analysis), and (iv) disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the CEO’s compensation to median employee compensation. These exemptions will apply for a period of five years following the completion of this offering or until we are no longer an “emerging growth company,” whichever is earlier.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

Item 4. Controls and Procedures.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Evaluation of Disclosure Controls and Procedures

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2023. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15 (e) and 15d-15 (e) under the Exchange Act) were effective.

Changes in Internal Control over Financial Reporting

During the most recently completed fiscal quarter, there has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION**Item 1. Legal Proceedings.**

None.

Item 1A. Risk Factors.

There are certain risks and uncertainties in our business that could cause our actual results to differ materially from those anticipated. A detailed discussion of our risk factors was included in Part I, Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 23, 2023. These risk factors should be read carefully in connection with evaluating our business and in connection with the forward-looking statements and other information contained in this Quarterly Report. Any of the risks described in the Annual Report on Form 10-K for the year ended December 31, 2022, could materially affect our business, financial condition or future results and the actual outcome of matters as to which forward-looking statements are made. There have been no material changes to the risk factors set forth in the Annual Report on Form 10-K for the year ended December 31, 2022.

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.

None.

Item 6. Exhibits.

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

Exhibit Index

Exhibit No.	Description
2.1 +	<u>Business Combination Agreement, dated as of April 23, 2023, by and between Altitude Acquisition Corp, Altitude Merger Sub I, Inc., Altitude Merger Sub II, LLC, Picard Medical, Inc. and Hunniwell Picard I, LLC (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on April 24, 2023).</u>
3.1	<u>Amended and Restated Certificate of Incorporation of Altitude Acquisition Corp. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on December 11, 2020).</u>
3.2	<u>Amendment to the Registrant's Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on April 10, 2023).</u>
10.1	<u>Sponsor Support Agreement, dated as of April 23, 2023, by and between Altitude Acquisition Holdco LLC, Altitude Acquisition Corp. and Picard Medical, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on April 24, 2023).</u>
10.2	<u>Form of Picard Support Agreement, dated as of April 23, 2023 (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on April 24, 2023).</u>
10.3	<u>Promissory Note issued to Altitude Acquisition Holdco LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on April 26, 2023).</u>
31.1*	<u>Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934</u>
31.2*	<u>Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934</u>
32.1**	<u>Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
32.2**	<u>Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

+ Certain exhibits and schedules to this Exhibit have been omitted in accordance with Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted exhibit or schedule to the SEC upon its request.

* Filed herewith

** Furnished herewith

SIGNATURES

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

ALTITUDE ACQUISITION CORP.

Date: August 14, 2023

By: /s/ Gary Teplis
Name: Gary Teplis
Title: Chief Executive Officer
(Principal Executive Officer)

Date: August 14, 2023

By: /s/ Farris Griggs
Name: Farris Griggs
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

**Certification of Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) as Adopted
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Gary Teplis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Altitude Acquisition Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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 consolidated 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. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2023

By: /s/ Gary Teplis
Name: Gary Teplis
Title: Chief Executive Officer
(Principal Executive Officer)

**Certification of Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) as Adopted
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Farris Griggs, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Altitude Acquisition Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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 consolidated 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. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2023

By: /s/ Farris Griggs
Name: Farris Griggs
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

**Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Altitude Acquisition Corp. (the "Company") on Form10-Q for the quarterly period ended June 30, 2023, as filed with the Securities and Exchange Commission (the "Report"), I, Gary Teplis, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 14, 2023

By: /s/ Gary Teplis
Name: Gary Teplis
Title: Chief Executive Officer
(Principal Executive Officer)

**Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

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

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

Date: August 14, 2023

By: /s/ Farris Griggs
Name: Farris Griggs
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)