



Abacus Life Reports Second Quarter 2024 Results

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- Second Quarter 2024 Total Revenue More Than Doubled Year-over-Year to \$29.1 Million -

- Net Income of \$0.8 Million; Adjusted Net Income Grows 75% Year-over-Year to \$11.8 Million -

- Adjusted EBITDA Grows 83% Year-over-Year to \$16.7 Million -

ORLANDO, Fla., Aug. 12, 2024 (GLOBE NEWSWIRE) -- Abacus Life, Inc. ("Abacus" or the "Company") (NASDAQ: ABL), a pioneering alternative asset manager specializing in longevity and actuarial technology, today reported results for the second quarter ended June 30, 2024.

"We delivered another excellent quarter, showcasing continued robust growth and profitability, as well as successfully executing on our long-term strategy," said Jay Jackson, Chief Executive Officer of Abacus. "During the quarter, we completed a public equity offering that generated over \$90 million of gross proceeds, which we quickly deployed towards new policy originations and other growth initiatives. Additionally, we established a new national distribution relationship with AIMCOR in which Abacus will offer its expertise and become a preferred partner for life settlement solutions."

"Subsequent to quarter-end, in mid-July, we entered into an agreement to acquire Carlisle Management, a premier Luxembourg-based investment manager in the life settlement space. The deal will add around \$2 billion in assets under management and accelerate ABL Wealth's international expansion. In addition, we agreed last week to acquire FCF Advisors, an asset manager and index provider specializing in free cash flow-focused investment strategies, which we expect will add another \$600 million in assets under management and further expand our lifespan-based financial product offering. These agreements underscore our relentless commitment to innovative solutions and long-term growth, and solidify Abacus as a leading global market maker and alternative asset manager."

Second Quarter 2024 Highlights

- Total revenue for the second quarter of 2024 more than doubled to \$29.1 million, compared to \$11.4 million in the prior-year period. The increase was primarily driven by higher active management revenue, increased capital deployed and more policies sold directly to third parties.
- Origination capital deployment for the second quarter of 2024 was \$104.7 million, compared to \$59.8 million in the prior-year period; number of policy originations for the second quarter of 2024 grew 95% to 275, compared to 141 in the prior-year period.
- U.S. GAAP net income attributable to shareholders for the second quarter of 2024 was \$0.8 million, compared to \$6.8 million in the prior-year period, primarily driven by higher interest expense of \$4.5 million, a non-cash expense related to employee stock compensation of \$6.2 million and public company expenses incurred in the second quarter of 2024 that were not incurred in the prior-year period.
- Adjusted net income (a non-GAAP financial measure) for the second quarter of 2024 grew 75% to \$11.8 million, compared to \$6.8 million in the prior-year period. Adjusted diluted earnings per share for the second quarter of 2024 was \$0.18.
- Adjusted EBITDA (a non-GAAP financial measure) for the second quarter of 2024 grew 83% to \$16.7 million, compared to \$9.1 million in the prior-year period. Adjusted EBITDA margin (a non-GAAP financial measure) for the second quarter of 2024 was 57.5%, compared to 80.4% in the prior-year period.
- Annualized return on invested capital (ROIC) (a non-GAAP financial measure) for the second quarter of 2024 was 18%.
- Annualized Return on equity (ROE) (a non-GAAP financial measure) for the second quarter of 2024 was 18%.

Liquidity and Capital

As of June 30, 2024, the Company had cash and cash equivalents of \$91.3 million, balance sheet policy assets of \$208.7 million and outstanding long-term debt of \$81.6 million.

From the commencement of the Company's \$15 million stock repurchase program previously announced on December 12, 2023 (the "Repurchase Program") through August 8, 2024, Abacus has repurchased approximately 1,048,000 shares of its common stock at an average price of \$11.43 on the open market at a total cost of approximately \$12 million. As of August 8, 2024, the Company has \$3 million of availability under the

Repurchase Program, which expires on June 10, 2025, unless sooner suspended or discontinued.

Webcast and Conference Call

A webcast and conference call to discuss the Company's results will be held today beginning at 9:00 a.m. (Eastern Time). A live webcast of the conference call will be available on Abacus' investor relations website at ir.abacუსlife.com. The dial-in number for the conference call is (877) 407-9716 (toll-free) or (201) 493-6779 (international). Please dial the number 10 minutes prior to the scheduled start time.

A webcast replay of the call will be available at ir.abacუსlife.com for one year following the call.

Non-GAAP Financial Information

Adjusted Net Income, a non-GAAP financial measure, is defined as net income (loss) attributable to Abacus adjusted for non-controlling interest income, amortization, change in fair value of warrants and non-cash stock-based compensation and the related tax effect of those adjustments. Management believes that Adjusted Net Income is an appropriate measure of operating performance because it eliminates the impact of expenses that do not relate to business performance. A reconciliation of Adjusted Net Income to Net income attributable to Abacus, the most directly comparable GAAP measure, appears below.

Adjusted EBITDA, a non-GAAP financial measure, is defined as net income (loss) attributable to Abacus adjusted for depreciation expense, amortization, interest expense, income tax and other non-cash and certain non-recurring items that in our judgement significantly impact the period-over-period assessment of performance and operating results that do not directly relate to business performance within Abacus' control. A reconciliation of Adjusted EBITDA to Net income attributable to Abacus Life, the most directly comparable GAAP measure, appears below.

Adjusted EBITDA margin, a non-GAAP financial measure, is defined as Adjusted EBITDA divided by Total revenues. A reconciliation of Adjusted EBITDA margin to Net income margin, the most directly comparable GAAP measure, appears below.

Annualized return on invested capital (ROIC), a non-GAAP financial measure, is defined as Adjusted net income for the quarter divided by the result of Total Assets less Intangible assets, net, Goodwill and Current Liabilities multiplied by four. ROIC is not a measure of financial performance under GAAP. We believe ROIC should be considered in addition to, not as a substitute for, operating income or loss, net income or

loss, cash flows provided by or used in operating, investing and financing activities or other income statement or cash flow statement line items reported in accordance with GAAP.

Annualized return on equity (ROE), a non-GAAP financial measure, is defined as Adjusted net income divided by total shareholder equity multiplied by four. ROE is not a measure of financial performance under GAAP. We believe ROE should be considered in addition to, not as a substitute for, operating income or loss, net income or loss, cash flows provided by or used in operating, investing and financing activities or other income statement or cash flow statement line items reported in accordance with GAAP. The below table presents our calculation of ROE.

Forward-Looking Statements

All statements in this press release (and oral statements made regarding the subjects of this press release) other than historical facts are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of uncertainties and factors that could cause actual results to differ materially from such statements, many of which are outside the control of Abacus. Forward-looking information includes but is not limited to statements regarding: Abacus's financial and operational outlook; Abacus's operational and financial strategies, including planned growth initiatives and the benefits thereof, Abacus's ability to successfully effect those strategies, and the expected results therefrom. These forward-looking statements generally are identified by the words "believe," "project," "estimate," "expect," "intend," "anticipate," "goals," "prospects," "will," "would," "will continue," "will likely result," and similar expressions (including the negative versions of such words or expressions).

While Abacus believes that the assumptions concerning future events are reasonable, it cautions that there are inherent difficulties in predicting certain important factors that could impact the future performance or results of its business. The factors that could cause results to differ materially from those indicated by such forward-looking statements include, but are not limited to: the fact that Abacus's loss reserves are based on estimates and may be inadequate to cover its actual losses; the failure to properly price Abacus's insurance policies; the geographic concentration of Abacus's business; the cyclical nature of Abacus's industry; the impact of regulation on Abacus's business; the effects of competition on Abacus's business; the failure of Abacus's relationships with independent agencies; the failure to meet Abacus's investment objectives; the inability to raise capital on favourable terms or at all; the effects of acts of terrorism; and the effectiveness of Abacus's control environment, including the identification of control deficiencies.

These forward-looking statements are also affected by the risk factors, forward-looking statements and challenges and uncertainties set forth in documents filed by Abacus with the U.S. Securities and Exchange Commission from time to time, including the Annual Report on Form 10-K and Quarterly Reports on Form 10-Q and subsequent periodic reports. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Abacus cautions you not to place undue reliance on the forward-looking statements contained in this press release. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and Abacus assumes no obligation and, except as required by law, does not intend to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise. Abacus does not give any assurance that it will achieve its expectations.

About Abacus

Abacus is a leading global alternative asset manager and market maker that specializes in the use of advanced longevity and actuarial technology to purchase life insurance policies from consumers seeking liquidity, while creating a high-returning asset class of insurance products, uncorrelated to market fluctuations, for institutional investors. With more than \$2 billion in assets under management, Abacus is the only publicly traded licensed life policy origination company and asset manager.

The company's pioneering experience in the life planning space has created growth into new verticals. The longevity-based wealth management service and investment offerings, called ABL Wealth, uses Abacus' decades of data and proprietary algorithms to help financial advisors create more customized plans for clients and access to uncorrelated investment funds. The ground-breaking technology service, called ABL Tech, provides advanced real-time data tracking and analysis for pensions funds, governments, insurance companies, retirement associations and more. With each new channel, Abacus is revolutionizing the future of life insurance.

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ABACUS LIFE, INC. Condensed Consolidated Balance Sheets

	June 30, 2024 <u>(unaudited)</u>	December 31, 2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 91,323,829	\$ 25,588,668
Equity securities, at fair value	4,008,225	2,252,891
Accounts receivable	1,616,676	2,149,111
Accounts receivable, related party	150,213	79,509
Due from affiliates	1,170,589	1,007,528
Income tax receivables	2,435,239	-
Prepaid expenses and other current assets	932,598	699,127
Total current assets	<u>101,637,369</u>	<u>31,776,834</u>
Property and equipment, net	692,273	400,720
Intangible assets, net	26,352,123	29,623,130
Goodwill	139,930,190	140,287,000
Operating right-of-use assets	2,108,034	1,893,659
Life settlement policies, at cost	1,140,497	1,697,178
Life settlement policies, at fair value	207,571,413	122,296,559
Available-for-sale securities, at fair value	1,165,575	1,105,935
Other investments, at cost	1,750,000	1,650,000
Other assets	1,507,431	998,945
Equity securities, at fair value	-	96,107
TOTAL ASSETS	<u><u>\$ 483,854,905</u></u>	<u><u>\$ 331,826,067</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Current portion of long-term debt	\$ 17,589,514	\$ 13,029,632
Current portion of long-term debt, related party	28,170,326	-
Accrued expenses	2,176,515	4,354,225
Operating lease liabilities	297,397	118,058
Due to affiliates	5,236	5,236
Due to former members	-	1,159,712
Contract liabilities, deposits on pending settlements	1,443,483	507,000
Accrued transaction costs	2,533,627	-
Other current liabilities	3,166,959	3,400,734
Income taxes payable	-	751,734
Total current liabilities	<u>55,383,057</u>	<u>23,326,331</u>
Long-term debt, related party	11,799,715	37,653,869
Long-term debt, net	57,871,104	33,818,090
Long-term debt, at fair value, net	81,640,478	55,318,923
Operating lease liabilities	1,946,140	1,796,727
Deferred tax liability	12,001,423	9,199,091

Warrant liability	6,363,500	6,642,960
TOTAL LIABILITIES	<u>227,005,417</u>	<u>167,755,991</u>
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Class A common stock, \$0.0001 par value; 200,000,000 authorized shares; 75,484,567 and 63,388,823 shares issued at June 30, 2024 and December 31, 2023, respectively	7,548	6,339
Treasury stock - at cost; 1,048,226 and 146,650 shares repurchased at June 30, 2024 and December 31, 2023, respectively	(12,025,137)	(1,283,062)
Additional paid-in capital	303,237,878	199,826,278
Accumulated deficit	(34,514,318)	(34,726,135)
Accumulated other comprehensive income	64,324	108,373
Non-controlling interest	79,193	138,283
Total stockholders' equity	<u>256,849,488</u>	<u>164,070,076</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 483,854,905</u>	<u>\$ 331,826,067</u>

ABACUS LIFE, INC. Condensed Consolidated Statement of Operations

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
REVENUES:				
Portfolio servicing revenue	\$ 204,888	\$ 354,366	\$ 422,823	\$ 590,057
Active management revenue	27,013,757	11,024,399	46,810,756	20,994,917
Origination revenue	1,857,457	—	3,329,707	—
Total revenues	<u>29,076,102</u>	<u>11,378,765</u>	<u>50,563,286</u>	<u>21,584,974</u>
COST OF REVENUES (excluding depreciation and amortization stated below)				
Cost of revenue (including stock-based compensation)	2,742,081	973,400	5,462,293	1,462,950
Related party cost of revenue	1,453	—	2,138	—
Total cost of revenue	<u>2,743,534</u>	<u>973,400</u>	<u>5,464,431</u>	<u>1,462,950</u>
Gross Profit	26,332,568	10,405,365	45,098,855	20,122,024
OPERATING EXPENSES:				
Sales and marketing	2,552,801	683,841	4,482,745	1,412,845
General and administrative (including stock-based compensation)	14,553,344	577,539	25,906,843	1,274,431
Loss on change in fair value of debt	1,199,463	1,445,229	3,912,090	2,398,662

Realized & Unrealized (gain) on investments	(494,262)	(672,936)	(1,659,228)	(798,156)
Depreciation and amortization expense	1,750,452	1,098	3,432,506	2,141
Total operating expenses	<u>19,561,798</u>	<u>2,034,771</u>	<u>36,074,956</u>	<u>4,289,923</u>
Operating Income	<u>\$ 6,770,770</u>	<u>\$ 8,370,594</u>	<u>\$ 9,023,899</u>	<u>\$15,832,101</u>
OTHER INCOME (EXPENSE):				
Gain on change in fair value of warrant liability	(667,500)	—	279,460	—
Interest expense	(4,529,187)	(584,075)	(8,199,632)	(941,458)
Interest income	639,906	—	1,061,332	7,457
Other income (expense)	195,470	121,601	142,442	(21,651)
Total other (expense)	<u>(4,361,311)</u>	<u>(462,474)</u>	<u>(6,716,398)</u>	<u>(955,652)</u>
Net income (loss) income before provision for income taxes	<u>2,409,459</u>	<u>7,908,120</u>	<u>2,307,501</u>	<u>14,876,449</u>
Income tax expense (benefit)	<u>1,757,710</u>	<u>1,184,571</u>	<u>2,931,223</u>	<u>528,104</u>
NET (LOSS) INCOME	<u>651,749</u>	<u>6,723,549</u>	<u>(623,722)</u>	<u>14,348,345</u>
LESS: NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTEREST	<u>(118,234)</u>	<u>(26,596)</u>	<u>(44,960)</u>	<u>(487,303)</u>
NET (LOSS) INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	<u>\$ 769,983</u>	<u>\$ 6,750,145</u>	<u>(\$ 578,762)</u>	<u>\$14,835,648</u>
(LOSS) EARNINGS PER SHARE:				
Earning (Loss) per share - basic	\$ 0.01	\$ 0.13	\$ (0.01)	\$ 0.29
Earning (Loss) per share - diluted	\$ 0.01	\$ 0.13	\$ (0.01)	\$ 0.29
Weighted-average stock outstanding—basic	63,846,170	50,507,728	63,087,878	50,438,921
Weighted-average stock outstanding— diluted	67,162,820	50,507,728	63,102,210	50,438,921
NET (LOSS) INCOME	\$ 651,749	\$ 6,723,549	(\$ 623,722)	\$14,348,345
Other comprehensive income (loss), net of tax or tax benefit:				
Change in fair value of debt (risk adjusted)	<u>(65,614)</u>	<u>(119,663)</u>	<u>(58,178)</u>	<u>(231,976)</u>
Comprehensive (loss) income before non-controlling interests	586,135	6,603,886	(681,900)	14,116,369
Net and comprehensive income (loss) attributable to non- controlling interests	<u>(127,850)</u>	<u>(56,111)</u>	<u>(59,090)</u>	<u>(543,749)</u>

COMPREHENSIVE (LOSS)
INCOME ATTRIBUTABLE
TO COMMON
STOCKHOLDERS

\$ 713,985 \$ 6,659,997 (\$ 622,810) \$14,660,118

ABACUS LIFE, INC. Adjusted Net Income and Adjusted EPS

	Three Months Ended June		Six Months Ended June 30,	
	30,		2024	2023
	2024	2023	2024	2023
Net income attributable to common stockholders	\$ 769,983	\$ 6,750,145	(\$ 578,762)	\$14,835,648
Amortization expense	1,706,033	—	3,373,142	—
Stock based compensation	6,165,459	—	12,258,830	—
Business Acquisition Costs	1,325,000	—	1,325,000	—
Gain on change in fair value of warrant liability	667,500	—	(279,460)	—
Tax impact	1,178,552	—	2,344,454	—
Adjusted Net Income	<u>\$ 11,812,527</u>	<u>\$ 6,750,145</u>	<u>\$ 18,443,204</u>	<u>\$ 14,835,648</u>
Weighted-average shares of Class A common stock outstanding - basic	63,846,170	50,507,728	63,087,878	50,438,921
Weighted-average shares of Class A common stock outstanding - diluted	67,162,820	50,507,728	63,102,210	50,438,921
Adjusted EPS - basic	\$ 0.19	\$ 0.13	\$ 0.29	\$ 0.29
Adjusted EPS - diluted	\$ 0.18	\$ 0.13	\$ 0.29	\$ 0.29

ABACUS LIFE, INC. Adjusted EBITDA and Adjusted EBITDA margin

	Three Months Ended June		Six Months Ended June 30,	
	30,		2024	2023
	2024	2023	2024	2023
Net (loss) income	\$ 651,749	\$ 6,723,549	(\$ 623,722)	\$ 14,348,345
Depreciation and amortization expense	1,750,452	1,098	3,432,506	2,141
Income Tax expense	1,757,710	1,184,571	2,931,223	528,104
Interest (Expense)	4,529,187	584,075	8,199,632	941,458
Other Income (Expenses)	(195,470)	(121,601)	(142,442)	21,651
Interest Income	(639,906)	—	(1,061,332)	(7,457)
Gain on change in fair value of warrant liability	667,500	—	(279,460)	—
Stock based compensation	6,165,459	—	12,258,830	—
Business acquisition costs	1,325,000	—	1,325,000	—

Unrealized loss (gain) on investments	362,482	(672,936)	(802,484)	(798,156)
Realized gain on investments	(856,744)	—	(856,744)	—
Loss on change in fair value of debt	1,199,463	1,445,229	3,912,090	2,398,662
Adjusted EBITDA	\$ 16,716,882	\$ 9,143,985	\$ 28,293,097	\$ 17,434,748
Adjusted EBITDA Margin	57.5%	80.4%	56.0%	80.8%
Net (Loss) Income Margin	2.2%	59.1%	-1.2%	66.5%

ABACUS LIFE, INC. Return on Invested Capital (ROIC)

	For the Period Ended March 31, 2024	For the Period Ended June 30, 2024
Total Assets	\$ 376,719,400	\$ 483,854,905
Less:		
Intangible assets, net	(28,048,028)	(26,352,133)
Goodwill	(140,287,000)	(139,930,190)
Current Liabilities	(23,835,352)	(55,383,057)
Total Invested Capital	<u>\$ 184,549,020</u>	<u>\$ 262,189,525</u>
Adjusted Net Income	\$ 6,703,951	\$ 11,812,527
Adjusted Annualized ROIC	15%	18%

ABACUS LIFE, INC. Return on Equity (ROE)

	For the Period Ended March 31, 2024	For the Period Ended June 30, 2024
Total Shareholder Equity	\$ 165,340,772	\$ 256,849,488
Adjusted Net Income	\$ 6,703,951	\$ 11,812,527
Adjusted Annualized ROE	16%	18%