

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

**FORM10-Q**

(Mark One)

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

For the quarterly period ended September 30, 2024

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 001-40742

**Binah Capital Group, Inc.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

88-3276689  
(I.R.S. Employer  
Identification No.)

80 State Street  
Albany, NY 12207  
(Address of Principal Executive Offices, including zip code)

(212) 404-7002  
(Registrant's telephone number, including area code)

N/A  
(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
Common Stock, par value \$0.0001 per share	BCG	The Nasdaq Stock Market LLC
Warrants, each exercisable for one share of Common Stock at an exercise price of \$11.50 per share	BCGWW	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, non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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

On November 14, 2024, there were 16,602,460 shares of common stock, \$0.0001 par value per share ("Common Stock"), issued and outstanding.

**BINAH CAPITAL GROUP, INC.**

**Quarterly Report on Form 10-Q**

**Table of Contents**

**PART I. FINANCIAL INFORMATION**

<a href="#">Item 1.</a>	<a href="#">Financial Statements</a>	1
	<a href="#">Condensed Consolidated Statements of Financial Condition as of September 30, 2024 (Unaudited) and December 31, 2023</a>	1
	<a href="#">Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2024 and 2023 (Unaudited)</a>	2
	<a href="#">Condensed Consolidated Statements of Changes in Stockholders' Equity for the three and nine months ended September 30, 2024 and 2023 (Unaudited)</a>	3
	<a href="#">Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2024 and 2023 (Unaudited)</a>	4
	<a href="#">Notes to Unaudited Condensed Consolidated Financial Statements</a>	5
<a href="#">Item 2.</a>	<a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	20
<a href="#">Item 3.</a>	<a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>	34
<a href="#">Item 4.</a>	<a href="#">Controls and Procedures</a>	34

**PART II. OTHER INFORMATION**

<a href="#">Item 1.</a>	<a href="#">Legal Proceedings</a>	35
<a href="#">Item 1A.</a>	<a href="#">Risk Factors</a>	35
<a href="#">Item 2.</a>	<a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>	35
<a href="#">Item 3.</a>	<a href="#">Defaults Upon Senior Securities</a>	35
<a href="#">Item 4.</a>	<a href="#">Mine Safety Disclosures</a>	35
<a href="#">Item 5.</a>	<a href="#">Other Information</a>	35
<a href="#">Item 6.</a>	<a href="#">Exhibits</a>	37

<a href="#">SIGNATURES</a>		38
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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

**BINAH CAPITAL GROUP, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**  
(in thousands except for share and per share amounts)

<u>ASSETS</u>	Unaudited September 30, 2024	December 31, 2023
<b>Assets:</b>		
Cash, cash equivalents and restricted cash	\$ 7,253	\$ 7,621
Receivables:		
Commission receivable	9,652	8,220
Due from clearing broker	941	631
Other	1,341	1,587
Property and equipment, net	672	974
Right of use asset	3,883	4,332
Intangible assets, net	1,146	1,580
Goodwill	39,839	39,839
Other assets	2,236	2,626
<b>TOTAL ASSETS</b>	<b>\$ 66,963</b>	<b>\$ 67,410</b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
<b>Liabilities:</b>		
Accounts payable, accrued expenses and other liabilities	\$ 10,242	\$ 9,082
Commissions payable	10,816	10,676
Operating lease liability	3,963	4,381
Notes payable, net of unamortized debt issuance costs of \$568 and \$645 as of September 30, 2024 and December 31, 2023, respectively	19,142	20,822
Promissory notes-affiliates	5,313	12,177
Due to members	—	5,169
<b>TOTAL LIABILITIES</b>	<b>49,476</b>	<b>62,307</b>
<b>Mezzanine Equity:</b>		
Redeemable Series A Convertible Preferred Stock, par value \$0.0001, 2,000,000 shares authorized, 1,536,400 shares outstanding at September 30, 2024	14,764	—
<b>Stockholders' Equity and Members' Equity:</b>		
Series B Convertible Preferred Stock, par value \$0.0001, 500,000 shares authorized, 150,000 shares outstanding at September 30, 2024	1,500	—
Common stock, \$0.0001 par value, 55,000,000 authorized, 16,602,460 issued and outstanding at September 30, 2024	—	—
Additional paid-in-capital	23,381	—
Accumulated deficit	(22,158)	—
Members' Equity attributed to Legacy Wentworth Management Services LLC	—	5,103
<b>Total Stockholders' Equity, Mezzanine Equity and Members' Equity Attributable to Wentworth Management Services LLC</b>	<b>17,487</b>	<b>5,103</b>
<b>TOTAL LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY</b>	<b>\$ 66,963</b>	<b>\$ 67,410</b>

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

**BINAH CAPITAL GROUP, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**  
**(in thousands except for share and per share amounts)**

	<u>Three Months Ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>Revenues:</b>				
<b>Revenue from Contracts with Customers:</b>				
Commissions	34,780	35,469	\$ 102,836	\$ 104,112
Advisory fees	6,247	5,448	18,250	16,334
<b>Total Revenue from Contracts with Customers</b>	<b>41,026</b>	<b>40,917</b>	<b>121,085</b>	<b>120,446</b>
Interest and other income	1,170	1,933	3,209	6,227
<b>Total revenues</b>	<b>42,197</b>	<b>42,850</b>	<b>124,295</b>	<b>126,673</b>
<b>Expenses:</b>				
Commissions and fees	33,832	35,865	100,839	103,863
Employee compensation and benefits	3,937	3,088	10,988	9,875
Rent and occupancy	285	284	870	900
Professional fees	1,120	697	6,059	2,412
Technology fees	386	598	1,228	1,543
Interest	775	1,249	2,632	3,895
Depreciation and amortization	268	303	862	913
Other	2,207	766	3,394	1,539
<b>Total expenses</b>	<b>42,810</b>	<b>42,849</b>	<b>126,872</b>	<b>124,939</b>
Income (loss) before provision/(benefit) for income taxes	(613)	1	(2,577)	1,734
Provision/(Benefit) for income taxes	537	(242)	890	289
Net income (loss)	<u>\$ (1,150)</u>	<u>\$ 243</u>	<u>\$ (3,467)</u>	<u>\$ 1,445</u>
Net income attributable to Legacy Wentworth Management Services LLC members	—		730	
Net loss attributable to Binah Capital Group, Inc.	<u>\$ (1,150)</u>		<u>(4,197)</u>	
Net loss per share basic and diluted	<u>\$ (0.07)</u>		<u>\$ (0.25)</u>	
Weighted average shares: basic and diluted	16,602		16,588	

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

**BINAH CAPITAL GROUP, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**(Unaudited)**  
**(in thousands except for share and per share amounts)**

**FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2024**

	For the Three and Nine Months Ended September 30, 2024										Total Stockholders' Equity, Mezzanine Equity and Members' Equity
	Class A Redeemable Convertible Preferred Stock		Class B Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit			
	Units	Amount	Units	Amount	Units	Amount					
<b>Members' Equity Attributed to Legacy Wentworth Management Services LLC</b>											
<b>Balance January 1, 2024</b>	\$ 5,103	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ 5,103
Distributions	(85)	—	—	—	—	—	—	—	—	—	(85)
Net income prior to transaction	730	—	—	—	—	—	—	—	—	—	730
Reverse merger and recapitalization of legacy Wentworth Management Services LLC	(5,748)	—	—	—	—	16,566	—	23,693	(17,961)	—	(1,090)
Mezzanine Equity - Shares Issued in connection with PIPE financing	—	1,500	14,400	—	—	—	—	—	—	—	14,400
Net loss attributable to Binah Capital Group, Inc. post transaction	—	—	—	—	—	—	—	—	(2,311)	—	(2,311)
<b>Balance March 31, 2024</b>	\$ —	1,500	\$ 14,400	\$ —	\$ —	16,566	\$ —	\$ 23,693	\$ (20,272)	\$ —	\$ 17,822
Issuance of Class A redeemable convertible preferred stock	—	20	195	—	—	—	—	—	—	—	195
Dividends - Class A redeemable convertible preferred stock	—	—	—	—	—	—	—	(390)	—	—	(390)
Issuance of common stock in connection with exercise of warrants	—	—	—	—	—	37	—	416	—	—	416
Net Loss	—	—	—	—	—	—	—	—	(736)	—	(736)
<b>Balance June 30, 2024</b>	—	1,520	\$ 14,595	\$ —	\$ —	16,603	\$ —	\$ 23,719	\$ (21,008)	\$ —	\$ 17,300
Issuance of Class A redeemable convertible preferred stock	—	17	169	—	—	—	—	—	—	—	169
Issuance of Class B convertible preferred stock	—	—	—	150	1,500	—	—	—	—	—	1,500
Dividends - Class A redeemable convertible preferred stock	—	—	—	—	—	—	—	(338)	—	—	(338)
Net Loss	—	—	—	—	—	—	—	—	(1,150)	—	(1,150)
<b>Balance September 30, 2024</b>	\$ —	1,537	\$ 14,764	150	\$ 1,500	16,603	\$ —	\$ 23,381	\$ (22,158)	\$ —	\$ 17,480

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

**BINAH CAPITAL GROUP, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**  
**(in thousands except for share and per share amounts)**

	<b>For the nine months ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash Flows From Operating Activities</b>		
Net income (loss)	\$ (3,467)	\$ 1,445
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation and amortization	754	826
Amortization of debt issuance costs	77	54
Non-cash lease expense	449	337
Capitalized interest - promissory notes-affiliates	—	457
Capitalized interest - due to members	—	323
Loss on disposal of property and leasehold improvements	—	51
Changes in operating assets and liabilities:		
Due from clearing broker	(310)	274
Commissions receivable	(1,432)	(287)
Other receivables	246	(73)
Other assets	406	(497)
Accounts payable, accrued expenses and other liabilities	1,160	(981)
Commissions payable	140	(1,257)
Operating lease liability	(418)	(310)
<b>Net Cash (Used in) Provided By Operating Activities</b>	<b>(2,411)</b>	<b>362</b>
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	(18)	(88)
<b>Net Cash Used In Investing Activities</b>	<b>(18)</b>	<b>(88)</b>
<b>Cash Flows From Financing Activities</b>		
Repayment - notes payable	(1,757)	(1,619)
Repayment of promissory notes-affiliates	(6,864)	—
Repayment of borrowings from members	(5,169)	—
Proceeds from borrowings from members	—	9
Net payment for reverse merger and recapitalization	(16)	—
Proceeds from Series B Convertible Preferred Stock	15,900	—
Dividends - Series A Redeemable Convertible Preferred Stock	(364)	—
Proceeds from exercise of warrants	416	—
Distribution of capital	(85)	(241)
<b>Net Cash Provided by (Used In) Financing Activities</b>	<b>2,061</b>	<b>(1,851)</b>
<b>Net Change in Cash, Cash Equivalents and Restricted Cash</b>	<b>(368)</b>	<b>(1,577)</b>
<b>Cash, Cash Equivalents and Restricted Cash - Beginning of Period</b>	<b>\$ 7,621</b>	<b>\$ 7,849</b>
<b>Cash, Cash Equivalents and Restricted Cash - End of Period</b>	<b>\$ 7,253</b>	<b>\$ 6,272</b>
<b>Supplemental Disclosure of Non-Cash Financing Activities</b>		
During the period ended September 30, 2024, the Company paid an in-kind dividend to the Series A Redeemable Convertible Preferred Stockholder in the amount of \$364.		
<b>Cash Paid During the Period for:</b>		
Interest	\$ 2,632	\$ 3,106
Income taxes	\$ —	\$ —

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

**BINAH CAPITAL GROUP, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2024**

**1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION**

Binah Capital Group, Inc. (“Binah Capital”, “Holdings” or the “Company,” representing the consolidated group.), is a Delaware Corporation, formed on June 27, 2022 that serves as a holding company for its wholly-owned subsidiaries operating in the retail wealth management business.

Binah Capital through its wholly owned subsidiary Wentworth Management Services LLC (dba, Binah Management Services, “BMS”) operates multiple businesses in the financial services industry as follows:

- PKS Holdings, LLC (“PKSH”) is headquartered in Albany, New York and branch offices throughout the United States of America, and includes the following entities (the “PKSH Entities”):
  - Purshe Kaplan Sterling Investments, Inc. (“PKSI”), incorporated in the State of New York, is an independent broker-dealer registered with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investors Protection Corporation (“SIPC”).
  - PKS Advisory Services, LLC (“PKSA”), a New York limited liability company, is an independent investment advisory firm, registered with the SEC, which provides advisory services to clients.
  - PKS Financial Services, Inc. (“PKSF”), incorporated in the State of New York, is an insurance entity providing financial services to clients.
  - Representatives Indemnity Company, Inc. (“Repc”), incorporated in the British Virgin Islands, holds a general business insurance license for the purpose of providing professional liability insurance coverage for affiliated entities.
- Cabot Lodge Securities LLC maintains offices in New York, New York and branch offices throughout the United States of America and includes the following entities.
  - Cabot Lodge Securities, LLC (“CLS”), a Delaware Limited Liability Company, is a broker-dealer registered with the SEC and is a member of FINRA and SIPC.
  - CL Wealth Management, LLC (“CLWM”), a Virginia Limited Liability Company, is an investment advisory firm, registered with the SEC, which provides advisory services to clients.
  - Wentworth Financial Partners (“WFP”) (f/k/a CL General Agency), a Delaware Limited Liability Company is an insurance entity providing financial services to clients.

## 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION *(continued)*

- Michigan Securities, Inc. (“MSI”) maintains offices in Albany, New York and includes the following entities:
  - MSI, (d/b/a as Broadstone Securities, Inc., “Broadstone”), incorporated in the State of Michigan, is a financial services firm, and is a broker-dealer registered with the SEC and is a member of FINRA.
  - Michigan Advisors, Inc., (“MAI”) incorporated in the State of Michigan, was a SEC registered investment advisor. MAI withdrew its registration in September 2021.
  - Insurance Audit Agency, Inc. (“IAA”), incorporated in the state of Michigan, is an insurance agency.
- World Equity Group, Inc. (“WEG”), incorporated in the State of Illinois, is registered as a broker-dealer and investment advisor with the SEC and is a member of FINRA and SIPC. WEG maintains offices in Schaumburg, Illinois and has branch offices throughout the United States of America.

### **Basis of Presentation**

#### *Reverse Recapitalization*

On March 15, 2024 (the “Closing Date”), Binah Capital consummated the transactions contemplated by that certain Agreement and Plan of Merger, dated July 7, 2022 (as amended, the “Merger Agreement” and the consummation of such contemplated transactions, the “Closing”), by and among Kingswood Acquisition Corp, a Delaware corporation (“KWAC”), Binah Capital, Kingswood Merger Sub, Inc., a Delaware corporation (“Kingswood Merger Sub”), Wentworth Merger Sub, LLC, a Delaware limited liability company (“Wentworth Merger Sub”), and BMS. Binah Capital, Kingswood Merger Sub and Wentworth Merger Sub were newly formed entities that were formed for the sole purpose of entering into and consummating the transaction set forth in the Merger Agreement. Binah Capital was a wholly-owned direct subsidiary of KWAC and both Kingswood Merger Sub and Wentworth Merger Sub were wholly-owned direct subsidiaries of Binah Capital. On the Closing Date, Kingswood Merger Sub merged with and into KWAC, with KWAC continuing as the surviving entity as a wholly-owned subsidiary of Binah Capital and Wentworth Merger Sub merged with and into BMS, with BMS continuing as the surviving entity as a wholly-owned subsidiary of Binah Capital. Following the BMS merger, KWAC acquired, and Binah Capital contributed to KWAC all of the common units of BMS directly held by Binah Capital after the BMS merger, such that, following the Binah Capital contribution, BMS became a wholly-owned subsidiary of KWAC.

Notwithstanding the legal form of the Merger pursuant to the Business Combination Agreement, the Merger is accounted for as a reverse recapitalization. Under this method of accounting, KWAC is expected to be treated as the “acquired” company for financial reporting purposes. Accordingly, for accounting purposes, the consolidated financial statements of Binah Capital will represent a continuation of the consolidated financial statements of BMS with the business combination treated as the equivalent of the BMS issuing shares for the net assets of KWAC, accompanied by a recapitalization. The net assets of KWAC will be stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the business combination will be those of BMS in future reports of Holdings (See Note 3 – Mergers and Recapitalization).

#### *Basis of Presentation*

These unaudited condensed consolidated financial statements (“condensed consolidated financial statements”) are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), which requires the Company to make estimates and assumptions regarding the valuation and impairments of intangible assets and deferred income taxes, allowance for credit losses, contingencies, and other matters that affect the condensed consolidated financial statements and related disclosures. The condensed consolidated financial statements reflect all adjustments which are in the opinion of management, necessary to represent fairly the results of operations for the interim periods presented. Actual results could differ from those estimates under different assumptions and the differences may be material to the condensed financial statements.



## 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION (*continued*)

### *Principles of Consolidation*

The accompanying consolidated financial statements include the accounts of Holdings and its wholly owned subsidiaries. Significant inter-company transactions and balances were eliminated in consolidation.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Use of Estimates and Assumptions**

The preparation of the consolidated financial statements in conformity with GAAP requires 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 revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the valuation and impairments of intangible assets and deferred income taxes, allowance for credit losses, and contingencies.

### **Revenue Recognition**

Revenues from contracts with customers are recognized when control of the promised services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. For additional information see Note 4 - *Revenues From Contracts with Customers*.

### **Cash, Cash Equivalents and Restricted Cash**

Cash and cash equivalents consist primarily of cash on deposit and money market funds all of which have original maturities of three months or less.

Restricted cash represents cash held by the Company's lender related to its credit facility. As of September 30, 2024 and December 31, 2023 restricted cash amounted to approximately \$0.4 million.

The Company regularly maintains cash, cash equivalents and restricted cash that exceed Federal Deposit Insurance Corporation limits. The Company has not experienced any losses and does not believe it is exposed to any significant credit risk from cash.

### **Receivables**

Receivables, which amounted to approximately \$10.3 million and \$10.5 million as of January 1, 2024, and 2023, respectively, represent amounts due to the Company from its clearing brokers, clients, financial institutions and other. Receivables consists of unconditional amounts due and are reported at amortized costs. All receivables are uncollateralized.

***Financial Instruments – Credit Losses.*** The Company accounts for estimated credit losses on financial assets measured at an amortized cost basis and certain off-balance sheet credit exposures in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 326-20, *Financial Instruments-Credit Losses*. FASB ASC 326-20 requires the Company to estimate expected credit losses over the life of its financial assets and certain off-balance sheet exposures as of the reporting date based on relevant information about past events, current conditions, and reasonable and supportable forecasts. The Company records the estimate of expected credit losses as an allowance for credit losses. For financial assets measured at an amortized cost basis the allowance for credit losses is reported as a valuation account on the statement of financial condition that adjusts the asset's amortized cost basis. Changes in the allowance for credit losses are reported in credit loss expense, if applicable. Management believes its risk of loss on currently recorded receivables is minimal and accordingly an allowance for credit losses has been recorded as of September 30, 2024, and December 31, 2023, and January 1, 2023 in the amount of \$0.67 million, \$0.2 million and \$0.2 million, respectively.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

### Goodwill and Other Intangible Assets

Goodwill is tested annually for impairment or if certain events occur indicating that the carrying amounts may be impaired. If a qualitative assessment is used and the Company determines that the fair value of a reporting unit is more likely than not (i.e., a likelihood of more than 50%) less than its carrying amount, a quantitative impairment test will be performed. An impairment loss will be recognized if a reporting unit's carrying amount exceeds its fair value, to the extent that it does not exceed the total carrying amount of goodwill. No impairment of goodwill was recognized for the periods ended September 30, 2024 and 2023.

Intangible assets that are deemed to have definite lives are amortized over their useful lives, generally ranging from 5 to 10 years. They are reviewed for impairment when there is evidence that events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount to the estimated undiscounted future cash flows expected to be generated. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the estimated fair value.

There was no impairment of intangible assets recognized for the periods ended September 30, 2024 and 2023.

### Income Taxes

For the periods prior to the Reverse Merger and Recapitalization, BMS was treated as a partnership for income tax purposes and therefore not subject to federal taxes. BMS was subject to certain state and local income taxes. Additionally, KWAC was treated as a corporation and subject to U.S. federal income taxes, in addition to state and local income taxes.

Subsequent to the Reverse Merger and Recapitalization, KWAC, a wholly-owned subsidiary of Holdings, is the parent company of BMS, which is treated as a partnership for federal income tax purposes. As a partnership, BMS is itself generally not subject to U.S. federal income tax under current U.S. tax laws, and any taxable income or loss is passed through and included in the taxable income or loss of its members, including KWAC. KWAC is subject to U.S. federal income taxes, in addition to state and local income taxes, with respect to its distributive share of the items of the net taxable income or loss and any related tax credits of BMS. Additionally, Binah Capital Group, Inc., a corporation, is subject to U.S. federal income taxes, in addition to state and local income taxes.

KWAC, the PKSH Entities, Cabot Entities and WEG are taxable entities subject to federal, state, and local income taxes. Therefore, these consolidated financial statements include an income tax provision for the taxable entities only. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases and net operating loss carryforwards.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company periodically evaluates deferred tax assets and net operating loss carryforwards to determine their recoverability based primarily on the Company's ability to generate future taxable income. A valuation allowance may be established to reduce deferred tax assets, if it is more likely than not that all, or some portion, of such deferred tax assets will not be realized.

The Company accounts for taxes in accordance with the asset and liability method of accounting for income taxes. Under this method, the Company must recognize the tax benefit from an uncertain tax position only if it is "more likely than not" that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Net Loss Per Share

Basic earnings per share of common stock is computed by dividing net income attributable to the Company by the weighted-average number of shares of Class A common stock outstanding during the same period. Diluted net income per share of common stock is computed by dividing net income attributable to the Company by the weighted-average number of shares of common stock outstanding adjusted to give effect to potentially dilutive securities. Potential shares of common stock consist of incremental shares issuable upon the assumed exercise of stock options and warrants and conversion of the Company's preferred stock. Net income (loss) per share is not presented for periods prior to the Merger as such amounts would not be meaningful to users of the financial statements because the equity structure materially changed in connection with the Merger.

### Financial Instruments

The Company does not use derivative instruments to hedge exposures to cash flow, market or foreign currency risks. The Company does not hold or issue financial instruments for speculative or trading purposes.

As a result of the Reverse Recapitalization, the Company has issued and has outstanding warrants. The Company evaluates the warrants, to determine if such instruments should be considered stock-based compensation, pursuant to ASC Topic 718, and if not in the scope of ASC 718, if such instruments are derivatives or contain features that qualify as embedded derivatives, pursuant to ASC Topic 480 and ASC Topic 815. The determination of whether the instrument should be classified as stock-based compensation or a derivative instrument, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period.

Warrants issued to non-employees (the "Non-employee Warrants") were not classified as stock-based compensation as there is no condition of employment such that the granting of the shares does not represent compensation. The Non-employee Warrants are classified as derivative liabilities under ASC Topic 480 or ASC Topic 815. Public Warrants to non-employees are measured at fair value on recurring basis, using the market approach based upon the quoted market price of Binah Capital Group, Inc.'s Public Warrants at the end of each reporting period. Private Placement Warrants issued to non-employees are measured at fair value on a recurring basis based upon the quoted price for similar liabilities (Public Warrants issued to non-employees) in active markets as of the end of each period.

### Contingent Liabilities

The Company recognizes liabilities for contingencies when there is an exposure that, when fully analyzed, indicates potential losses become probable and can be reasonably estimated. Whether a potential loss is probable and can be reasonably estimated is based on currently available information and is subject to significant judgment, a variety of assumptions and uncertainties.

When a potential loss is probable and the loss or range of loss can be estimated, the Company will accrue the most likely amount within that range. No liability is recognized for those matters which, in management's judgment, the determination of a reasonable estimate of potential loss is not possible, or for which a potential loss is not determined to be probable.

### Emerging Growth Company Status

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as modified by the Jumpstart Our Business Startups Act of 2012, and it thus may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

### Recently Issued Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* to enhance the transparency of income tax disclosures relating to the rate reconciliation, disclosure of income taxes paid, and certain other disclosures. The ASU should be applied prospectively and is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact on the related disclosures; however, it does not expect this update to have an impact on its financial condition or results of operations.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* to improve the disclosures about reportable segments and include more detailed information about a reportable segment’s expenses. This ASU also requires that a public entity with a single reportable segment, like the Company, provide all of the disclosures required as part of the amendments and all existing disclosures required by Topic 280. The ASU should be applied retrospectively to all prior periods presented in the consolidated financial statements and is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact on the related disclosures; however, it does not expect this update to have an impact on its financial condition or results of operations.

### Recently Adopted Accounting Pronouncements

There were no new accounting pronouncements during the three months ended September 30, 2024 that materially impacted the Company’s condensed consolidated financial statements and related disclosures.

## 3. MERGER AND RECAPITALIZATION

Upon the consummation of the Business Combination, (i) the holders of shares of KWAC’s common stock (“*KWAC Common Stock*”) issued and outstanding immediately prior to the effective time of the Business Combination (other than any redeemed shares) received one share of common stock of Holdings (“*Holdings Common Stock*”) in exchange for each share of KWAC Common Stock held by them, subject to adjustment as more fully described herein, (ii) 1,100,000 shares of Holdings Common Stock issued to Sponsor was placed by Holdings into an escrow account and will not be released to the Sponsor unless the dollar volume-weighted average price of Holdings Common Stock exceeds \$12.00 for 20 trading days within any 30-day trading period during the four-year period following the consummation of the Business Combination, (iii) the holders of each whole warrant to purchase KWAC Class A Common Stock received one warrant to purchase Holdings Common Stock at an exercise price of \$11.50 per share, (iv) 12 million shares of Holdings Common Stock, subject to adjustment as more fully described herein, was issued to the equity holders of BMS in proportion to their ownership interests in BMS, (v) an additional 1,100,000 shares of Holdings Common Stock was issued to certain equity holders of BMS, (vi) 3,084,450 KWAC Private Placement Warrants held by Sponsor were forfeited immediately prior to the effective time of the Business Combination, and (vii) 3,084,450 warrants to purchase Holding Common Stock at an exercise price of \$11.50 per share were issued to the equity holders of BMS in proportion to their ownership interests in BMS. As a result of the Business Combination, BMS became an indirect, wholly-owned subsidiary of Holdings.

Additionally, on the Closing Date, Holdings entered into a Subscription Agreement with an investor for the purchase of 1,500,000 shares of Holdings’ Series A Redeemable Convertible Preferred Stock (the “*Holdings Series A Stock*”) in a private placement at \$9.60 per share, for an aggregate purchase price of \$14,400,000 (the “*Series A PIPE*”). The Holdings Series A Stock may be converted into shares of Holdings Common Stock after the second anniversary of the closing of the Series A PIPE, which such conversion shall initially be 1.5 shares of Holdings Common Stock for each share of Series A Convertible Preferred Stock, subject to certain adjustments provided in the Certificate of Designations.

### 3. MERGER AND RECAPITALIZATION (*continued*)

Holdings applied to have the Holdings Common Stock and Holdings Warrants listed on the Nasdaq Global Market (the “*Nasdaq*”) under the symbols **BCG** and **BCG.W**, respectively. Prior to the mergers, the KWAC Class A Common Stock and KWAC Public Warrants were listed on the OTC Exchange under the symbols “KWAC” and “KWAC.WS,” respectively.

On March 26, 2024, Holdings received approval for Holding’s securities to be listed on the Nasdaq Stock Market LLC. Holdings common stock is listed on the Nasdaq Global Market and its warrants will be listed on the Nasdaq Capital Market under the symbols “BCG” and “BCG.W”, respectively.

### 4. REVENUES FROM CONTRACTS WITH CUSTOMERS

Revenues from contracts with customers are recognized when control of the promised services is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Revenues are analyzed to determine whether the Company is the principal (i.e., reports revenues on a gross basis) or agent (i.e., reports revenues on a net basis) in the contract. Principal or agent designations depend primarily on the control an entity has over the product or service before control is transferred to a customer. The indicators of which party exercises control include primary responsibility over performance obligations before the good or service is transferred and discretion in establishing the price.

#### Commissions

Commission revenues represent sales commissions generated by advisors for their clients’ purchases and sales of securities on exchanges and over-the-counter, as well as purchases of other investment products. The Company views the selling, distribution and marketing, or any combination thereof, of investment products to such clients as a single performance obligation to the product sponsors.

The Company is the principal for commission revenues, as it is responsible for the execution of the clients’ purchases and sales and maintains relationships with the product sponsors. Advisors assist the Company in performing its obligations. Accordingly, total commission revenues are reported on a gross basis.

The Company generates two types of commission revenues: sales-based commissions that are recognized at the point of sale on the trade date and trailing commissions that are recognized over time as earned. Sales-based commission revenues vary by investment product and are based on a percentage of an investment product’s current market value at the time of purchase. Trailing commission revenues are generally based on a percentage of the current market value of clients’ investment holdings in trail-eligible assets, and are recognized over the period during which services, such as ongoing support, are performed. As trailing commission revenues are based on the market value of clients’ investment holdings, the consideration is variable, and an estimate of the variable consideration is constrained due to dependence on unpredictable market impacts. The constraint is removed once the investment holdings value can be determined.

#### Advisory Fees

Advisory fees represent fees charged to advisors’ clients’ accounts on the Company’s corporate advisory platform. The Company provides ongoing investment advice, brokerage and execution services on transactions, and performs administrative services for these accounts. This series of performance obligations transfers control of the services to the client over time as the services are performed. These revenues are recognized ratably over time to match the continued delivery of the performance obligations to the client over the life of the contract. The advisory revenues generated from the Company’s corporate advisory platform are based on a percentage of the market value of the eligible assets in the clients’ advisory accounts. As such, the consideration for these revenues is variable and an estimate of the variable consideration is constrained due to dependence on unpredictable market impacts on client portfolio values. The constraint is removed once the portfolio value can be determined.

The Company provides advisory services to clients on its corporate advisory platform through the advisor. The Company is the principal in these arrangements and recognizes advisory revenues on a gross basis, as the Company is responsible for satisfying the performance obligations and has control over determining the fees.

#### 4. REVENUES FROM CONTRACTS WITH CUSTOMERS *(continued)*

The following table presents total revenue from contracts with customers disaggregated by investment product for the periods ended September 30 *(in thousands)*:

Revenue From Contracts With Customers	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Variable annuities and other insurance commissions	\$ 24,873	\$ 26,614	\$ 74,943	\$ 77,455
Mutual fund commissions	5,129	4,149	15,037	13,860
Securities commissions	3,201	3,165	8,790	8,737
Alternative investments	1,577	1,541	4,065	4,060
Advisory fees	6,246	5,448	18,250	16,334
<b>Total Revenue From Contracts With Customers</b>	<b>\$ 41,026</b>	<b>\$ 40,917</b>	<b>\$ 121,085</b>	<b>\$ 120,446</b>

The following tables presents sales-based and trailing revenues disaggregated by product category for the periods ended September 30 *(in thousands)*:

Sales-based (Point in time)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Variable annuities and other insurance commissions	\$ 10,796	\$ 13,051	\$ 31,826	\$ 39,461
Mutual fund commissions	946	1,198	3,471	3,982
Securities commissions	3,201	3,165	8,790	8,737
Alternative investments	1,498	1,526	3,971	4,004
<b>Total Sales Based Revenues</b>	<b>\$ 16,441</b>	<b>\$ 18,939</b>	<b>\$ 48,058</b>	<b>\$ 56,184</b>

Trailing (Over time)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Variable annuities and other insurance commissions	\$ 14,077	\$ 13,564	\$ 43,117	\$ 37,994
Mutual fund commissions	4,183	2,951	11,566	9,878
Advisory fees	6,246	5,448	18,250	16,334
Alternative investments	80	15	95	56
<b>Total Trailing Revenues</b>	<b>24,585</b>	<b>21,978</b>	<b>73,027</b>	<b>64,262</b>
<b>Total Revenue From Contracts With Customers</b>	<b>\$ 41,026</b>	<b>\$ 40,917</b>	<b>\$ 121,085</b>	<b>\$ 120,446</b>

#### Contract Balances

The timing of revenue recognition may differ from the timing of payment by the Company's customers. The Company records a receivable when revenue is recognized prior to payment and there is an unconditional right to payment. The Company records a contract asset when the Company has recognized revenue prior to payment but the Company's right to payment is conditional on something other than the passage of time. Alternatively, when payment precedes the provision of the related services, the Company records deferred revenues (a contract liability) until the performance obligations are satisfied. As of September 30, 2024, and December 31, 2023, the Company had receivables from contracts with customers totaling approximately \$10.6 million and \$8.9 million, respectively. The opening balance of receivables from contracts with customers was approximately \$8.9 million and \$8.6 million as of January 1, 2024, and January 1, 2023, respectively. As of September 30, 2024, and December 31, 2023, the Company had no liabilities from contracts with customers.

#### Interest and Other Income

The Company earns interest income from client margin accounts and cash equivalents. This revenue is not generated from contracts with customers. Additionally, the Company receives marketing fees and sponsorship income.

## 5. FAIR VALUE

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard establishes the following hierarchy used in fair value measurements and expands the required disclosures of assets and liabilities measured at fair value:

- Level 1 - Inputs use quoted unadjusted prices in active markets for identical assets or liabilities that the Company can access.
- Level 2 - Fair value measurements use other inputs that are observable, either directly or indirectly. These inputs include quoted prices for similar assets and liabilities in active markets as well as other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3 - Inputs that are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. The inputs or methodology used for valuing assets and liabilities are not necessarily an indication of the risk associated with investing in those assets and liabilities.

Certain financial instruments are carried at cost on the statement of financial condition, which approximates fair value due to their short-term, highly liquid nature. The carrying value of debt approximates their fair value since the interest rates on these obligations represent current market rates.

## 6. DEBT

On April 2, 2020, the Company entered into a Credit Agreement (the "Credit Agreement") with Oak Street Funding LLC ("Oak Street") in the amount of \$25 million. This note payable bears interest at the prime rate ("Prime") (8.00% as of September 30, 2024) plus 2.25% and has a 10-year term and a 3-month interest only repayment provision. As of September 30, 2024 and December 31, 2023, the outstanding balance of the Oak Street note, net of unamortized debt issuance costs was \$16.2 million and \$17.6 million, respectively.

On April 25, 2021, the Company entered into an additional promissory note with Oak Street in the amount of \$4.1 million related to the acquisition of WEG ("WEG Note"). This note payable bears interest at Prime plus 2.25% and has a 10-year term. As of September 30, 2024 and December 31, 2023, the outstanding balance of this note, net of unamortized debt issuance costs was \$2.9 million and \$3.2 million, respectively.

Under the Oak Street notes, the Company is subject to certain covenants as defined in the agreements. As of September 30, 2024 and December 31, 2023, the Company was in compliance with all financial related covenants.

The minimum payments and maturities of the Oak Street notes as of September 30, 2024, are as follows (*in thousands*):

2024	\$	598
2025		2,596
2026		2,950
2027		3,344
2028		3,788
Thereafter		6,434
Total	\$	<u>19,710</u>

In connection with the closing of the Business Combination, the Company entered into an amendment to the Credit Agreement with Oak Street providing for, among other things, consenting to the Business Combination, and the payoff and restructuring of certain debt obligations. Additionally, the rate of interest being charged will increase at rate of .15% per annum until the interest rate reaches a maximum of 15.00%, provided that in no event the interest rate will not be less than 10.75% (the "Floor"). Additionally, in connection with the amendment the Company had agreed to pay a fee equal to \$0.14 million (the "Deferred Fee"), which was due and payable in the amounts of \$0.025 million, which was paid on June 12, 2024 and \$0.115 million, which was due and payable on August 12, 2024, respectively. On August 12, 2024, the Company and Oak Street entered into a Letter Agreement Regarding the Deferred Fee which provided for the extension of the August Deferred Fee Date from August 12, 2024 to September 30, 2024. Under the Letter Agreement Regarding the Deferred Fee, the amount of the fee was adjusted to \$0.15 million. As of September 30, 2024, the Company had not paid in full its obligations and accordingly paid Oak Street the Deferred Fee. As of and subsequent to September 30, 2024, the Company continues to operate under the Credit Agreement as amended and outlined above.

**6. DEBT (continued)**

The amended Credit Agreement also includes a guarantee provision whereby each of the Company, KWAC, Holdings and MHC Securities, LLC are guarantors under the Credit Agreement. Additionally, certain of the members of the Company provide guarantees under the Credit Agreement.

**7. PROMISSORY NOTES – AFFILIATES**

On November 30, 2017, BMS issued subordinated promissory notes in the aggregate principal amount of approximately \$3.6 million to certain sellers in connection with the acquisition of the PKSH Entities. These notes had a maturity date of May 17, 2023 and accrued interest at a rate of 10% annually. The interest on these notes continued to accrue until such time as these notes were paid or restructured.

Additionally, in connection with the acquisition of the PKSH Entities, BMS agreed to pay contingent consideration in the amount of \$5.0 million to certain sellers. The conditions related to this contingency were met on November 30, 2018, and thus the notes had been issued to the sellers. These subordinated promissory notes had a maturity date of May 30, 2023, and accrued interest at a rate of 10% annually. The interest on these notes continued to accrue until such time as these notes were paid or restructured.

As of December 31, 2023, the amount of principal and accrued interest related to these promissory notes was approximately \$12.2 million. Related interest expense was approximately \$0 million and \$0.3 million for the nine months ended September 30, 2024 and 2023, respectively.

In connection with the closing of the Business Combination, the Company paid approximately \$3.5 million on these notes. In addition to the paydown, the noteholders agreed to forgive the remaining accrued but unpaid interest of approximately \$3.8 million and entered into new promissory notes in the principal amount of approximately \$5.3 million in the aggregate. The terms of these new promissory notes provide for maturity on May 15, 2027 and carries an interest rate of Prime plus 1.00%, but no less than 7.50% per annum. Related interest expense was approximately \$0.3 and \$0 for the nine months ended September 30, 2024 and 2023, respectively.

**8. DUE TO MEMBERS**

BMS had entered into promissory notes with certain of its members to provide for working capital. As of December 31, 2023, the amount of principal and accrued interest related to these notes were approximately \$5.2 million. The notes carried an interest at the rate of 10% and were due on demand.

In connection with the closing of the Business Combination, the noteholders agreed to satisfy all outstanding obligations, including the payment of principal and interest, in exchange for an amount of cash equal to approximately \$0.9 million, forgiveness of certain other obligations owed to a noteholder and the issuance of 357,000 shares of Common Stock of Binah Capital Group, Inc.

**9. SERIES A REDEEMABLE CONVERTIBLE PREFERRED STOCK**

On March 15, 2024 (the “Funding Date”), in connection with the consummation of the Business Combination, Holdings and BMS entered into a Subscription Agreement with an investor for the purchase of 1,500,000 shares of Holdings’ Series A Redeemable Convertible Preferred Stock (the “*Holdings Series A Stock*”) in a private placement at \$9.60 per share, for an aggregate purchase price of \$14,400,000 (the “*Series A PIPE*”). The Holdings Series A Stock may be converted into shares of Holdings Common Stock after the second anniversary of the closing of the Series A PIPE, which such conversion shall initially be 1.5 shares of Holdings Common Stock for each share of Series A Convertible Preferred Stock, subject to certain adjustments provided in the Certificate of Designations.

Additionally, the Holdings Series A Stock carries a cumulative dividend at a rate of nine percent (9%) per annum, payable and compounded quarterly on the last day of each quarter. At the discretion of Holdings, the payment may be made in cash or up to 50% of the amount due, in duly authorized, validly issued, fully paid and non-assessable share of Holdings Series A Stock at a value of \$10 per share. As of September 30, 2024, the Company paid an in-kind dividend in the amount \$0.4 million.



**9. SERIES A REDEEMABLE CONVERTIBLE PREFERRED STOCK (continued)**

The Holdings Series A Stock has liquidation preferences in the event of a voluntary or involuntary liquidation as follows:

- The greater of \$12.50 per share of Holdings Series A Stock if such liquidation occurs prior to the first anniversary of the Funding Date;
- \$13.00 per share of Holdings Series A Stock if such liquidation occurs prior to the second anniversary of the Funding Date;
- \$15.00 per share of Holdings Series A Stock if such liquidation occurs prior to the third anniversary of the Funding Date;
- \$16.00 per share of Holdings Series A Stock if such liquidation occurs prior to the fourth anniversary of the Funding Date.

Holdings, at its option, may redeem the Series A Stock on any anniversary of the Funding date up to and including the fourth anniversary of the Funding date at the following redemption prices:

- \$11.50 per share of Series A Stock on the first anniversary of the Funding Date;
- \$13.00 per share of Series A Stock on the second anniversary of the Funding Date;
- \$15.00 per share of Series A Stock on the third anniversary of the Funding Date;
- \$16.00 per share of Series A Stock on the fourth anniversary of the Funding Date;

If the Series A Stock have not previously been redeemed or converted, the Series A Stock will be redeemed by Holdings on the fourth anniversary of the Funding Date.

**10. SERIES B CONVERTIBLE PREFERRED STOCK**

On September 4, 2024, the Company entered into a Subscription Agreement with certain investors for the purchase of 150,000 shares of Holdings' Series B Convertible Preferred Stock, par value \$.0001 (the "**Holdings Series B Stock**") in a private placement at \$10.00 per share, for an aggregate purchase price of \$1,500,000. The Holdings Series B Stock may be converted into shares of Holdings Common Stock, at the option of the investor at a rate equal to the quotient of (i) \$10.00 divided, by (ii) the product of (A) .80 multiplied by, (B) the volume weighted average price for the 20 trading days during the 30-day period immediately prior to such conversion, provided that in no event shall the denominator be less than \$6.00 per share (the "Conversion Rate").

Additionally, the Holdings Series B Stock carries a cumulative dividend at a rate of nine percent (7%) per annum, payable and compounded quarterly on the last day of each quarter. At the discretion of Holdings, the payment may be made in cash or up to 50% of the amount due, in duly authorized, validly issued, fully paid and non-assessable share of Holdings Series B Stock at a value of \$10 per share.

The Company may, at its option, in whole, or part, redeem the Holdings Series B Stock any time after the first anniversary of the date of the Subscription Agreement at a redemption price equal to the greater of (i) \$12.00 per share of Holdings Series B Stock, plus accrued but unpaid dividends or (A) 1.20 multiplied by (B) the volume weighted average price for 20 trading days during the 30-day period immediately prior to the redemption; provided that such price shall not greater than \$20.00.

## 11. WARRANTS

The following table summarizes the warrants outstanding as of September 30, 2024:

<u>Class of Warrants</u>	<u>Number Outstanding</u>
Public warrants	8,588,425
Private placement warrants	6,559,533
Total warrants outstanding	15,147,958

Each whole Warrant entitles the registered holder to purchase one share of Class A common stock at a price of \$11.50 per share. A holder may exercise its warrants only for a whole number of shares of Class A common stock. No fractional warrants will be issued upon separation of the units and only whole warrants will trade. The Company may redeem the Public Warrants at a price of \$0.01 per share if the closing price of the Company's Class A common stock equals or exceeds \$18.00 per share for any 20 trading days within a 30-trading day period. The Private Warrants cannot be redeemed, even if sold or transferred to a non-affiliate. The Warrants will expire five years after the Closing Date or earlier upon redemption or liquidation.

Except as described in this section, the Private Warrants have terms and provisions that are identical to those of the Public Warrants, except the Private Warrants are not subject to redemption, and do not become subject to redemption after transfer to a non-affiliate (a distinction from other private placement warrants issued in connection with SPAC transactions).

The Warrants are classified as derivative liabilities under ASC Topic 480 or ASC Topic 815. At September 30, 2024, the fair value of the warrant liabilities is approximately \$0.5 million and is included in accounts payable, accrued expenses and other liabilities on the accompanying condensed consolidated statements of financial condition.

## 12. INCOME TAXES

As a result of the Reverse Recapitalization, Binah Capital Group, Inc. is the parent company of KWAC, which is the parent company of BMS. KWAC is a corporation and subject to U.S. federal and certain state and local taxes. BMS is treated as a partnership for U.S. federal income tax purposes.

KWAC, the PKSH Entities, Cabot Entities and WEG are taxable entities and are subject to federal, state, and local income taxes. Therefore, these consolidated financial statements include an income tax provision for the taxable entities only.

The effective tax rate was approximately (46)% for the nine months ended September 30, 2024. The effective income tax rate for the period ended September 30, 2024 differed significantly from the statutory rate primarily due to transaction costs that were incurred as a result of the Reverse Recapitalization. The tax provision is related to the activities of the taxable entities including the PKSH Entities, Cabot Entities and WEG.

The Company files income tax returns, including returns for its subsidiaries, with federal and state jurisdictions. The Company is generally not subject to examinations for its federal and state returns for any periods prior to the 2019 tax year. The Company is not currently under examination for any tax years.

### 13. NET LOSS PER SHARE

The Series A and Series B Preferred Stock does not have similar economic rights to the common stock and management does not consider them to be in substance common shares for earnings per share (“EPS”) purposes. As a result, the weighted average Series A and Series B Preferred Stock outstanding during the period was not included in the calculation of weighted average common stock outstanding. The Public and Private Warrants were considered in diluted EPS under the treasury stock method, if dilutive.

Management determined that EPS was not presented for periods prior to the Merger as it was not considered to be meaningful.

The computation of loss per share and weighted average of the Company’s common stock outstanding for the period from the date of transaction close through September 30, 2024 is as follows (*in thousands*):

	Three months ended September 30, 2024	Nine Months Ended September 30, 2024
Net (loss)	\$ (1,150)	(4,197)
Basic and diluted weighted average shares outstanding, common stock	16,602	16,588
Basic and diluted loss per share of common stock	\$ (0.07)	(0.25)

The following table details the securities that have been excluded from the calculation of weighted-average shares for diluted earnings per share for the period presented as they were anti-dilutive (*in thousands*).

Warrants	15,148
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## 14. COMMITMENTS AND CONTINGENCIES

### Litigation

Certain conditions may exist as of the date the consolidated financial statements are issued which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company, or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the accompanying consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability and an estimate of the range of possible losses, if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed, unless they involve guarantees, in which case the guarantees would be disclosed.

There can be no assurance that such matters will not materially and adversely affect the Company's business, financial position, and results of operations or cash flows.

The Company is a defendant or respondent in various pending and threatened arbitrations, administrative proceedings and lawsuits seeking compensatory damages. Claim amounts are infrequently indicative of the actual amounts the Company will be liable for, if any. Many of these claimants also seek, in addition to compensatory damages, punitive or treble damages, and all seek interest, costs and fees. These matters arise in the normal course of business. The Company intends to vigorously defend itself in these actions, and the ultimate outcome of these matters cannot be determined at this time.

In many lawsuits, arbitrations, and regulatory proceedings, it is not possible to determine whether a liability has been incurred or to estimate the amount of that liability until the matter is close to resolution. However, accruals are reviewed regularly and are adjusted to reflect management's estimates of the impact of developments, rulings, advice of counsel and any other information pertinent to a particular matter.

Because of the inherent difficulty in predicting the ultimate outcome of legal and regulatory actions, management cannot predict with certainty the eventual loss or range of loss related to such matters. The Company believes, based upon current information, that the outcome of any such legal proceeding, claim, dispute, or investigation will not have a material effect on the Company's financial position, results of operations or cash flows. However, the actual outcomes of such legal proceedings, claims, disputes, or investigations could be material to the Company's operating results and cash flows for a particular future period as additional information is obtained.

### Indemnification

The activities of the Company's customers are transacted on either a cash or margin basis through the facilities of its clearing broker. In margin transactions, the clearing broker extends credit to the customers, subject to various regulatory and margin requirements, collateralized by cash and securities in the customer's account. In connection with these activities, the clearing broker may also execute and clear customer transactions involving the sale of securities not yet purchased.

These transactions may expose the Company to significant off-balance sheet risk in the event margin requirements are not sufficient to fully cover losses which the customers may incur. In the event the customers fail to satisfy their obligations to the clearing broker, the Company may be required to compensate the clearing broker for losses incurred on behalf of the customers.

The Company, through its clearing broker, seeks to control the risk associated with its customers' activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines.

As of September 30, 2024, and December 31, 2023, management of the Company had not been notified by any clearing brokers, nor were they otherwise aware of any potential losses relating to this indemnification.

## **15. COMMON STOCK, PREFERRED STOCK AND STOCKHOLDERS' EQUITY**

The Company is authorized to issue 57,500,000 shares consisting of the following:

- 2,000,000 shares of Series A Preferred Stock, par value \$0.0001 per share, 1,536,400 shares issued and outstanding as of September 30, 2024; and
- 500,000 shares of Series B Preferred Stock, par value \$0.0001 per share, 150,000 shares issued and outstanding as of September 30, 2024; and
- 55,000,000 shares of Common Stock, par value \$0.0001 per share, 16,602,460 shares issued and outstanding as of September 30, 2024.

## **16. NET CAPITAL REQUIREMENTS**

The Company operates four registered broker-dealers that are subject to the SEC Uniform Net Capital Rule (Rule 15c3-1). This requires the Company to maintain certain minimum net capital requirements. As of and for the periods ended September 30, 2024 and December 31, 2023, all broker-dealers had net capital in excess of the required minimums.

## **17. CREDIT RISK AND CONCENTRATIONS**

Financial instruments that subject the Company to credit risk consist principally of receivables and cash and cash equivalents. The Company performs certain credit evaluation procedures and does not require collateral for financial instruments subject to credit risk. The Company believes that credit risk is limited because the Company routinely assesses the financial strength of its counterparties and, based upon factors surrounding the credit risk of its counterparties, establishes an allowance for credit losses and, consequently, believes that its receivables credit risk exposure beyond such allowances is limited.

## **18. SUBSEQUENT EVENTS**

The Company evaluated subsequent events that occurred after the balance sheet date up to November 14, 2024.

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

*The following discussion and analysis of the Company’s financial condition and results of operations should be read in conjunction with the financial statements and the notes thereto contained elsewhere in this report. References to the “Company,” “us” or “we” refer to Binah Capital Group, Inc.*

### **Cautionary Note Regarding Forward-Looking Statements**

*This Quarterly Report on Form10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, 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.*

### **Business Overview**

Binah Capital Group, Inc., a Delaware corporation (the “Company”), is a leading consolidator of retail wealth management businesses that owns and operates ten entities, four of which are broker-dealers, three of which are registered investment advisors, and three of which are insurance entities, that have over 1900 registered individuals working within the financial services industries.

The Company focuses on three critical areas comprised of the hybrid, independent and W2 business models to allow affiliated advisors to choose the operating model that works best for them and run their practices on their own terms. The Company’s platform adds to its flexibility by providing a variety of custody and clearing firm options to accommodate the unique business needs of advisors.

### **The Merger**

On March 15, 2024 (the “Closing Date”), Binah Capital consummated the transactions contemplated by that certain Agreement and Plan of Merger, dated July 7, 2022 (as amended, the “Merger Agreement” and the consummation of such contemplated transactions, the “Closing”), by and among Kingswood Acquisition Corp, a Delaware corporation (“KWAC”), Binah Capital, Kingswood Merger Sub, Inc., a Delaware corporation (“Kingswood Merger Sub”), Wentworth Merger Sub, LLC, a Delaware limited liability company (“Wentworth Merger Sub”), and Wentworth Management Services LLC, a Delaware limited liability company (dba, Binah Management Services, “BMS”). Binah Capital, Kingswood Merger Sub and Wentworth Merger Sub were newly formed entities that were formed for the sole purpose of entering into and consummating the transaction set forth in the Merger Agreement. Binah Capital was a wholly-owned direct subsidiary of KWAC and both Kingswood Merger Sub and Wentworth Merger Sub were wholly-owned direct subsidiaries of Binah Capital. On the Closing Date, Kingswood Merger Sub merged with and into KWAC, with KWAC continuing as the surviving entity as a wholly-owned subsidiary of Binah Capital and Wentworth Merger Sub merged with and into BMS, with BMS continuing as the surviving entity as a wholly-owned subsidiary of Binah Capital. Following the BMS merger, KWAC acquired, and Binah Capital contributed to KWAC all of the common units of BMS directly held by Binah Capital after the Wentworth merger, such that, following the Binah Capital contribution, BMS became a wholly-owned subsidiary of KWAC.

Upon the consummation of the Business Combination, (i) the holders of shares of KWAC's common stock ("**KWAC Common Stock**") issued and outstanding immediately prior to the effective time of the Business Combination (other than any redeemed shares) received one share of common stock of Holdings ("**Holdings Common Stock**") in exchange for each share of KWAC Common Stock held by them, subject to adjustment as more fully described herein, (ii) 1,100,000 shares of Holdings Common Stock issued to Sponsor was placed by Holdings into an escrow account and will not be released to the Sponsor unless the dollar volume-weighted average price of Holdings Common Stock exceeds \$12.00 for 20 trading days within any 30-day trading period during the four-year period following the consummation of the Business Combination, (iii) the holders of each whole warrant to purchase KWAC Class A Common Stock received one warrant to purchase Holdings Common Stock at an exercise price of \$11.50 per share, (iv) 12 million shares of Holdings Common Stock, subject to adjustment as more fully described herein, was issued to the equity holders of BMS in proportion to their ownership interests in BMS, (v) an additional 1,100,000 shares of Holdings Common Stock was issued to certain equity holders of BMS, (vi) 3,084,450 KWAC Private Placement Warrants held by Sponsor were forfeited immediately prior to the effective time of the Business Combination, and (vii) 3,084,450 warrants to purchase Holding Common Stock at an exercise price of \$11.50 per share were issued to the equity holders of BMS in proportion to their ownership interests in BMS. As a result of the Business Combination, BMS became an indirect, wholly-owned subsidiary of Holdings.

Additionally, on the Closing Date, Holdings entered into a Subscription Agreement with an investor for the purchase of 1,500,000 shares of Holdings' Series A Redeemable Convertible Preferred Stock (the "**Holdings Series A Stock**") in a private placement at \$9.60 per share, for an aggregate purchase price of \$14,400,000 (the "**Series A PIPE**"). The Holdings Series A Stock may be converted into shares of Holdings Common Stock after the second anniversary of the closing of the Series A PIPE, which such conversion shall initially be 1.5 shares of Holdings Common Stock for each share of Series A Convertible Preferred Stock, subject to certain adjustments provided in the Certificate of Designations.

## **Our Sources of Revenue**

Our revenue is derived primarily from fees and commissions from products and advisory services offered by our advisors to their clients, a substantial portion of which we pay out to our advisors.

## **Executive Summary**

### *Financial Highlights*

Results for the three and nine-month period ended September 30, 2024 included a net loss of approximately \$(1.2) million and \$(3.5) million and total revenue of approximately \$42.2 million and \$124.3 million, respectively, which compares to net income and total revenue of \$0.2 million and \$ 1.4 million and approximately \$42.9 million and \$126.7 million, respectively, for the three and nine month period ended September 30, 2023.

### *Asset Trends*

Total advisory and brokerage assets served were \$26.9 billion at September 30, 2024, compared to \$22.8 billion at September 30, 2023. Total net new assets were \$0.4 billion and \$(1.8) billion for the three- and nine-month period ended September 30, 2024, compared to \$0.5 and \$(3.2) billion for the same period in 2023.

Net new advisory assets were \$0.0 billion and (0.1) billion for the three and nine-month period ended September 30, 2024, compared to \$0.0 billion and \$(0.5) billion for the same period in 2023. Advisory assets were \$2.5 billion at September 30, 2024, which is an increase of approximately 23% from the the \$2.0 billion at September 30, 2023.

Net new brokerage assets were \$0.4 and (1.7) billion for the three and nine-month period ended September 30, 2024, compared to \$0.5 billion and \$(2.7) billion for the same period in 2023. Brokerage assets were \$24.5 billion at September 30, 2024, up 17.5% from \$20.8 billion at September 30, 2023.

### *Gross Profit Trend*

Gross profit, a non-GAAP financial measure, was \$8.4 million and \$23.5 million for the three and nine-month period ended September 30, 2024, an increase of approximately 20% and 3% from \$7.0 million and \$22.8 million for the three and nine-month period ended September 30, 2023. See the "*Key Performance Metrics and Non-GAAP Financial Measures*" section for additional information on gross profit.

### **Key Performance Metrics and Non-GAAP Financial Measures**

We focus on several key metrics in evaluating the success of our business relationships and our resulting financial position and operating performance. Our key metrics of Gross Profit and EBITDA are “non-GAAP financial measures.” Our management periodically uses certain “non-GAAP financial measures,” as such term is defined under the rules of the SEC, to supplement our financial information presented in accordance with GAAP and to clarify and enhance understanding of past performance and prospects for the future. Generally, a non-GAAP financial measure is a numerical measure of a company’s operating performance, financial position or cash flows that excludes or includes amounts that are included in or excluded from the most directly comparable measure calculated and presented in accordance with GAAP. Management believes that the non-GAAP financial measures of Gross Profit and EBITDA provide investors and analysts useful insight into our financial position and operating performance. Any non-GAAP measure provided should be viewed in addition to, and not as an alternative to, the most directly comparable measure determined in accordance with U.S. GAAP. Further, the calculation of these non-GAAP financial measures may differ from the calculation of similarly titled financial measures presented by other companies and therefore may not be comparable among companies.

Gross profit is defined as total revenue less commissions paid to financial advisors and registered representatives and other fees that generate the revenue. We consider our gross profit amounts to be non-GAAP financial measures that may not be comparable to those of others in our industry. We believe that gross profit amounts can provide investors with useful insight into our core operating performance before other costs that are general and administrative in nature.

EBITDA is a non-GAAP financial measure defined as net income plus interest expense, provision for income taxes, and depreciation and amortization. The Company presents EBITDA because management believes that it can be a useful financial metric in understanding the Company’s earnings from operations. EBITDA is not a measure of the Company’s financial performance under GAAP and should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP.



A reconciliation of our non-GAAP financial measures to their most directly comparable GAAP financial measures appears below in the footnotes to the table of our key operating, business and financial metrics.

Our key operating, business and financial metrics are as follows:

<i>Operating Metric (dollars in billions)</i>	<b>As of and for the Three Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Advisory and Brokerage Assets</b>		
Brokerage assets	\$ 24.5	\$ 20.8
Advisory assets	2.5	2.0
<b>Total Advisory and Brokerage Assets</b>	<b>\$ 26.9</b>	<b>\$ 22.8</b>
<b>Net New Assets</b>		
Net new brokerage assets	\$ 0.4	\$ 0.5
Net new advisory assets	0.0	0.0
Total Net New Assets	\$ 0.4	\$ 0.5
<b>Financial Metrics (dollars in millions)</b>		
Total revenue	\$ 42.2	\$ 42.9
Net income (loss)	\$ (1.2)	\$ 0.2
<b>Non-GAAP Financial Metrics (dollars in millions)</b>		
Gross Profit(1)	\$ 8.4	\$ 7.0
EBITDA(2)	\$ 0.4	\$ 1.6

<i>Operating Metric (dollars in billions)</i>	<b>As of and for the Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Advisory and Brokerage Assets</b>		
Brokerage assets	\$ 24.5	\$ 20.8
Advisory assets	2.5	2.0
<b>Total Advisory and Brokerage Assets</b>	<b>\$ 26.9</b>	<b>\$ 22.8</b>
<b>Net New Assets</b>		
Net new brokerage assets	\$ (1.7)	\$ (2.7)
Net new advisory assets	(0.1)	(0.5)
Total Net New Assets	\$ (1.8)	\$ (3.2)
<b>Financial Metrics (dollars in millions)</b>		
Total revenue	\$ 124.3	\$ 126.7
Net income (loss)	\$ (3.5)	\$ 1.4
<b>Non-GAAP Financial Metrics (dollars in millions)</b>		
Gross Profit(1)	\$ 23.5	\$ 22.8
EBITDA(2)	\$ 0.9	\$ 6.5

(1) Gross profit is a non-GAAP financial measure defined as total revenue less commissions paid to financial advisors and registered representatives and other fees that generate the revenue. We consider our gross profit amounts to be non-GAAP financial measures that may not be comparable to those of others in our industry. We believe that gross profit amounts can provide investors with useful insight into our core operating performance before other costs that are general and administrative in nature. Below is a calculation of gross profit for the periods presented (in millions):

<b>Gross Profit</b>	<b>For the Three Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
Total revenue	\$ 42.2	\$ 42.9
Commission and fees	33.8	35.9
<b>Gross Profit</b>	<b>\$ 8.4</b>	<b>\$ 7.0</b>

  

<b>Gross Profit</b>	<b>For the Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
Total revenue	\$ 124.3	\$ 126.7
Commission and fees	100.8	103.9
<b>Gross Profit</b>	<b>\$ 23.5</b>	<b>\$ 22.8</b>

- (2) EBITDA is a non-GAAP financial measure defined as net income plus interest expense, provision for income taxes, and depreciation and amortization. The Company presents EBITDA because management believes that it can be a useful financial metric in understanding the Company’s earnings from operations. EBITDA is not a measure of the Company’s financial performance under GAAP and should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP. Below is a reconciliation of net income to EBITDA for the periods presented (in millions):

EBITDA Reconciliation	For the Three Months Ended September 30,	
	2024	2023
Net income (loss)	\$ (1.2)	\$ 0.2
Interest expense	0.8	1.2
Provision for income taxes	0.5	(0.2)
Depreciation and amortization	0.3	0.3
<b>EBITDA</b>	<b>\$ 0.6</b>	<b>\$ 1.6</b>

EBITDA Reconciliation	For the Nine Months Ended September 30,	
	2024	2023
Net income (loss)	\$ (3.5)	\$ 1.4
Interest expense	2.6	3.9
Provision for income taxes	0.9	0.3
Depreciation and amortization	0.9	0.9
<b>EBITDA</b>	<b>\$ 0.9</b>	<b>\$ 6.5</b>

**Economic Overview and Impact of Financial Market Events**

Our business is directly and indirectly sensitive to several macroeconomic factors and the state of the United States financial markets.

According to the most recent estimate from the U.S. Bureau of Economic Analysis, the U.S. economy grew at an annualized pace of 2.8% in the third quarter of 2024, after growing at an annualized pace of 1.6% and 2.8% in the first and second quarter of this year, respectively. The U.S. economy added roughly 558,000 jobs in the third quarter of 2024, while the unemployment rate averaged 4.1% in the third quarter of 2024, consistent with the average in the prior quarter.

Our business is also sensitive to current and expected short-term interest rates, which are largely driven by Fed policy. During the third quarter of 2024, Fed policymakers lowered the target range for the federal funds rate to 4.8% to 5.0%. The equity markets surged to new highs resulting in the S&P 500 returning 5.9% during the third quarter of 2024.

**Please consult the Factors Affecting Our Financial Condition and Results of Operations, including those described in the section titled “Risk Factors.”**

**Basis of Presentation**

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Currently, we conduct business through one operating segment. The consolidated financial statements have been prepared assuming that we will continue as a going concern. See Note 1 in the accompanying consolidated financial statements for further details.

## Results of Operations

The following presents an analysis of our results of operations for the three and nine-month periods ended September 30, 2024 and 2023 (*in thousands*):

	For the three months ended September 30,			For the nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
<b>Revenues:</b>						
Revenue from Contracts with Customers:						
Commissions	34,780	35,469	-1.9%	102,836	104,112	-1.2%
Advisory Fees	6,247	5,448	14.7 %	18,250	16,334	11.7 %
<b>Total Revenue from Contracts with Customers</b>	<b>41,026</b>	<b>40,917</b>	<b>0.3 %</b>	<b>121,086</b>	<b>120,446</b>	
Interest and other income	1,170	1,933	-40.3%	3,209	6,227	-48.5%
<b>Total revenues</b>	<b>42,197</b>	<b>42,850</b>	<b>-1.5%</b>	<b>124,295</b>	<b>126,673</b>	<b>-1.9%</b>
<b>Expenses:</b>						
Commissions and fees	33,832	35,865	-5.7%	100,839	103,863	-2.9%
Employee compensation and benefits	3,937	3,088	27.5 %	10,988	9,875	11.3 %
Rent and occupancy	285	284	0.2 %	870	900	-3.3%
Professional fees	1,120	697	60.7 %	6,059	2,412	151.2 %
Technology fees	386	598	-35.4%	1,228	1,543	-20.4%
Interest	775	1,249	-37.9%	2,632	3,895	-32.4%
Depreciation and amortization	268	303	-11.8%	862	913	-5.6%
Other	2,207	766	188.3 %	3,394	1,539	120.5 %
<b>Total expenses</b>	<b>42,810</b>	<b>42,849</b>	<b>-0.1%</b>	<b>126,872</b>	<b>124,940</b>	<b>1.5 %</b>
Income (loss) before provision (benefit) for income taxes	(613)	1	-66941.3%	(2,577)	1,733	-248.7%
Provision (benefit) for income taxes	537	(242)	-321.4%	890	289	208.4 %
<b>Net income (loss)</b>	<b>(1,150)</b>	<b>243</b>	<b>-572.5%</b>	<b>(3,467)</b>	<b>1,444</b>	<b>-340.0%</b>

### Revenues

The Company's primary source of revenue is from fees and commissions from products and advisory services offered by our advisors to their clients, a substantial portion of which we pay out to our advisors. We also generate interest income in accordance with our agreements with our clearing partners. In accordance with ASC 606, Revenue from Contracts with Customers, we record revenue when control of the promised services is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Revenues are analyzed to determine whether the Company is the principal (i.e., reports revenues on a gross basis) or agent (i.e., reports revenues on a net basis) in the contract. Principal or agent designations depend primarily on the control an entity has over the product or service before control is transferred to a customer. The indicators of which party exercises control include primary responsibility over performance obligations, inventory risk before the good or service is transferred and discretion in establishing the price.

### Commissions

Commission revenues represent sales commissions generated by advisors for their clients' purchases and sales of securities on exchanges and over-the-counter, as well as purchases of other investment products.

[Table of Contents](#)

The Company generates two types of commission revenues: sales-based commissions that are recognized at the point of sale on the trade date and trailing commissions that are recognized over time as earned. Sales-based commission revenues vary by investment product and are recognized on the trade date or the transaction date, which represents the completion of the Company's performance obligation because that is when the underlying financial instrument or purchaser is identified, the pricing is agreed upon, and the risks and rewards of ownership have been transferred to/from the customer at a point in time. The rates at which commissions are charged to the customers range from 1% to 7% based on the investment product. Trailing commission revenues which are preliminarily related to the sales of mutual funds and variable annuities held by clients of the Company's advisors are generally based on a percentage of the current market value of clients' investment holdings in trail-eligible assets, and are recognized over the time the client owns the investment or holds the contract and is generally based on a fixed rate applied, generally twenty-five to fifty basis points (25-50 bps) of the current market value of the clients' holdings. Trailing commissions are generally received monthly or quarterly. The ongoing revenue is not recognized at the time of sale because it is variably constrained due to factors outside the Company's control including market volatility and the client's investment hold period and the Company does not believe that it can overcome such constraints until the market value of the fund and the investor activities are known. The revenues will not be recognized until it is probable that a significant reversal will not occur.

The Company is principal for the commission revenue, as it is responsible for the execution of the clients' purchases and sales and maintains relationships with the product sponsors. Advisors assist the Company in performing its obligations. Accordingly, total commission revenue is reported on a gross basis. See Note 4 - Revenues From Contracts with Customers within the notes to the condensed consolidated financial statements for the three and nine-month periods ended September 30, 2024, and 2023 for further details regarding our commission revenue by product category.

The following tables set forth the components of our commission revenue for the three and nine-month periods ended September 30, 2024 and 2023 (in thousands):

	For the three months ended September 30,		\$ Change	% Change
	2024	2023		
Sales-based	\$ 16,441	\$ 18,939	\$ (2,498)	-13.2%
Trailing	18,339	16,530	1,807	10.9 %
Total commission revenue	\$ 34,780	\$ 35,469	\$ (691)	-1.9%

  

	For the nine months ended September 30,		\$ Change	% Change
	2024	2023		
Sales-based	\$ 48,058	\$ 56,184	(8,126)	-14.5%
Trailing	54,778	47,928	6,850	14.3 %
Total commission revenue	\$ 102,836	\$ 104,112	(1,276)	-1.2%

Sales-based revenue decreased by approximately \$2.5 and \$8.1 million or 13.2% and 14.5% for the three and nine-month period ended September 30, 2024, respectively, as compared to 2023. Trailing based revenue increased by approximately \$1.8 and \$6.8 million or 10.9% and 14.3% for the three and nine-month periods ended September 30, 2024, respectively, as compared to 2023. The decrease in sales-based revenue for the three and nine-month periods ended September 30, 2024 as compared to 2023 is attributable to a decrease in the generation of transactional based products. The increase in the trailing based revenues is primarily due to the positive market performance related to the trail-eligible assets.

Commission revenue is generated from brokerage assets. The following tables summarize the brokerage assets as of September 30, 2024 and 2023 (in billions):

	As of September 30,	
	2024	2023
Brokerage Assets	\$ 24.5	\$ 20.8

Included in the brokerage assets above are trail-eligible assets as follows (in billions):

	As of September 30,	
	2024	2023
Trail-Eligible Assets	\$ 17.0	\$ 14.0

The following table summarizes activity impacting brokerage assets for the periods ended (in billions):

	Three Months Ended September 30,	
	2024	2023
Balance - Beginning of period	\$ 22.8	\$ 21.1
Net new brokerage assets(1)	0.4	0.5
Market impact(2)	1.3	(0.8)
Balance - End of period	\$ 24.5	\$ 20.8

  

	Nine Months Ended September 30,	
	2024	2023
Balance - Beginning of period	\$ 21.8	\$ 20.1
Net new brokerage assets(1)	(1.7)	(2.7)
Market impact(2)	4.4	3.4
Balance - End of period	\$ 24.5	\$ 20.8

- (1) Net new brokerage assets consist of total client deposits less client withdrawals from brokerage accounts, plus dividends, plus interest.  
(2) Market impact is the difference between the beginning and ending asset balances less the net new asset amounts, representing the implied growth or decline in asset balances due to market change over the same period of time.

### Advisory Fees

Advisory fees represent fees charged to advisors' clients' accounts on the Company's corporate advisory platform. The Company provides ongoing investment advice, brokerage and execution services on transactions, and performs administrative services for these accounts. These fees are recognized ratably over time to match the continued delivery of the performance obligations to the client over the life of the contract. The advisory fees generated from the Company's corporate advisory platform are based on a percentage of the market value of the eligible assets in the clients' advisory accounts.

Advisory fees increased by approximately 14.7% and 11.7% for the three and nine-month periods ended September 30, 2024, respectively, as compared to the same periods in September 30, 2023, due to positive returns in the market offset by outflows of advisory assets.

The following tables summarizes the advisory assets as of September 30, 2024 and 2023 (in billions):

	As of September 30,	
	2024	2023
Advisory Assets	\$ 2.5	\$ 2.0

The following table summarizes activity impacting advisory assets for the periods ended (in billions):

	Three Months Ended September 30,	
	2024	2023
Balance - Beginning of period	\$ 2.3	\$ 2.0
Net new advisory assets(1)	0.0	0.1
Market impact(2)	0.1	(0.1)
Balance - End of period	\$ 2.5	\$ 2.0

  

	Nine Months Ended September 30,	
	2024	2023
Balance - Beginning of period	\$ 2.1	\$ 2.1
Net new advisory assets(1)	(0.0)	(0.5)
Market impact(2)	0.4	0.4
Balance - End of period	\$ 2.5	\$ 2.0

- (1) Net new advisory assets consist of total client deposits less client withdrawals from custodial accounts, plus dividends, plus interest, minus advisory fees.

- (2) Market impact is the difference between the beginning and ending asset balances less the net new asset amounts, representing the implied growth or decline in asset balances due to market change over the same period of time.

### Interest and other income

Interest income includes amounts earned on balances held at the Company's clearing brokers related to cash balances and margin balances. The Company's clearing agreements include provisions that provide for a sharing of the interest income earned on such balances with the clearing brokers. The rate varies based on the clearing broker.

Other income primarily includes amounts earned by the Company related to marketing and incentives earned from the sales of certain investment products by the financial advisors to its clients, primarily alternative investments, as well as sponsorship income.

The decrease in interest and other income for the period ended September 30, 2024, compared to 2023 is primarily related to a non-recurring income item that was earned in March 2023.

### Operating Expenses

#### Commissions and Fees

Commissions and fees primarily consist of commissions paid to the financial advisors, technology costs associated with the platform for which the financial advisors operate their business, insurance costs and regulatory costs. Certain of the technology, insurance and regulatory costs are passed through to the financial advisors and any excess costs are included as fees within commissions and fees. The commissions and fees paid to the financial advisors are based on the advisory and commission revenue earned on each client's account. The payout amount is production based, which is the gross revenue produced by the financial advisor, and varies based on the level of such production ranging from 50% to 95% of the revenue generated. The production levels begin at gross revenue of \$15,000 up to \$4,000,000 and up, and the payout rate starts at 50% and increases to a top payout rate of 94% for annual production of \$4,000,000 and up.

The following table sets forth our payout rate, which is a statistical or operating measure and monitored to review that such costs of revenue remain consistent on a period over period basis:

	For the three months ended September 30,		Change
	2024	2023	
Payout range	82.42 %	87.65 %	5.23 %

  

	For the Nine Months ended September 30,		Change
	2024	2023	
Payout range	83.26 %	86.23 %	2.97 %

For the three and nine-month periods ended September 30, 2024, the payout rate decreased as compared to 2023 as a result of in the prior year there was a non-recurring commissionable product that carried a payout at 90%.

#### Employee compensation and benefits

Employee compensation and benefits includes salaries, wages, benefits and related taxes for our employees.

Employee compensation and benefits for the three-month period ended September 30, 2024 increased as compared to September 30, 2023, by 27.5%, which relates to the addition of personnel costs attributed to the Company now operating as a public company.

Employee compensation and benefits for the nine-month period ended September 30, 2024 increased as compared to September 30, 2023, by 11.3% which relates to the addition of personnel costs attributed to the Company now operating as a public company.

### **Rent and occupancy**

Rent and occupancy remained relatively consistent for the three-month period ended September 30, 2024 as compared to September 30, 2023 increasing slightly by 0.2%.

Rent and occupancy remained relatively consistent for the nine-month period ended September 30, 2024 as compared to September 30, 2023 decreasing by 3.3%.

### **Professional fees**

Professional fees includes costs incurred related to legal and accounting services. Professional fees for the three and nine-month periods ended September 30, 2024, as compared to 2023 increased by \$0.4 million and \$3.6 million, respectively, which is directly related to transaction costs associated with the Business Combination and specific costs related to the Company now operating as a public company.

### **Technology fees**

Technology fees primarily represent infrastructure costs that support the Company's technology and communications costs. Technology fees decreased by \$0.2 million and \$0.3 million for the three and nine-month periods ended September 30, 2024, respectively, as compared to 2023.

### **Interest expense**

Interest expense primarily includes interest associated with the Company's credit facility and other debt obligations. Interest expense decreased by \$0.5 million and \$1.3 million for the three and nine-month periods ended September 30, 2024, respectively, as compared to 2023 resulting from the repayment and restructuring of the related party debt obligations of BMS.

### **Depreciation and amortization**

Depreciation and amortization relates to the use of property, equipment and leasehold improvements. Amortization also includes the amortization related to certain intangible assets.

### **Other expense**

Other expense includes insurance, travel-related expenses, office expenses, marketing and other miscellaneous expenses.

### **Provision for Income Taxes**

Our effective income tax rate was approximately (46)% and (26)% for the three and nine-month periods ended September 30, 2024, as compared to (100)% and 20% for the same periods in 2023, respectively. The decrease in our effective tax rate was related to the transaction expenses related to the Reverse Recapitalization.

### **Liquidity and capital resources**

We have established liquidity policies intended to support the execution of strategic initiatives, while meeting regulatory capital requirements and maintaining ongoing and sufficient liquidity. We believe liquidity is of critical importance to the Company and, in particular, to our broker-dealer subsidiaries, PKSI, CLS, MSI and WEG. The objective of our policies is to ensure that we can meet our strategic, operational and regulatory liquidity and capital requirements under both normal operating conditions and under periods of stress in the financial markets.

#### ***Parent Company Liquidity***

Binah Capital Group, Inc. through its indirectly wholly owned subsidiary BMS, is the direct holding company of our operating subsidiaries, and considers its primary sources of liquidity to be dividends and management fees from our operating subsidiaries.

### Sources of Liquidity

As of September 30, 2024, we had \$19.1 million outstanding under our Senior Credit Facility with Oak Street Funding, LLC, net of debt issuance costs. The associated debt facilities are as follows:

#### *Oak Street Funding, LLC*

On April 2, 2020, the Company entered into a Credit Agreement (the “Credit Agreement”) with Oak Street Funding LLC (“Oak Street”) in the amount of \$25 million. This note payable bears interest at the prime rate (“Prime”) (8.00% as of September 30, 2024) plus 2.25% and has a 10-year term and a 3-month interest only repayment provision. As of September 30, 2024 and December 31, 2023, the outstanding balance of the Oak Street note, net of unamortized debt issuance costs was \$16.2 million and \$17.6 million, respectively.

On April 25, 2021, the Company entered into an additional promissory note with Oak Street in the amount of \$4.1 million related to the acquisition of WEG (“WEG Note”). This note payable bears interest at Prime plus 2.25% and has a 10-year term. As of September 30, 2024 and December 31, 2023, the outstanding balance of this note, net of unamortized debt issuance costs was \$3.0 million and \$3.2 million, respectively.

Under the Oak Street notes, the Company is subject to certain covenants as defined in the agreements. As of September 30, 2024 and December 31, 2023, the Company was in compliance with all financial related covenants.

The minimum payments and maturities of the Oak Street notes as of September 30, 2024 were as follows (in thousands):

2024	\$	598
2025		2,596
2026		2,950
2027		3,344
2028		3,788
Thereafter		6,434
Total	\$	<u>19,710</u>

#### *Series A Redeemable Convertible Preferred Stock*

On March 15, 2024 (the “Funding Date”) in connection with the consummation of the Business Combination, Holdings and BMS entered into a Subscription Agreement with an investor for the purchase of 1,500,000 shares of Holdings’ Series A Redeemable Convertible Preferred Stock (the “**Holdings Series A Stock**”) in a private placement at \$9.60 per share, for an aggregate purchase price of \$14,400,000 (the “**Series A PIPE**”). The Holdings Series A Stock may be converted into shares of Holdings Common Stock after the second anniversary of the closing of the Series A PIPE, which such conversion shall initially be 1.5 shares of Holdings Common Stock for each share of Series A Convertible Preferred Stock, subject to certain adjustments provided in the Certificate of Designations.

Additionally, the Holdings Series A Stock carries a cumulative dividend at a rate of nine percent (9%) per annum, payable and compounded quarterly on the last day of each quarter. At the discretion of Holdings the payment may be made in cash or up to 50% of the amount due, in duly authorized, validly issued, fully paid and non-assessable share of Holdings Series A Stock at a value of \$10 per share.

The Holdings Series A Stock has liquidation preferences in the event of a voluntary or involuntary liquidation as follows:

- The greater of \$12.50 per share of Holdings Series A Stock if such liquidation occurs prior to the first anniversary of the Funding Date;
- \$13.00 per share of Holdings Series A Stock if such liquidation occurs prior to the second anniversary of the Funding Date;
- \$15.00 per share of Holdings Series A Stock if such liquidation occurs prior to the third anniversary of the Funding Date;
- \$16.00 per share of Holdings Series A Stock if such liquidation occurs prior to the fourth anniversary of the Funding Date.



Holdings, at its option, may redeem the Series A Stock on any anniversary of the Funding date up to and including the fourth anniversary of the Funding date at the following redemption prices:

- \$11.50 per share of Series A Stock on the first anniversary of the Funding Date;
- \$13.00 per share of Series A Stock on the second anniversary of the Funding Date;
- \$15.00 per share of Series A Stock on the third anniversary of the Funding Date;
- \$16.00 per share of Series A Stock on the fourth anniversary of the Funding Date;

If the Series A Stock have not previously been redeemed or converted, the Series A Stock will be redeemed by Holdings on the fourth anniversary of the Funding Date.

#### *SERIES B Convertible Preferred Stock*

On September 4, 2024, the Company entered into a Subscription Agreement with certain investors for the purchase of 150,000 shares of Holdings' Series B Convertible Preferred Stock (the "**Holdings Series B Stock**") in a private placement at \$10.00 per share, for an aggregate purchase price of \$1,500,000. The Holdings Series B Stock may be converted into shares of Holdings Common Stock, at the option of the investor at a rate equal to the quotient of (i) \$10.00 divided, by (ii) the product of (A) .80 multiplied by, (B) the volume weighted average price for the 20 trading days during the 30-day period immediately prior to such conversion, provided that in no event shall the denominator be less than \$6.00 per share (the "Conversion Rate").

Additionally, the Holdings Series B Stock carries a cumulative dividend at a rate of nine percent (7%) per annum, payable and compounded quarterly on the last day of each quarter. At the discretion of Holdings, the payment may be made in cash or up to 50% of the amount due, in duly authorized, validly issued, fully paid and non-assessable share of Holdings Series B Stock at a value of \$10 per share.

The Company may, at its option, in whole, or part, redeem the Holdings Series B Stock any time after the first anniversary of the date of the Subscription Agreement at a redemption price equal to the greater of (i) \$12.00 per share of Holdings Series B Stock, plus accrued but unpaid dividends or (A) 1.20 multiplied by (B) the volume weighted average price for 20 trading days during the 30-day period immediately prior to the redemption; provided that such price shall not greater than \$20.00.

#### *Other promissory notes*

On November 30, 2017, BMS issued subordinated promissory notes in the aggregate principal amount of approximately \$3.6 million to certain sellers in connection with the acquisition of the PKSH Entities. These notes had a maturity date of May 17, 2023 and accrued interest at a rate of 10% annually. The interest on these notes continued to accrue until such time as these notes were paid or restructured.

#### *Contingent consideration subordinated promissory notes*

Additionally, in connection with the acquisition of the PKSH Entities, BMS agreed to pay contingent consideration in the amount of \$5.0 million to certain sellers. The conditions related to this contingency were met on November 30, 2018, and thus the notes had been issued to the sellers. These subordinated promissory notes had a maturity date of May 30, 2023, and accrued interest at a rate of 10% annually. The interest on these notes continued to accrue until such time as these notes were paid or restructured.

As of December 31, 2023, the amount of principal and accrued interest related to these promissory notes was approximately \$12.2 million. Related interest expense was approximately \$0 million and \$0.5 million for the periods ended September 30, 2024 and 2023, respectively.

In connection with the closing of the Business Combination, the Company paid approximately \$3.5 million on these notes. In addition to the paydown, the noteholders agreed to forgive the remaining accrued but unpaid interest of approximately \$3.8 million and entered into new promissory notes in the principal amount of approximately \$5.3 million in the aggregate. The terms of these new promissory notes provide for maturity on May 15, 2027 and carries an interest rate of Prime plus 1.00%, but no less than 7.50% per annum.

**Other commitments**

BMS had entered into promissory notes with certain of its members to provide for working capital. As of December 31, 2023, the amount of principal and accrued interest related to these notes were approximately \$5.2 million. The notes carried an interest at the rate of 10% and were due on demand.

In connection with the closing of the Business Combination, the noteholders agreed to satisfy all outstanding obligations, including the payment of principal and interest, in exchange for an amount of cash equal to approximately \$0.9 million, forgiveness of certain other obligations owed to a noteholder and the issuance of 357,000 shares of Common Stock of Binah Capital Group, Inc.

**Cash Flows**

The following table sets forth a summary of cash flows for the nine-month period ended September 30, 2024 and 2023:

(in thousands)	2024	2023
Net cash (used in) provided by operating activities	\$ (2,411)	\$ 362
Net cash used in investing activities	(18)	(88)
Net cash provided by (used in) financial activities	2,061	(1,851)
Net change in cash flows	\$ (368)	\$ (1,577)

*Cash Flows from Operating Activities.* Net cash used in operating activities was \$2.4 million for the nine-month period ended September 30, 2024, compared to net cash provided by of \$0.4 million for the nine-month period ended September 30 2023, representing a decrease of approximately \$2.7 million or 766%. The decrease was primarily attributable to the decrease in net income of approximately \$4.9 million to a net loss of \$(3.5) million.

*Cash Flows from Investing Activities.* Net cash used in investing activities was \$.02 million for the nine-month period ended September 30, 2024, compared to \$0.1 million for the nine-month period ended September 30, 2023. The increase was primarily related to a decrease in the purchases of property and equipment.

*Cash Flows from Financing Activities.* Net cash provided by financing activities was approximately \$2.0 million for the nine-month period ended September 30, 2024 compared to cash used in financing activities of approximately \$1.9 million for the nine-month period ended September 30, 2023. The change is primarily related to the proceeds received from the Redeemable Convertible Preferred Financing offset by the repayments of the BMS related party debt obligations.

**Contractual Obligations and Commitments**

The following table summarizes our contractual obligations and other commitments as of September 30, 2024:

Contractual obligations	Payments Due by period				
	Total	Less than 1 Year	1-3 Years (in thousands)	3-5 Years	More than 5 Years
Long-term debt obligations (1)	\$ 19,710	\$ 598	\$ 8,891	\$ 10,058	\$ 164
Interest payments	8,046	624	5,695	1,724	3
Promissory notes - affiliates (2)	5,313	—	5,313	—	—
Operating lease obligations (3)	4,501	535	1,662	1,764	540
	\$ 37,570	\$ 1,757	\$ 21,561	\$ 13,545	\$ 707

(1) Represents principal obligations related to the Oak Street credit facility that was entered into during the years ended December 31, 2020 and 2021.

(2) Represents the obligations under the amounts due to certain sellers of the PKSII entities.

(3) Represents future minimum lease payments as of September 30, 2024, under non-cancelable office leases.

**Critical Accounting Policies and Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Although these estimates are based on the

Company's knowledge of current events and actions the Company may undertake in the future, actual results could differ from those estimates and assumptions.

We define our critical accounting policies and estimates as those that require us to make subjective judgments about matters that are uncertain and are likely to have a material impact on our financial condition and results of operations as well as the specific manner in which we apply those principles. We believe the critical accounting policies used in the preparation of our financial statements which require significant estimates and judgments are as follows:

### **Revenue Recognition**

Revenues from contracts with customers are recognized when control of the promised services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. Management exercises judgment in determining whether the Company is the principal (i.e., reports revenues on a gross basis) or agent (i.e., reports revenue on a net basis). For additional information see Note 4 in the consolidated financial statements as of and for the three and nine-months periods ended September 30, 2024 and 2023.

### **Goodwill and Other Intangible Assets**

Goodwill and other intangible assets are tested annually for impairment or if certain events occur indicating that the carrying amounts may be impaired. We have the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, we determine it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, then performing the two-step impairment test is not required. However, if we conclude otherwise, we are then required to perform the first step of the two-step impairment test. Goodwill impairment is determined by comparing the estimated fair value of a reporting unit with its respective carrying value. If the estimated fair value exceeds the carrying value, goodwill at the reporting unit level is not deemed to be impaired. If the estimated fair value is below carrying value, however, further analysis is required to determine the amount of the impairment. Additionally, if the carrying value of a reporting unit is zero or a negative value and it is determined that it is more likely than not the goodwill is impaired, further analysis is required. The estimated fair values of the reporting units are derived based on valuation techniques we believe market participants would use for each of the reporting units.

We performed our goodwill impairment test as of and for the years ended December 31, 2023, and 2022. The estimated fair value of the reporting units were determined using the market approach for each reporting unit, relying specifically on the guideline public company method. Our guideline public company method incorporates revenue and earnings multiples from publicly traded companies with operations and other characteristics similar to each reporting unit. As a result of the 2023 and 2022 annual impairment tests, the fair value of the reporting units was 257% and 266% greater than its carrying value, respectively. Since there have been no events or circumstances which indicated that it was more likely than not the fair value of the reporting units were below their carrying amount, interim goodwill tests were not considered necessary.

The goodwill impairment test requires us to make judgments in determining what assumptions to use in the calculation. Assumptions, judgments, and estimates about future cash flows and discount rates are complex and often subjective. They can be affected by a variety of factors, including, among others, economic trends and market conditions, changes in revenue growth trends or business strategies, unanticipated competition, discount rates, technology, or government regulations. In assessing the fair value of our reporting units, the volatile nature of the securities markets and industry requires us to consider the business and market cycle and assess the stage of the cycle in estimating the timing and extent of future cash flows. In addition to discounted cash flows, we consider other information, such as public market comparable and multiples of recent mergers and acquisitions of similar businesses. Although we believe the assumptions, judgments, and estimates we have made in the past have been reasonable and appropriate, different assumptions, judgments, and estimates could materially affect our reported financial results.

Intangible assets that are deemed to have definite lives are amortized over their useful lives, generally ranging from 5 to 10 years. They are reviewed for impairment when there is evidence that events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount to the estimated undiscounted future cash flows expected to be generated. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the estimated fair value.

### **Contingent Liabilities**

The Company recognizes liabilities for contingencies when there is an exposure that, when fully analyzed, indicates potential losses become probable and can be reasonably estimated. Whether a potential loss is probable and can be reasonably estimated is based on currently available information and is subject to significant judgment, a variety of assumptions and uncertainties.

When a potential loss is probable and the loss or range of loss can be estimated, the Company will accrue the most likely amount within that range. No liability is recognized for those matters which, in management's judgment, the determination of a reasonable estimate of potential loss is not possible, or for which a potential loss is not determined to be probable.

### **Recently Issued Accounting Pronouncements**

Refer to Note 2 - *Summary of Significant Accounting Policies*, within the notes to the consolidated financial statements for a discussion of recent accounting pronouncements or changes in accounting pronouncements that are of significance, or potential significance, to us.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no material changes in market risk from those addressed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 during the three months ended September 30, 2024. See the information set forth in Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk, of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

### **Item 4. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

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

Under the supervision and with the participation of our management, including our principal executive officer and principal financial and accounting officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of September 30, 2024, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on this evaluation, our principal executive officer and principal financial and accounting officer have concluded that as of September 30, 2024, our disclosure controls and procedures were effective.

#### **Internal Control over Financial Reporting**

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

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings.

We may be party to various claims and legal proceedings from time to time. We are not subject to any pending material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us or any of our officers or directors in their capacity as such.

From time to time, we have been subjected to and are currently subject to legal and regulatory proceedings arising out of our business operations, including lawsuits, arbitration claims and inquiries, investigations and enforcement proceedings initiated by the SEC, FINRA and state securities regulators, as well as other actions and claims.

### Item 1A. Risk Factors.

There have been no material changes to the information previously disclosed in “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023.

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

On September 30, 2024, the Company issued 36,400 Series A Preferred Stock to Pollen Street Capital Limited as payment-in-kind issuances in lieu of cash in respect of interest that came due in September 2024.

### Item 3. Defaults Upon Senior Securities.

None.

### Item 4. Mine Safety Disclosures.

Not Applicable.

### Item 5. Other Information.

#### Series B Financing

##### *Subscription Agreement*

On September 4, 2024 (the “*Issuance Date*”), the Company entered into a subscription agreement (the “*Series B Subscription Agreement*”) with certain investors for the purchase of 150,000 shares of Holdings Series B Stock in a private placement at \$10.00 per share, for an aggregate purchase price of \$1,500,000.

The shares of Holdings Series B Stock issued pursuant to the Series B Subscription Agreement have not been registered under the Securities Act, and were issued in reliance on the availability of an exemption from such registration.

This summary is qualified in its entirety by reference to the text of Series B Subscription Agreement, which is included as Exhibit 10.1 to this Current Report and is incorporated herein by reference.

##### *Series B Certificate of Designations*

##### *Ranking*

With respect to payment of dividends and distribution of assets upon liquidation, dissolution or winding up of the Company, the Holdings Series B Stock will rank (i) junior to the Holdings Series A Stock and any class or series of equity securities of the Company that, by its terms, expressly ranks senior to Holdings Series B Stock; (ii) senior to all other classes or series of Holdings Common Stock and any other class or series of capital stock of the Company that by its terms is not expressly senior to, or on parity with, the Holdings Series B Stock; and (iii) on parity with any class or series of capital stock of the Company hereafter created that expressly ranks pari passu with the Holdings Series B Stock.

*Dividend*

Holders of shares of Holdings Series B Stock are entitled to receive, when, as and if authorized by the Board and declared by the Company out of funds legally available for the payment of dividends, a cumulative dividend at a rate of seven percent (7%) per annum, payable and compounded quarterly on the last day of each quarter. At the discretion of the Company, the payment may be made in cash or up to 50% of the amount due, in duly authorized, validly issued, fully paid and non-assessable share of Holdings Series B Stock at a value of \$10 per share.

*Conversion*

The Holdings Series B Stock may be converted into shares of Holdings Common Stock, at the option of the investor at a rate equal to the quotient of (i) \$10.00 divided, by (ii) the product of (A) .80 multiplied by, (B) the volume weighted average price for the 20 trading days during the 30-day period immediately prior to such conversion, provided that in no event shall the denominator be less than \$6.00 per share.

*Optional Redemption*

The Company may, at its option, in whole, or part, redeem the Holdings Series B Stock any time after the first anniversary of the date of the Series B Subscription Agreement at a redemption price equal to the greater of (i) \$12.00 per share of Holdings Series B Stock, plus accrued but unpaid dividends or (A) 1.20 multiplied by (B) the volume weighted average price for 20 trading days during the 30-day period immediately prior to the redemption; provided that such price shall not greater than \$20.00.

*Anti-dilution Provisions*

The Conversion Rate is subject to customary adjustments in the case of certain actions taken with respect to the Holdings Common Stock, including distributions to holders of Holdings Common Stock in shares, subdivisions, splits or combinations of the Holdings Common Stock, issuances, sales of or distribution of convertible securities, options or any other assets to holders of Holdings Common Stock for which there is no corresponding distribution in respect of the Holdings Series B Stock.

*Voting Rights*

As long as any shares of Holdings Series B Stock are outstanding, the Company shall not, without the affirmative vote of the holders of a majority of the then outstanding shares of Holdings Series B Stock amend, alter, repeal or otherwise modify any provision of the Holdings' certificate of incorporation or the Certificate of Designations in a manner that would alter or change the terms or the powers, preferences, rights or privileges of the Holdings Series B Stock as to affect them adversely.

Additionally, holders of the Holdings Series B Stock shall be entitled to one vote per share and entitled to vote together (as a single class) with the holders of Holdings' common stock on all matters submitted to a vote of stockholders of Holdings, except as otherwise provided in the Certificate of Designations or as required by applicable law.

This summary is qualified in its entirety by reference to the text of Series B Certificate of Designations, which is included as Exhibit 4.1 to this Current Report and is incorporated herein by reference.

**Item 6. Exhibits**

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

<b>Exhibit Number</b>	<b>Description of Document</b>
4.1	<a href="#">Series B Certificate of Designations</a>
10.1	<a href="#">Form of Series B Subscription Agreement</a>
31.1*	<a href="#">Certification of Craig Gould, Chief Executive Officer, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.</a>
31.2*	<a href="#">Certification of David Shane, Chief Financial Officer, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.</a>
32.1**	<a href="#">Certification of Craig Gould, Chief Executive Officer, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. § 1350.</a>
32.2**	<a href="#">Certification of David Shane, Chief Financial Officer, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. § 1350.</a>
101.INS	XBRL Instance Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

\* Filed herewith

\*\* Furnished herewith

**SIGNATURES**

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**BINAH CAPITAL GROUP, INC.**

Date: November 14, 2024

By: /s/ Craig Gould  
Name: Craig Gould  
Title: Chief Executive Officer  
(Principal Executive Officer)

Date: November 14, 2024

By: /s/ David Shane  
Name: David Shane  
Title: Chief Financial Officer  
(Principal Accounting and Financial Officer)



**Certificate of Designation**  
**of**  
**Series B Junior Convertible Preferred Stock**  
**of**  
**Binah Capital Group, Inc.**  
  
**(pursuant to Section 151 of the**  
**General Corporation Law of the State of Delaware)**

Binah Capital Group, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), in accordance with the provisions of Section 151 thereof, hereby certifies that the Board of Directors of the Corporation (the "Board"), in accordance with the provisions of the Amended and Restated Certificate of Incorporation of the Corporation and applicable law duly adopted resolutions creating a series of shares of Preferred Stock of the Corporation with the designation and number of shares of such series, and the voting and other powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions, of the shares of such series, as follows:

Section 1. Designation and Number.

There is hereby created out of the authorized and unissued shares of Preferred Stock of the Corporation a series of Preferred Stock designated as the "Series B Junior Convertible Participating Preferred Stock," par value \$0.0001 per share (the "Preferred Stock"), and the authorized number of shares constituting such series shall be 500,000. Each share of Preferred Stock shall have a stated value equal to \$10.00 per share, subject to increase set forth in section 3 below (the "Stated Value")

Section 2. Ranking.

Each share of Preferred Stock shall rank equally in all respects and shall be subject to the provisions herein. The Preferred Stock shall, with respect to payment of dividends, redemption payments, and rights (including as to the distribution of assets) upon Liquidation, rank senior and prior to the Corporation's Junior Stock. The Preferred Stock shall rank junior to all of the Corporation's Series A Convertible Preferred Stock, indebtedness and other liabilities.

Section 3. Dividends.

(a) Subject to the prior and superior right of the Holders of the Series A Convertible Preferred Stock, Holders shall be entitled to receive, and the Corporation shall pay, cumulative dividends at the rate per share (as a percentage of the Stated Value per share) of seven percent (7%) per annum, payable and compounded quarterly on the last day of each calendar quarter, beginning on the first such date after the Funding Date, on each Conversion Date (with respect only to Preferred Stock being converted) and on each Redemption Date (with respect only to Preferred Stock being redeemed) (each such date, a "Dividend Payment Date") (if any Dividend Payment Date is not a Trading Day, the applicable payment shall be due on the next succeeding Trading Day) in cash, or at the Corporation's option, up to 50% of the amount due, in duly authorized, validly issued, fully paid and non-assessable shares of Preferred Stock ("Dividend Shares") or a combination thereof. For purposes hereof, each Dividend Share shall be deemed to have a value of \$10.00 per share. The Holders shall have the same rights and remedies with respect to the delivery of any such shares as if such shares were being issued pursuant to Section 8.

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(b) Dividends shall cease to accrue with respect to any Preferred Stock converted, provided that the Corporation actually delivers the Conversion Shares within the time period required by Section 6(c)(i) herein. Except as otherwise provided herein, if at any time the Corporation pays dividends partially in cash and partially in shares, then such payment shall be distributed ratably among the Holders based upon the number of shares of Preferred Stock held by each Holder on such Dividend Payment Date.

(c) So long as any Preferred Stock shall remain outstanding, neither the Corporation nor any Subsidiary thereof shall directly or indirectly pay or declare any dividend or make any distribution upon, nor shall any distribution be made in respect of, any Junior Stock, nor shall any monies be set aside for or applied to the purchase or redemption (through a sinking fund or otherwise) of any Junior Stock.

#### Section 4. Liquidation Preference.

(a) In the event of a voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation (a "Liquidation"), after payment or provision for payment of the Series A Convertible Preferred Stock, the debts and other liabilities of the Corporation, the Holders shall be entitled to receive, with respect to each share of Preferred Stock held before any payment shall be made or any assets distributed to the holders of any Junior Stock, \$10.00 per share of Preferred Stock plus all accrued and unpaid dividends on each share of Preferred Stock through the date of Liquidation (collectively, the "Liquidation Preference") and (ii) second, after the full Liquidation Preference has been paid or set aside the remaining amount shall be distributed *pro rata* and on a *pari passu* basis to holders of Common Stock and the Holders as if each such share of Preferred Stock had been converted into Common Stock in accordance with the terms hereof immediately prior to such Liquidation.

(b) If in any Liquidation the assets available for payment of the Liquidation Preference are insufficient to permit the payment of the full preferential amounts described in Section 4(a)(i) to the holders of the Preferred Stock then all the remaining available assets shall be distributed *pro rata* among the holders of the then outstanding Preferred Stock in accordance with the respective aggregate Liquidation Preferences.

(c) Neither the consolidation or merger of the Corporation into or with another entity nor the dissolution, liquidation, winding up or reorganization of the Corporation immediately followed by the incorporation of another corporation to which such assets are distributed or transferred, nor the sale, lease, transfer or conveyance of all or substantially all of the assets of the Corporation to another entity shall be deemed a Liquidation; *provided* that, in each case, effective provision is made in the certificate of incorporation of the resulting or surviving entity or otherwise for the preservation and protection of the rights of the Holders on substantially identical terms.

#### Section 5. Voting Rights.

(a) *In General.* Except to the extent otherwise required by applicable Law or expressly set forth in this Section 5, the Holders will vote together with the Common Stock and not as a separate class, except as required by law, on any matters on which any of the holders of Common Stock are entitled to vote.

(b) *Authorization of Senior Preferred Shares.* Notwithstanding Section 5(a) and for so long as any shares of Preferred Stock remain issued and outstanding, without the affirmative vote of the Holders of a majority of the outstanding voting power of the Preferred Stock, voting together as a single class separate from all other classes or series of capital stock of the Corporation, the Corporation shall not and shall not permit an Subsidiary to authorize or issue Senior Preferred Shares.

(c) *Amendment or Alteration of Terms of Preferred Stock* Notwithstanding Section 5(a), the affirmative vote of the Holders of a majority of the voting power of the Preferred Stock, voting together as a single

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class separate from all other classes or series of capital stock of the Corporation, shall be required for the approval of any amendment, alteration or repeal of any provision of this Certificate of Designations (including by merger, operation of Law or otherwise) which adversely affects the rights, preferences, privileges or voting powers of the Preferred Stock; *provided, however*, that nothing herein contained shall require such vote or approval (i) in connection with any increase in the total number of authorized shares under the Certificate of Incorporation or any authorization, designation or increase of any class or series of shares under the Certificate of Incorporation or (ii) in connection with any consolidation, merger, combination or similar transaction in which the Corporation is the surviving entity which does not adversely affect the rights, preferences, privileges or voting powers of the Preferred Stock.

(d) *One Vote Per Share*. On any matter on which Holders are entitled to vote pursuant to this Section 5, each Holder will have one (1) vote per share.

#### Section 6. Redemption.

(a) The Corporation may, at its option, in whole or in part, redeem the Preferred Stock, anytime after the first anniversary of the Funding Date (the "Redemption Date"), by delivery of written notice to each Holder at least sixty (60) days prior the applicable Redemption Date, at a redemption price equal to the greater of (i) \$12.00 per share of Preferred Stock, plus accrued but unpaid dividends, or (ii) the product of (A) 1.20 multiplied by (B) the volume weighted average price for 20 trading days during the 30-day period immediately prior to such redemption; provided that such price shall not be greater than \$20.00.

(b) Notice of the redemption of Preferred Stock under this Section 7 shall be delivered by e-mail to each holder of record of Preferred Stock to be redeemed at the address of each such holder as shown on the Corporation's records, at least sixty (60) days prior the applicable Redemption Date. Neither the failure to e-mail any notice required by this Section 6(b), nor any defect therein or in the e-mailing thereof, to any particular holder, shall affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice which was e-mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date e-mailed whether or not the holder receives the notice. Each such e-mailed notice shall state, as appropriate: (i) the Redemption Date; (ii) if less than all of the shares of Preferred Stock are to be redeemed, the number of shares of Preferred Stock to be redeemed; (iii) the redemption price set forth in Section 5(a); and (iv) the place or places at which certificates, if any, for such shares of Preferred Stock are to be surrendered (or, in the case of shares of Preferred Stock held in book-entry form, the depository or other facilities of which such shares of Preferred Stock shall be redeemed). Notice having been e-mailed as aforesaid, from and after the Redemption Date (unless the Corporation shall fail to make available an amount of cash necessary to effect such redemption), (x) except as otherwise provided herein, dividends on shares of Preferred Stock so called for redemption shall cease to accrue, (y) said shares of Preferred Stock shall no longer be deemed to be outstanding, and (z) all rights of the holders thereof as holders of shares of Preferred Stock of the Corporation shall cease (except the right to receive cash payable upon such redemption, without interest thereon, upon surrender and endorsement of their certificates if so required or, in the case of shares of Preferred Stock held in book-entry form through a depository, upon delivery of such shares in accordance with such notice and the procedures of such depository, and to receive any dividends payable thereon). The Corporation's obligation to provide cash in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Redemption Date, the Corporation shall deposit with a bank or trust company (which may be an affiliate of the Corporation) that has an office in the Borough of Manhattan, City of New York, and that has, or is an affiliate of a bank or trust company that has, capital and surplus of at least \$500,000,000, funds necessary for such redemption, in trust, with irrevocable instructions that such cash be applied to the redemption of the shares of Preferred Stock so called for redemption. No interest shall accrue for the benefit of the holders of shares of Preferred Stock to be redeemed on any cash so set aside by the Corporation. Subject to applicable escheat laws, any such cash unclaimed at the end of two (2) years from the Redemption Date shall revert to the general funds

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of the Corporation, after which reversion the holders of such Shares so called for redemption shall look only to the general funds of the Corporation for the payment of such cash.

(c) As promptly as practicable after the surrender or delivery in accordance with said notice of any such shares of Preferred Stock so redeemed (properly endorsed or assigned for transfer, if the Corporation shall so require and if the notice shall so state, or, in the case of shares of Preferred Stock held in book-entry form through a depository, upon delivery of such shares in accordance with such notice and the procedures of such depository), such shares of Preferred Stock shall be exchanged for any cash (without interest thereon) for which such shares of Preferred Stock have been redeemed.

(d) The deposit of funds with a bank or trust company for the purpose of redeeming shares of Preferred Stock shall be irrevocable except that:

(i) the Corporation shall be entitled to receive from such bank or trust company the interest or other earnings, if any, earned on any money so deposited in trust, and the holders of any shares redeemed shall have no claim to such interest or other earnings; and

(ii) any balance of monies so deposited by the Corporation and unclaimed by the holders of the shares of Preferred Stock entitled thereto at the expiration of two (2) years from the applicable redemption date shall be repaid, together with any interest or other earnings thereon, to the Corporation, and after any such repayment, the holders of the shares entitled to the funds so repaid to the Corporation shall look only to the Corporation for payment of the redemption price without interest or other earnings.

(e) Notwithstanding anything contained herein to the contrary, the Corporation may not effect any redemption of the Preferred Stock pursuant to this Section 6 while any shares of Series A Convertible Stock remain outstanding.

#### Section 7. Conversion.

(a) Each share of Preferred Stock shall be convertible, in whole or in part, at any time and from time to time from and after the Funding Date and prior to their redemption, at the option of the Holder thereof, at a rate equal to the quotient of (i) \$10.00, divided by (ii) the product of (A) .80 multiplied by, (B) the volume weighted average price for the 20 trading days during the 30-day period immediately prior to such conversion, provided that in no event shall the denominator be less than \$6.00 per share (the "Conversion Rate"). Holders shall effect conversions by providing the Corporation with the form of conversion notice attached hereto as Annex A (a "Notice of Conversion"). Each Notice of Conversion shall specify the number of shares of Preferred Stock to be converted, the number of shares of Preferred Stock owned prior to the conversion at issue, the number of shares of Preferred Stock owned subsequent to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date the applicable Holder delivers by e-mail such Notice of Conversion to the Corporation (such date, the "Conversion Date"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date such Notice of Conversion to the Corporation is deemed delivered hereunder. Upon delivery of the Notice of Conversion by a Holder, such Holder shall be deemed for all corporate purposes to have become the holder of record of the Conversion Shares with respect to which the Preferred Stock has been converted, irrespective of date of delivery of such Conversion Shares. No ink-original Notice of Conversion shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Conversion form be required. The calculations and entries set forth in the Notice of Conversion shall control in the absence of manifest or mathematical error. Shares of Preferred Stock converted into Common Stock or redeemed in accordance with the terms hereof shall be canceled and shall not be reissued. In addition, all of the outstanding shares of Preferred Stock shall mandatorily and automatically convert into shares of Common Stock in accordance with this Section 7 upon the affirmative

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vote of a majority of the issued and outstanding shares of Series A Convertible Preferred Stock and Preferred Stock voting as a single class.

(b) Mechanics of Conversion.

(i) Not later than the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined below) after each Conversion Date (the "Share Delivery Date"), the Corporation shall deliver, or cause to be delivered, to the converting Holder (A) the number of Conversion Shares being acquired upon the conversion of the Preferred Stock and (B) at the option of the holder (ii) the number of Dividend Shares or (ii) cash, in each case, in the amount of accrued and unpaid dividends on the shares of Preferred Stock subject to conversion. The Corporation shall deliver the Conversion Shares electronically through the Depository Trust Corporation or another established clearing corporation performing similar functions. As used herein, "Standard Settlement Period" means the standard settlement period, expressed in a number of Trading Days, on the Corporation's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Conversion, but in no event earlier than one (1) Trading Day after each Conversion Date. To the extent that the Conversion Shares are subject to an effective registration covering the issuance of such Conversion Shares to, or resale of such Conversion Shares by, the Holder, then such Conversion Shares shall be issued free and clear of any restrictive legends.

(ii) If, in the case of any Notice of Conversion, such Conversion Shares are not delivered to or as directed by the applicable Holder by the Share Delivery Date, the Holder shall be entitled to elect by written notice to the Corporation at any time on or before its receipt of such Conversion Shares, to rescind such Conversion, in which event the Corporation shall promptly return to the Holder any original Preferred Stock certificate delivered to the Corporation and the Holder shall promptly return to the Corporation the Conversion Shares issued to such Holder pursuant to the rescinded Notice of Conversion.

(iii) The Corporation's obligation to issue and deliver the Conversion Shares upon conversion of Preferred Stock in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by a Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by such Holder or any other Person of any obligation to the Corporation or any violation or alleged violation of law by such Holder or any other person, and irrespective of any other circumstance which might otherwise limit such obligation of the Corporation to such Holder in connection with the issuance of such Conversion Shares; provided, however, that such delivery shall not operate as a waiver by the Corporation of any such action that the Corporation may have against such Holder.

(iv) The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of the Preferred Stock and payment of dividends on the Preferred Stock, each as provided herein, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holder (and the other holders of the Preferred Stock), not less than such aggregate number of shares of the Common Stock as shall (subject to the terms and conditions set forth in the Purchase Agreement) be issuable (taking into account the adjustments and restrictions of Section 7) upon the conversion of the then outstanding shares of Preferred Stock and payment of dividends hereunder. The Corporation covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

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(v) No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the Preferred Stock. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such conversion, the Corporation shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Rate or round up to the next whole share. Notwithstanding anything to the contrary contained herein, but consistent with the provisions of this subsection with respect to fractional Conversion Shares, nothing shall prevent any Holder from converting fractional shares of Preferred Stock.

(vi) The issuance of Conversion Shares on conversion of this Preferred Stock shall be made without charge to any Holder for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such Conversion Shares, provided that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such Conversion Shares upon conversion in a name other than that of the Holders of such shares of Preferred Stock and the Corporation shall not be required to issue or deliver such Conversion Shares unless or until the Person or Persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid. The Corporation shall pay all Transfer Agent fees required for same-day processing of any Notice of Conversion and all fees to the Depository Trust Corporation (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Conversion Shares.

(c) If, at any time while the Preferred Stock is outstanding, (i) the Corporation, directly or indirectly, in one or more related transactions is a party to any merger or consolidation of the Corporation, (ii) the Corporation, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Corporation or another Person) is completed, (iv) the Corporation, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange, in each case pursuant to which the Common Stock is converted into, exchanged for or represents solely the right to receive, other securities, cash or property, or any combination thereof (such other securities, cash or property, or combination thereof, the "Reference Property," and the amount and kind of Reference Property that a holder of one share of Common Stock would be entitled to receive on account of such transaction, a "Reference Property Unit") (each such transaction, a "Fundamental Transaction"), then, notwithstanding anything to the contrary herein, (I) at the effective time of such Fundamental Transaction, the Conversion Shares due upon conversion of any Preferred Stock shall be determined in the same manner as if each reference to any number of shares of Common Stock in this Certificate of Designation were instead a reference to the same number of Reference Property Units and (II) if such Reference Property Unit consists of any security of a Person other than the Corporation, then such Person (and, as a condition to the Corporation effecting such Fundamental Transaction, the Corporation shall ensure that such Person) shall execute such instruments as shall be necessary to give effect to this Section 7(c). If holders of Common Stock are given any choice as to the securities, cash or property to be received in such Fundamental Transaction, then each Holder shall be given the same choice as to the Reference Property Unit it receives upon any conversion of the Preferred Stock following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Corporation or surviving entity in such Fundamental Transaction shall file a new Certificate of Designation with the same terms and conditions and issue to the Holders new preferred stock consistent with the foregoing provisions and evidencing the Holders' right to convert such preferred stock into Reference Property Units. The Corporation shall cause any successor entity in a Fundamental Transaction in which the Corporation is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Corporation under this Certificate of Designation and the other Transaction Documents in accordance with the provisions of

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this Section 7(c) pursuant to written agreements in form and substance reasonably satisfactory to the Holders and approved by the Holders (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holders, deliver to the Holder in exchange for the Preferred Stock a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to the Preferred Stock which is convertible in accordance with this Section 7(c), and which is reasonably satisfactory in form and substance to the Holders. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and, except in the case of a lease, be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Certificate of Designation and the other Transaction Documents referring to the "Corporation" shall refer instead to the Successor Entity), and may exercise every right and power of the Corporation and shall assume all of the obligations of the Corporation under this Certificate of Designation and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Corporation herein.

Section 8. Adjustments; Rights of Holders Upon Certain Dividends, Distributions or Fundamental Transactions.

(a) If the Corporation, at any time while any Preferred Stock is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock, (ii) subdivides outstanding shares of Common Stock into a larger number of shares or (iii) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares, then the Conversion Rate shall be adjusted to equal an amount equal to such Conversion Rate immediately before such adjustment multiplied by a fraction of which the numerator shall be the number of shares of Common Stock outstanding immediately before giving effect to such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after giving effect to such event as applicable.

(b) In addition to any adjustments pursuant to Section 7(a) above, if at any time the Corporation grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then, without duplication of any dividends to be due on Preferred Stock pursuant to Section 3(a), each Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if such Holder had held the number of shares of Common Stock acquirable upon conversion of such Holder's Preferred Stock (without regard to any limitations on exercise hereof) on the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

(c) All calculations under this Section 8 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 8, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Corporation) issued and outstanding.

(d) Notice to Holders.

(i) Whenever the Conversion Rate is adjusted pursuant to any provision of this Section 8, the Corporation shall promptly deliver to each Holder a notice setting forth the Conversion Rate after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

(ii) If (A) the Corporation shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Corporation shall authorize the granting to all holders

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of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, then, in each case, the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of the Preferred Stock, and shall cause to be delivered to each Holder at its last address as it shall appear upon the stock books of the Corporation, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding up is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding up, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice.

Section 9. Repurchased or Reacquired Shares.

Shares of Preferred Stock that have been repurchased or reacquired by the Corporation shall be restored to the status of authorized, unissued and undesignated shares that shall be available for future issuance.

Section 10. Record Holders.

To the fullest extent permitted by applicable Law, the Corporation and the Corporation's transfer agent for the Preferred Stock may deem and treat the Holder of any share of Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor such transfer agent shall be affected by any notice to the contrary.

Section 11. Notices.

Except as otherwise expressly provided hereunder, all notices and other communications referred to herein shall be in writing and delivered personally or sent by e-mail or by reputable overnight courier service, charges prepaid:

(a) If to the Corporation as follows, or as otherwise specified in a written notice given to each of the Holders in accordance with this Section 11:

Binah Capital Group, Inc.  
17 Battery Place, Room 625  
New York, NY 10004  
Attention: Michael Nessim  
E-mail: mnessim@kingswoodus.com

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(b) If to any Holder, by e-mail if such Holder has provided an e-mail address to the Corporation or its transfer agent for purposes of notification, or, if no such e-mail address is available, to such Holder's address as it appears in the stock records of the Corporation or as otherwise specified in a written notice given by such Holder to the Corporation or, at the Corporation's option with respect to any notice from the Corporation to a Holder, in accordance with customary practices of the Corporation's transfer agent. Any such notice or communication given as provided above shall be deemed received by the receiving party upon: actual receipt, if delivered personally; actual delivery, if delivered in accordance with customary practices of the Corporation's transfer agent; on the next Business Day after deposit with an overnight courier, if sent by an overnight courier; or on the next Business Day after transmission, if sent by e-mail.

Section 13. Absolute Obligation.

Except as expressly provided herein, no provision of this Certificate of Designation shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay liquidated damages, accrued dividends and accrued interest, as applicable, on the shares of Preferred Stock at the time, place, and rate, and in the coin or currency, herein prescribed.

Section 14. Replacement Certificates.

The Corporation shall replace any mutilated certificate at the Holder's expense upon surrender of that certificate to the Corporation. The Corporation shall replace certificates that become destroyed, stolen or lost at the Holder's expense upon delivery to the Corporation of reasonably satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be reasonably required by the Corporation and any other documentation as may be required by the Corporation's transfer agent.

Section 15. Waiver.

Any waiver by the Corporation or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Corporation or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation on any other occasion. Any waiver by the Corporation or a Holder must be in writing.

Section 16. Severability.

If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law.

Section 17. Next Business Day.

Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

Section 18. Headings.

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The headings contained herein are for convenience only, do not constitute a part of this Certificate of Designation and shall not be deemed to limit or affect any of the provisions hereof.

Section 19. Status of Converted or Redeemed Preferred Stock.

Shares of Preferred Stock may only be issued pursuant to the Purchase Agreement. If any shares of Preferred Stock shall be converted, redeemed or reacquired by the Corporation, such shares shall resume the status of authorized but unissued shares of preferred stock and shall no longer be designated as Series A Preferred Stock.

Section 20. Other Rights.

The shares of Preferred Stock shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Certificate of Incorporation or as required by applicable Law.

Section 21. Defined Terms.

Capitalized terms used and not otherwise defined in this Certificate of Designations shall have their respective meanings as defined below:

“Acquisition Event” means (A) the merger, reorganization or consolidation of the Corporation into or with another corporation (except if the Corporation is the surviving entity) or other similar transaction or series of related transactions (i) in which 25% or more of the voting power of the Corporation is disposed, or (ii) in which the stockholders of the Corporation immediately prior to such merger, reorganization or consolidation own less than 75% of the Corporation’s voting power immediately after such merger, reorganization or consolidation, the sale of all or substantially all the assets of the Corporation, or a consolidation or merger of the Corporation into another entity in which the stockholders of the Corporation receive cash, securities or other consideration in exchange for the shares of capital stock of the Corporation held by them or (B) the sale of substantially all or a material portion of the Corporation’s and its Subsidiaries’ assets.

“Affiliate” means, with respect to any specified Person, any Person that, directly or indirectly, controls, is controlled by, or is under common control with, such specified Person, through one or more intermediaries or otherwise.

“Board” has the meaning set forth in the preamble.

“Books” means books and records including ledgers, federal and state tax returns, records regarding Corporation’s and its Subsidiaries’ assets or liabilities, business operations and/or financial condition, and all computer programs or storage or any equipment containing such information.

“Business Day” means any day except a Saturday, a Sunday and any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

“Certificate of Designation” means this Certificate of Designation relating to the Preferred Stock, as it may be amended from time to time.

“Certificate of Incorporation” means the Amended and Restated Certificate of Incorporation of the Corporation, as it may be amended from time to time, and shall include this Certificate of Designation.

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“Common Stock” means the common stock of the Corporation, par value \$0.0001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

“Common Stock Equivalents” means any securities of the Corporation or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

“Conversion Amount” means the sum of the Stated Value at issue.

“Conversion Date” shall have the meaning set forth in Section 6(a).

“Conversion Rate” has the meaning set forth in Section 7(a).

“Corporation” has the meaning set forth in the preamble.

“Conversion Shares” means, collectively, the shares of Common Stock issuable upon conversion of the shares of Preferred Stock in accordance with the terms hereof.

“Dividend Payment Date” shall have the meaning set forth in Section 3(a).

“Dividend Shares” shall have the meaning set forth in Section 3(a).

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended (or any successor legislation which shall be in effect at the time).

“Fundamental Transaction” shall have the meaning set forth in Section 8(d).

“Funding Date” shall mean the date of the closing of the Business Combination (as defined in the Subscription Agreement) or such earlier date as may be agreed.

“Governmental Authority” means any United States, European Union, national, federal, state, provincial, county, municipal or other local government or governmental department, commission, board, bureau, agency or instrumentality, or any court, in each case whether of the United States of America or any other country applicable to a specified Person.

“Holder” means a holder of record of one (1) or more shares of Preferred Stock, as reflected in the stock records of the Corporation or the transfer agent, which may be treated by the Corporation and the transfer agent as the absolute owner of such shares for all purposes to the fullest extent permitted by applicable Law.

“Junior Stock” means the Common Stock and any other class or series of equity securities of the Corporation, whether currently issued or issued in the future, which ranks junior to the Preferred Stock either or both as to the payment of dividends and/or as to the distribution of assets on any Liquidation.

“Law” means any statute, law, ordinance, rule or regulation of any Governmental Authority.

“Liquidation” has the meaning set forth in Section 4(a).

“Liquidation Preference” has the meaning set forth in Section 4(a).

“Notice of Conversion” shall have the meaning set forth in Section 7(a).

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“Person” means an individual, corporation, partnership, limited liability company, estate, trust, common or collective fund, association, private foundation, joint stock company or other entity and includes a group as that term is used for purposes of Section 13(d)(3) of the Exchange Act.

“Preferred Stock” has the meaning set forth in Section 1.

“Relevant Period” means the period of twelve months to the end of the most recent completed month.

“Senior Preferred Shares” shares of capital stock that is of senior or pari passu rank to the Preferred Stock in respect of the preferences as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Corporation.

“Share Delivery Date” shall have the meaning set forth in Section 7(c).

“Stated Value” shall have the meaning set forth in Section 1.

“Subscription Agreement” means the Subscription Agreement, dated June \_\_, 2024, among the Corporation and the original Holders, as amended, modified or supplemented from time to time in accordance with its terms.

“Subsidiary” means any subsidiary of the Corporation and shall, where applicable, also include any direct or indirect subsidiary of the Corporation formed or acquired after the date of the Purchase Agreement.

“Successor Entity” shall have the meaning set forth in Section 8(d).

“Trading Day” means a day on which the principal Trading Market is open for business.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, OTCQB or OTCQX (or any successors to any of the foregoing).

“Transaction Documents” means this Certificate of Designation, the Subscription Agreement, all exhibits and schedules thereto and hereto and any other documents or agreements executed in connection with the transactions contemplated pursuant to the Subscription Agreement.

“Transfer Agent” means Continental Stock Transfer & Trust Corporation, the current transfer agent of the Corporation, and any successor transfer agent of the Corporation.

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IN WITNESS WHEREOF, the undersigned has caused this Certificate of Designation to be executed by its duly authorized officer on this 4<sup>th</sup> day of September 2024.

**BINAH CAPITAL GROUP, INC.**

By: /s/ Craig Gould

Name: Craig Gould

Title: Chief Executive Officer

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## SUBSCRIPTION AGREEMENT

This SUBSCRIPTION AGREEMENT (this “**Subscription Agreement**”) is entered into this 4<sup>th</sup> day of September, 2024, by and between Binah Capital Group, Inc., a Delaware corporation (the “**Issuer**”).

WHEREAS, in connection with or immediately prior to the consummation of the transactions contemplated herein, the Issuer will file the Certificate of Designations of Series B Convertible Preferred Stock, par value \$0.0001 per share (the “**Series B Preferred Stock**”), substantially in the form attached hereto as Exhibit A (the “**Certificate of Designations**”); and

WHEREAS, Subscriber desires to subscribe for and purchase from the Issuer that number of the Issuer’s Series B Convertible Preferred Stock, par value \$0.0001 per share (the “**Series B shares**”) set forth on the signature page hereto (the “**Shares**”) for a purchase price of \$10.00 per share, for the aggregate purchase price set forth on Subscriber’s signature page hereto (the “**Purchase Price**”), and the Issuer desires to issue and sell to Subscriber the Shares in consideration of the payment of the Purchase Price therefor by or on behalf of Subscriber to the Issuer, all on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties and covenants, and subject to the conditions, herein contained, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

1. Subscription. Subject to the terms and conditions hereof, Subscriber hereby agrees to subscribe for and purchase, and the Issuer hereby agrees to issue and sell to Subscriber, upon the payment of the Purchase Price, the Shares (such subscription and issuance, the “**Subscription**”).

2. Representations, Warranties and Agreements.

2.1 Subscriber’s Representations, Warranties and Agreements. To induce the Issuer to issue the Shares to Subscriber, Subscriber hereby represents and warrants to the Issuer and acknowledges and agrees with the Issuer as follows:

2.1.1 Subscriber has been duly formed or incorporated and is validly existing in good standing under the laws of its jurisdiction of incorporation or formation, with power and authority to enter into, deliver and perform its obligations under this Subscription Agreement.

2.1.2 This Subscription Agreement has been duly authorized, validly executed and delivered by Subscriber. Assuming that this Subscription Agreement constitutes the valid and binding agreement of the Issuer, this Subscription Agreement is the valid and binding obligation of Subscriber, is enforceable against Subscriber in accordance with its terms, except as may be limited or otherwise affected by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws relating to or affecting the rights of creditors generally, and (ii) principles of equity, whether considered at law or equity.

2.1.3 The execution, delivery and performance by Subscriber of this Subscription Agreement and the consummation of the transactions contemplated herein do not and will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of Subscriber or any of its subsidiaries pursuant to the terms of any indenture, mortgage, deed of trust, loan agreement, lease, license or other agreement or instrument to which Subscriber or any of its subsidiaries is a party or by which Subscriber or any of its subsidiaries is bound or to which any of the property or assets of Subscriber or any of its subsidiaries is subject, which would reasonably be expected to have a material adverse effect on the legal authority of Subscriber to enter into and timely perform its obligations under this Subscription Agreement (a “**Subscriber Material Adverse Effect**”), (ii) result in any violation of the provisions of the organizational documents of Subscriber or any of its subsidiaries or (iii) result in any violation of any statute or any judgment, order, rule or regulation of any court or Governmental Authority

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(as defined herein) or body, domestic or foreign, having jurisdiction over Subscriber or any of its subsidiaries or any of their respective properties that would reasonably be expected to have a Subscriber Material Adverse Effect. For purposes hereof, "Governmental Authority" means the government of any nation or any political subdivision thereof, whether at the national, state, territorial, provincial, municipal or any other level, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of, or pertaining to, government.

**2.1.4** Subscriber (i) is a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933, as amended (the "**Securities Act**")) or an "accredited investor" (as described in Rule 501(a) under the Securities Act) satisfying the applicable requirements set forth on Schedule I, (ii) is acquiring the Shares only for its own account and not for the account of others, or if Subscriber is subscribing for the Shares as a fiduciary or agent for one or more investor accounts, each owner of such account is a qualified institutional buyer, and Subscriber has full investment discretion with respect to each such account, and the full power and authority to make the acknowledgements, representations, warranties and agreements herein on behalf of each owner of each such account and (iii) is acquiring the Shares only for its own account and not for the account of others, or if Subscriber is subscribing for the Shares as a fiduciary or agent for one or more investor accounts, each owner of such account is a qualified institutional buyer or institutional accredited investor, and Subscriber has full investment discretion with respect to each such account, and the full power and authority to make the acknowledgements, representations, warranties and agreements herein on behalf of each owner of each such account, for investment purposes only and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act (and shall provide the requested information on Schedule I following the signature page hereto). Subscriber is not an entity formed for the specific purpose of acquiring the Shares.

**2.1.5** Subscriber (i) is an institutional account as defined in FINRA Rule 4512(c), (ii) is a sophisticated investor, experienced in investing in private equity transactions and capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities, including Subscriber's participation in the purchase of the Shares, in each case, satisfying the applicable requirements set forth on Schedule I, and has the ability to bear the economic risks of an investment in the Shares and can afford a complete loss of such investment, and (iii) has exercised independent judgment in evaluating its participation in the purchase of the Shares. Accordingly, Subscriber understands that the offering meets (i) the exemptions from filing under FINRA Rule 5123(b)(1)(A) and (ii) the institutional customer exemption under FINRA Rule 2111(b). Subscriber has determined based on its own independent review and such professional advice as it deems appropriate that its purchase of the Shares (including the shares of common stock of Issuer into which the Shares are convertible, the "**Conversion Shares**") and participation in the Transactions (i) are fully consistent with its financial needs, objectives and condition, (ii) comply and are fully consistent with all investment policies, guidelines and other restrictions applicable to it, (iii) have been duly authorized and approved by all necessary action and (iv) is a fit, proper and suitable investment, notwithstanding the substantial risks inherent in investing in or holding the Shares. Accordingly,

**2.1.6** Subscriber understands that the Shares (including the Conversion Shares) are being offered in a transaction not involving any public offering within the meaning of the Securities Act and that the Shares have not been, and the Shares (including the Conversion Shares) will not be, registered under the Securities Act. Subscriber understands that the Shares (including the Conversion Shares) may not be resold, transferred, pledged or otherwise disposed of by Subscriber absent an effective registration statement under the Securities Act, except (i) to the Issuer or a subsidiary thereof, (ii) to non-U.S. persons pursuant to offers and sales that occur solely outside the United States within the meaning of Regulation S under the Securities Act or (iii) pursuant to another applicable exemption from the registration requirements of the Securities Act, and in each of cases (i) and (iii), in accordance with any applicable securities laws of the states and other jurisdictions of the United States, and that any certificates representing the Shares and the Conversion Shares shall contain a legend to such effect. Subscriber acknowledges and agrees that the Shares will not immediately be eligible for offer, resale, transfer, pledge or disposition pursuant to Rule 144 promulgated under the Securities Act, and that the provisions of Rule 144(i) will apply to the Shares and, to the extent applicable, the Conversion shares. Subscriber understands

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and agrees that the Shares and the Conversion Shares will be subject to transfer restrictions and, as a result of these transfer restrictions, Subscriber may not be able to readily resell the Shares or the Conversion Shares and may be required to bear the financial risk of an investment in the Shares (including the Conversion Shares) for an indefinite period of time. Subscriber understands that it has been advised to consult legal counsel prior to making any offer, resale, pledge or transfer of any of the Shares or the Conversion Shares.

**2.1.7** Subscriber understands and agrees that Subscriber is purchasing the Shares directly from the Issuer. Subscriber further acknowledges that there have been no representations, warranties, covenants or agreements made to Subscriber by the Issuer, or any of its officers or directors, expressly or by implication, other than those representations, warranties, covenants and agreements of the Issuer expressly set forth in this Subscription Agreement.

**2.1.8** Subscriber represents and warrants that its acquisition and holding of the Shares (including the Conversion Shares) will not constitute or result in a non-exempt prohibited transaction under Section 406 of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”), or any applicable similar law.

**2.1.9** No disclosure or offering document has been prepared in connection with the offer and sale of the Shares (including the Conversion Shares) by any placement agent or other person. In making its decision to purchase the Shares, Subscriber represents that it has relied solely upon the representations, warranties and covenants of the Issuer set forth in this Subscription Agreement and the independent investigation made by Subscriber. Subscriber acknowledges and agrees that Subscriber had access to, and an adequate opportunity to review, financial and other information as Subscriber deems necessary in order to make an investment decision with respect to the Shares. Subscriber represents and agrees that Subscriber and Subscriber’s professional advisor(s), if any, received, reviewed and understood the offering materials made available to them in connection with the Transactions, have had the full opportunity to ask such questions, including on the financial information, receive such answers and obtain such information as Subscriber and such Subscriber’s professional advisor(s), if any, have deemed necessary to make an investment decision with respect to the Shares (including the Conversion Shares). Subscriber has made its own assessment, conducted and completed its own independent due diligence and has satisfied itself concerning the relevant tax and other economic considerations relevant to its investment in the Shares.

**2.1.10** Subscriber became aware of this offering of the Shares (including the Conversion Shares) solely by means of direct contact between Subscriber and the Issuer or its representatives. Subscriber did not become aware of this offering of the Shares (including the Conversion Shares), nor were the Shares (including the Conversion Shares) offered to Subscriber, by any other means. Subscriber acknowledges that the Issuer represents and warrants that the Shares (including the Conversion Shares) (i) were not offered by any form of general solicitation or general advertising, including methods described in section 502(c) of Regulation D under the Securities Act and (ii) are not being offered in a manner involving a public offering under, or in a distribution in violation of, the Securities Act, or any state securities laws.

**2.1.11** Subscriber acknowledges that it is aware that there are substantial risks incident to the purchase and ownership of the Shares (including the Conversion Shares), including those set forth in the SEC Documents (as defined below) and the investor presentation provided by the Issuer. Subscriber is able to fend for itself in the transactions contemplated herein, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Shares, and has sought such accounting, legal and tax advice as Subscriber has considered necessary to make an informed investment decision.

**2.1.12** Without limiting the representations, warranties and covenants set forth in this Subscription Agreement, alone, or together with any professional advisor(s), Subscriber represents and acknowledges that Subscriber has adequately analyzed and fully considered the risks of an investment in the Shares (including the Conversion Shares) and determined that the Shares (including the Conversion

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Shares) are a suitable investment for Subscriber and that Subscriber is able at this time and in the foreseeable future to bear the economic risk of a total loss of Subscriber's investment in the Issuer. Subscriber acknowledges specifically that a possibility of total loss exists.

**2.1.13** Subscriber understands and agrees that no federal or state agency has passed upon or endorsed the merits of the offering of the Shares (including the Conversion Shares) or made any findings or determination as to the fairness of an investment in the Shares or the Conversion Shares.

**2.1.14** Subscriber represents and warrants that none of Subscriber or any of its officers, directors, managers, managing members, general partners or any other person acting in a similar capacity or carrying out a similar function is (i) a person or entity named on the List of Specially Designated Nationals and Blocked Persons administered by the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**") or in any Executive Order issued by the President of the United States and administered by OFAC or any similar list of sanctioned persons administered by the United Nations Security Council, the European Union, any individual European Union member state or the United Kingdom (collectively, "**Sanctions Lists**") or a person or entity prohibited by any OFAC sanctions program, (ii) directly or indirectly owned or controlled by, or acting on behalf of, one or more persons on a Sanctions List; (iii) organized, incorporated, established, located, resident or born in, or a citizen, national, or the government, including any political subdivision, agency, or instrumentality thereof, of Cuba, Iran, North Korea, Syria, Venezuela, the Crimea region of Ukraine, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic, any other Covered Region of Ukraine identified pursuant to Executive Order 14065, or any other country or territory embargoed or subject to substantial trade restrictions by the United States, the United Nations Security Council, the European Union, any individual European Union member state or the United Kingdom; (iv) a Designated National as defined in the Cuban Assets Control Regulations, 31 C.F.R. Part 515 or (v) a non-U.S. shell bank or providing banking services indirectly to a non-U.S. shell bank (collectively, a "**Prohibited Investor**"). If Subscriber is a financial institution subject to the Bank Secrecy Act (31 U.S.C. Section 5311 et seq.), as amended by the USA PATRIOT Act of 2001, and its implementing regulations (collectively, the "**BSA/PATRIOT Act**"), Subscriber represents that it maintains policies and procedures reasonably designed to comply with applicable obligations under the BSA/PATRIOT Act. Subscriber also represents that, to the extent required, it maintains policies and procedures reasonably designed to ensure compliance with sanctions programs administered by OFAC, the United Nations Security Council, the European Union, any European Union member state and the United Kingdom, including for the screening of its investors against the Sanctions Lists and the OFAC sanctions programs. Subscriber further represents and warrants that, to the extent required, it maintains policies and procedures reasonably designed to ensure that the funds held by Subscriber and used to purchase the Shares were legally derived.

**2.1.15** If Subscriber is an employee benefit plan that is subject to Title I of ERISA, a plan, an individual retirement account or other arrangement that is subject to section 4975 of the Code or an employee benefit plan that is a governmental plan (as defined in section 3(32) of ERISA), a church plan (as defined in section 3(33) of ERISA), a non-U.S. plan (as described in section 4(b)(4) of ERISA) or other plan that is not subject to the foregoing but may be subject to provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, "**Similar Laws**"), or an entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement (each, a "**Plan**") subject to the fiduciary or prohibited transaction provisions of ERISA or section 4975 of the Code, Subscriber represents and warrants that neither Issuer, nor any of its respective affiliates (the "**Transaction Parties**") has acted as the Plan's fiduciary, or has been relied on for advice, with respect to its decision to acquire and hold the Shares, and none of the Transaction Parties shall at any time be relied upon as the Plan's fiduciary with respect to any decision to acquire, continue to hold or transfer the Shares.

**2.1.16** Except as expressly disclosed in a Schedule 13D or Schedule 13G (or amendments thereto) filed by such Subscriber, or a "group" comprised solely of Subscriber and its affiliates, with the Commission with respect to the beneficial ownership of the Issuer's ordinary shares, Subscriber is not currently (and at all times through Closing will refrain from being or becoming) a member of a "group" (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Securities Exchange Act of

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1934, as amended (the “Exchange Act”), or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of equity securities of the Issuer (within the meaning of Rule 13d-5(b)(1) under the Exchange Act).

**2.1.17** No foreign person (as defined in 31 C.F.R. Part 800.224) in which the national or subnational governments of a single foreign state have a substantial interest (as defined in 31 C.F.R. Part 800.244) will acquire a substantial interest (as defined in 31 C.F.R. Part 800.244) in the Issuer as a result of the purchase and sale of the Shares hereunder such that a declaration to the Committee on Foreign Investment in the United States would be mandatory under 31 C.F.R. Part 800.401, and Subscriber will not have control (as defined in 31 C.F.R. Part 800.208) over the Issuer from and after the purchase and sale of the Shares (including the Conversion Shares) hereunder.

**2.1.18** Subscriber has, and on each date the Purchase Price would be required to be funded to the Issuer pursuant to Section 4.1 will have, sufficient immediately available funds to pay the Purchase Price pursuant to Section 4.1. Subscriber is an entity having total liquid assets and net assets in excess of the Purchase Price as of the date hereof and as of each date the Purchase Price would be required to be funded to the Issuer pursuant to Section 4.1 and was not formed for the purpose of acquiring the Shares (including the Conversion Shares).

**2.1.19** No broker, finder or other financial consultant has acted on behalf of Subscriber in connection with this Subscription Agreement or the transactions contemplated hereby in such a way as to create any liability on the Issuer.

**2.1.20** Subscriber acknowledges that, in connection with the issue and purchase of the Shares (including the Conversion Shares), none of the Issuer, or its affiliates, representatives or advisors have acted as Subscriber’s financial advisor or fiduciary.

**2.2** Issuer’s Representations, Warranties and Agreements. To induce Subscriber to purchase the Shares, the Issuer hereby represents and warrants to Subscriber and agrees with Subscriber as follows:

**2.2.1** The Issuer is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware, with corporate power and authority to own, lease and operate its properties and conduct its business as presently conducted and to enter into, deliver and perform its obligations under this Subscription Agreement.

**2.2.2** Upon the filing of the Certificate of Designation prior to Closing, the Shares will be duly authorized and, when issued and delivered to Subscriber against full payment for the Shares in accordance with the terms of this Subscription Agreement and registered with the Issuer’s transfer agent, the Shares will be validly issued, fully paid and non-assessable and will not have been issued in violation of or subject to any preemptive or similar rights created under the Issuer’s amended and restated certificate of incorporation. The Company will have duly and validly reserved sufficient shares of common stock (as herein defined) to permit the conversion of the Shares, and such shares of common stock, upon issuance in accordance with the terms of the Company’s charter, will be duly authorized, validly issued, fully paid and non-assessable.

**2.2.3** This Subscription Agreement has been duly authorized, validly executed and delivered by the Issuer and, assuming that this Subscription Agreement constitutes the valid and binding obligation of Subscriber, is the valid and binding obligation of the Issuer, is enforceable against the Issuer in accordance with its terms, except as may be limited or otherwise affected by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws relating to or affecting the rights of creditors generally and (ii) principles of equity, whether considered at law or equity.

**2.2.4** The Issuer is classified as a Subchapter C corporation for U.S. federal income tax purposes.

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**2.2.5** The execution, delivery and performance of this Subscription Agreement (including compliance by the Issuer with all of the provisions hereof), issuance and sale of the Shares (including the Conversion Shares) and the consummation of the certain other transactions contemplated herein will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of the Issuer or any of its subsidiaries pursuant to the terms of any indenture, mortgage, deed of trust, loan agreement, lease, license or other agreement or instrument to which the Issuer or any of its subsidiaries is a party or by which the Issuer or any of its subsidiaries is bound or to which any of the property or assets of the Issuer or any of its subsidiaries is subject, which would reasonably be expected to have a material adverse effect on the legal authority of the Issuer to enter into and timely perform its obligations under this Subscription Agreement (an “**Issuer Material Adverse Effect**”), (ii) result in any violation of the provisions of the organizational documents of the Issuer or any of its subsidiaries or (iii) result in any violation of any statute or any judgment, order, rule or regulation of any court or Governmental Authority or body, domestic or foreign, having jurisdiction over the Issuer or any of its subsidiaries or any of their respective properties that would reasonably be expected to have an Issuer Material Adverse Effect.

**2.2.6** Neither the Issuer, nor any person acting on its behalf has, directly or indirectly, made any offers or sales of any Issuer security or solicited any offers to buy any security under circumstances that would adversely affect reliance by the Issuer on Section 4(a)(2) of the Securities Act for the exemption from registration for the transactions contemplated hereby or would require registration of the issuance of the Shares under the Securities Act.

**2.2.7** Neither the Issuer nor any person acting on its behalf has conducted any general solicitation or general advertising, including methods described in section 502(c) of Regulation D under the Securities Act, in connection with the offer or sale of any of the Shares and neither the Issuer nor any person acting on its behalf offered any of the Shares in a manner involving a public offering under, or in a distribution in violation of, the Securities Act or any state securities laws.

**2.2.8** As of the date of this Subscription Agreement, the authorized capital stock of the Issuer consists of 57,000,000 shares of capital stock, including (a) 1,500,000 shares of Series A Preferred Stock, (b) 55,000,000 shares of common stock, par value \$0.0001 per share (“**common stock**”); and (c) 500,000 undesignated shares of preferred stock, par value \$0.0001 per share (“**Preferred Stock**”). As of the date hereof: (i) 1,651,250 shares of Series A Preferred Stock are issued and outstanding; and (ii) 16,602,460 shares of common stock are issued and outstanding. All issued and outstanding shares of common stock have been duly authorized and validly issued, are fully paid and are non-assessable and are not subject to preemptive rights. Except for the right to convert up to \$1,750,000 in debt into common equity, there are no outstanding options, warrants or other rights to subscribe for, purchase or acquire from the Issuer any shares of Series A Preferred Stock, or shares common stock, or any other equity interests in the Issuer, or securities convertible into or exchangeable or exercisable for such equity interests. As of the date hereof, other than the Merger Subs, the Issuer has no subsidiaries and does not own, directly or indirectly, interests or investments (whether equity or debt) in any person, whether incorporated or unincorporated. There are no stockholder agreements, voting trusts or other agreements or understandings to which the Issuer is a party or by which it is bound relating to the voting of any securities of the Issuer, other than as set forth in the SEC Documents.

**2.2.9** Assuming the accuracy of Subscriber’s representations and warranties set forth in Section 2.1, (x) no registration under the Securities Act is required for the offer and sale of the Shares by the Issuer to Subscriber and (y) no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal, state or local Governmental Authority is required on the part of the Issuer in connection with the consummation of the transactions contemplated by this Subscription Agreement.

**2.2.10** The Issuer has made available to Subscriber (including via the Securities and Exchange Commission’s (the “**Commission**”) EDGAR system) a true, correct and complete copy of each form, report, statement, schedule, prospectus, proxy, registration statement and other documents filed by

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the Issuer with the Commission prior to the date of this Subscription Agreement (the “**SEC Documents**”). None of the SEC Documents filed under the Exchange Act, contained, when filed or, if amended prior to the date of this Subscription Agreement, as of the date of such amendment with respect to those disclosures that are amended, any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Issuer has timely filed each report, statement, schedule, prospectus, and registration statement that the Issuer was required to file with the Commission since its inception and through the date hereof. There are no material outstanding or unresolved comments in comment letters from the Commission staff with respect to any of the SEC Documents.

**2.2.11** There are no pending or, to the knowledge of the Issuer, threatened, actions, which, if determined adversely, would, individually or in the aggregate, reasonably be expected to have an Issuer Material Adverse Effect. As of the date hereof, there is no unsatisfied judgment or any open injunction binding upon the Issuer which would, individually or in the aggregate, reasonably be expected to have an Issuer Material Adverse Effect.

**2.2.12** The Issuer is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other Governmental Authority, self-regulatory organization or other person in connection with the issuance of the Shares pursuant to this Subscription Agreement, other than (i) filings with the SEC, (ii) filings required by applicable state securities laws, (iii) those required by the Nasdaq stock exchange (“**Nasdaq**”), including with respect to obtaining approval of the Issuer’s stockholders, and (iv) the failure of which to obtain would not be reasonably be expected to have, individually or in the aggregate, an Issuer Material Adverse Effect.

**2.2.13** As of the date hereof, the Issuer has not received any written communication from a Governmental Authority that alleges that the Issuer is not in compliance with or is in default or violation of any applicable law, except where such non-compliance, default or violation would not reasonably be expected to have, individually or in the aggregate, an Issuer Material Adverse Effect.

**2.2.14** No broker, finder or other financial consultant has acted on behalf of Issuer in connection with this Subscription Agreement or the transactions contemplated hereby in such a way as to create any liability on Subscriber.

**2.2.15** The common stock of the Issuer is (or at Closing, will be) registered pursuant to Section 12(b) of the Exchange Act, and listed for trading on the Nasdaq. There is no suit, action, proceeding or investigation pending or, to the knowledge of the Issuer, threatened against the Issuer by the Nasdaq or the Commission with respect to any intention by such entity to deregister the common stock or prohibit or terminate the listing of the common stock or Series B shares on the Nasdaq.

**2.2.16** There are no securities or instruments issued by or to which the Issuer is a party containing anti-dilution or similar provisions that will be triggered by the issuance of the Shares that have not been or will not be validly waived on or prior to the closing of the transactions contemplated herein.

**2.2.17** All of the disclosure furnished by or on behalf of Issuer to the Subscriber regarding Issuer and its subsidiaries, its business is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The press releases disseminated by Issuer during the twelve months preceding the date of this Subscription Agreement taken as a whole do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made and when made, not misleading.

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3. Settlement Date and Delivery.

3.1 Closing. The closing of the Subscription contemplated hereby (the “**Closing**”) shall occur on or before [forty-five (45) days for the date hereof]. Upon written notice from (or on behalf of) the Issuer to Subscriber (the “**Closing Notice**”) at least three (3) Business Days prior to the date that the Issuer reasonably expects all conditions herein to be satisfied (the “**Expected Closing Date**”), Subscriber shall deliver to the Issuer no later than one (1) Business Day prior to the Expected Closing Date, the Purchase Price for the Shares, by wire transfer of United States dollars in immediately available funds to the account specified by the Issuer in the Closing Notice. At the Closing, upon satisfaction (or, if applicable, waiver) of the conditions set forth in this Section 4, the Issuer shall deliver to Subscriber the Shares in certificated or book entry form (at the Issuer’s election), in the name of Subscriber (or its nominee in accordance with its delivery instructions) or to a custodian designated by Subscriber, as applicable. For purposes of this Subscription Agreement, “**Business Day**” means any day that, in New York, New York, is neither a legal holiday nor a day on which banking institutions are generally authorized or required by law or regulation to close.

3.2 Conditions to Closing of the Issuer. The Issuer’s obligations to sell and issue the Shares at the Closing are subject to the fulfillment or (to the extent permitted by applicable law) written waiver by Issuer, on or prior to the Closing Date, of each of the following conditions:

3.2.1 Representations and Warranties Correct. The representations and warranties made by Subscriber in Section 2.1 shall be true and correct in all material respects when made (other than representations and warranties that are qualified as to materiality or Subscriber Material Adverse Effect, which representations and warranties shall be true and correct in all respects), and shall be true and correct in all material respects on and as of the Closing Date (unless they specifically speak as of another date in which case they shall be true and correct in all material respects as of such date) (other than representations and warranties that are qualified as to materiality or Subscriber Material Adverse Effect, which representations and warranties shall be true in all respects) with the same force and effect as if they had been made on and as of said date.

3.2.2 Compliance with Covenants. Subscriber shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Subscription Agreement to be performed, satisfied or complied with by Subscriber at or prior to the Closing.

3.2.3 Legality. There shall not be in force any order, judgment, injunction, decree, writ, stipulation, determination or award, in each case, entered by or with any Governmental Authority, statute, rule or regulation enjoining or prohibiting the consummation of the Subscription.

3.3 Conditions to Closing of Subscriber.

Subscriber’s obligation to purchase the Shares at the Closing is subject to the fulfillment or (to the extent permitted by applicable law) written waiver by Subscriber, on or prior to the Closing Date, of each of the following conditions:

3.3.1 Representations and Warranties of Issuer Correct. The representations and warranties made by the Issuer in Section 2.2 shall be true and correct in all material respects when made (other than representations and warranties that are qualified as to materiality or Issuer Material Adverse Effect, which representations and warranties shall be true and correct in all respects), and shall be true and correct in all material respects on and as of the Closing Date (unless they specifically speak as of another date in which case they shall be true and correct in all material respects as of such date) (other than representations and warranties that are qualified as to materiality or Issuer Material Adverse Effect, which representations and warranties shall be true and correct in all respects) with the same force and effect as if they had been made on and as of said date.

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**3.3.2** Compliance with Covenants. The Issuer shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Subscription Agreement to be performed, satisfied or complied with by the Issuer at or prior to the Closing, except where the failure of such performance or compliance would not or would not reasonably be expected to prevent, materially delay, or materially impair the ability of the Issuer to consummate the Closing.

**3.3.3** Legality. There shall not be in force any order, judgment, injunction, decree, writ, stipulation, determination or award, in each case, entered by or with any Governmental Authority, statute, rule or regulation enjoining or prohibiting the transactions contemplated by this Subscription Agreement.

**3.3.4** Certificate of Designations. The Certificate of Designations shall have been filed with the Secretary of State of the State of Delaware.

**3.3.5** Material Adverse Effect. Since the date of this Subscription Agreement, no event or circumstances has occurred or exists that has resulted in, or would reasonably be expected to result in, an Issuer Material Adverse Effect.

**4.** Termination. This Subscription Agreement shall terminate and be void and of no further force and effect, and all rights and obligations of the parties hereunder shall terminate without any further liability on the part of any party in respect thereof, upon the earliest to occur of (i) upon the mutual written agreement of each of the parties hereto to terminate this Subscription Agreement and (ii) July \_\_, 2024; provided, that nothing herein will relieve any party from liability for any willful breach hereof prior to the time of termination, and each party will be entitled to any remedies at law or in equity to recover losses, liabilities or damages arising from such breach.

**5.** Short Sales.

**5.1** From the date of this Subscription Agreement until the earlier of (a) termination of this Subscription Agreement, and (b) the Closing Date, none of Subscriber, its controlled affiliates, or any person or entity acting on behalf of Subscriber or any of its controlled affiliates or pursuant to any understanding with Subscriber or any of its controlled affiliates shall, directly or indirectly, engage in any Short Sales with respect to securities of the Issuer. For the purposes hereof, "**Short Sales**" shall include, without limitation, all "short sales" as defined in Rule 200 promulgated under Regulation SHO under the Exchange Act, and all types of direct and indirect stock pledges (other than pledges in the ordinary course of business as part of prime brokerage arrangements), forward sale contracts, options, puts, calls, swaps and similar arrangements (including on a total return basis), including through non-U.S. broker dealers or foreign regulated brokers. The foregoing restriction is expressly agreed to preclude Subscriber from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of the Shares even if such Shares would be disposed of by someone other than Subscriber. Such prohibited hedging or other transactions include any purchase, sale or grant of any right (including any put or call option) with respect to any of the Shares of Subscriber or with respect to any security that includes, relates to, or derives any significant part of its value from such Shares. Notwithstanding the foregoing, in the case of a Subscriber that is a multi-managed investment vehicle whereby separate portfolio managers manage separate portions of such Subscriber's assets and the portfolio managers have no knowledge of the investment decisions made by the portfolio managers managing other portions of such Subscriber's assets, the limitations set forth in this Section 7 shall only apply with respect to the portion of assets managed by the portfolio manager that made the investment decision to purchase the Shares covered by this Subscription Agreement.

**6.** Miscellaneous.

**6.1** Further Assurances. At the Closing, the parties hereto shall execute and deliver such additional documents and take such additional actions as the parties reasonably may deem to be practical and necessary in order to consummate the Subscription as contemplated by this Subscription Agreement.

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**6.1.1** Subscriber acknowledges that the Issuer will rely on the acknowledgments, understandings, agreements, representations and warranties made by Subscriber contained in this Subscription Agreement. Prior to the Closing, Subscriber agrees to promptly notify the Issuer if any of the acknowledgments, understandings, agreements, representations and warranties set forth herein are no longer accurate in all material respects.

**6.1.2** Each of the Issuer, Subscriber is entitled to rely upon this Subscription Agreement and is irrevocably authorized to produce this Subscription Agreement or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

**6.1.3** The Issuer may request from Subscriber such additional information as the Issuer may deem necessary to evaluate the eligibility of Subscriber to acquire the Shares, and Subscriber shall provide such information as may be reasonably requested, to the extent within Subscriber's possession and control or otherwise readily available to Subscriber; provided that the Issuer agrees to keep any such information confidential except to the extent required to be disclosed by applicable law.

**6.1.4** Each of Subscriber and the Issuer shall pay all of its own expenses in connection with this Subscription Agreement and the transactions contemplated herein.

**6.1.5** Each of Subscriber and the Issuer shall take, or cause to be taken, all actions and do, or cause to be done, all things necessary, proper or advisable to consummate the transactions contemplated by this Subscription Agreement on the terms and conditions described herein.

**6.2** Notices. Any notice or communication required or permitted hereunder shall be in writing and either delivered personally, emailed or sent by overnight mail via a reputable overnight carrier, or sent by certified or registered mail, postage prepaid, and shall be deemed to be given and received (i) when so delivered personally, (ii) when sent, with no mail undeliverable or other rejection notice, if sent by email, or (iii) three (3) Business Days after the date of mailing to the address below or to such other address or addresses as such person may hereafter designate by notice given hereunder:

- (i) if to Subscriber, to such address or addresses set forth on the signature page hereto;
- (ii) if to the Issuer, to:

Binah Capital Group, Inc.  
17 Battery Place, Room 625  
New York, NY 10004  
Attention: Craig Gould  
E-mail: craig.gould@clsecurities.com;

with a required copy (which copy shall not constitute notice) to:

DLA Piper LLP  
1201 W. Peachtree Street  
Suite 2900  
Atlanta, Georgia 30309  
Attention: Gerry L. Williams  
Email: gerry.williams@us.dlapiper.com

**6.3** Entire Agreement. This Subscription Agreement constitutes the entire agreement, and supersedes all other prior agreements, understandings, representations and warranties, both written and oral, among the parties, with respect to the subject matter hereof, including any commitment letter entered into relating to the subject matter hereof.

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**6.4** Modifications and Amendments. This Subscription Agreement may not be amended, modified, supplemented or waived except by an instrument in writing, signed by the party against whom enforcement of such amendment, modification, supplement or waiver is sought; provided that any rights (but not obligations) of a party under this Subscription Agreement may be waived, in whole or in part, by such party on its own behalf without the prior consent of any other party.

**6.5** Assignment. Neither this Subscription Agreement nor any rights, interests or obligations that may accrue to the parties hereunder (including Subscriber's rights to purchase the Shares) may be transferred or assigned without the prior written consent of the other parties hereto (other than the Shares acquired hereunder, if any, and then only in accordance with this Subscription Agreement); provided, that Subscriber's rights and obligations hereunder may be assigned to any fund or account managed by the same investment manager as Subscriber, without the prior consent of the Issuer; provided, that such assignee(s) agrees in writing to be bound by the terms hereof, and upon such assignment by a Subscriber, the assignee(s) shall become Subscriber hereunder and have the rights and obligations and be deemed to make the representations and warranties of Subscriber provided for herein to the extent of such assignment; provided, further, that, no assignment shall relieve the assigning party of any of its obligations hereunder, including any assignment to any fund or account managed by the same investment manager as Subscriber.

**6.6** Third-Party Beneficiaries. Except as otherwise provided herein, this Subscription Agreement shall be binding upon, and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives, and permitted assigns, and the agreements, representations, warranties, covenants and acknowledgments contained herein shall be deemed to be made by, and be binding upon, such heirs, executors, administrators, successors, legal representatives and permitted assigns. This Subscription Agreement shall not confer rights or remedies upon any person other than the parties hereto and their respective successors and assigns.

**6.7** Governing Law. This Subscription Agreement, and any claim or cause of action hereunder based upon, arising out of or related to this Subscription Agreement (whether based on law, in equity, in contract, in tort or any other theory) or the negotiation, execution, performance or enforcement of this Subscription Agreement, shall be governed by and construed in accordance with the Laws of the State of Delaware, without giving effect to the principles of conflicts of law thereof.

**6.8** Consent to Jurisdiction; Waiver of Jury Trial. Each of the parties irrevocably consents to the exclusive jurisdiction and venue of the Court of Chancery of the State of Delaware, provided, that if subject matter jurisdiction over the matter that is the subject of the legal proceeding is vested exclusively in the U.S. federal courts, such legal proceeding shall be heard in the U.S. District Court for the District of Delaware (together with the Court of Chancery of the State of Delaware, "Chosen Courts"), in connection with any matter based upon or arising out of this Subscription Agreement. Each party hereby waives, and shall not assert as a defense in any legal dispute, that (i) such person is not personally subject to the jurisdiction of the Chosen Courts for any reason, (ii) such legal proceeding may not be brought or is not maintainable in the Chosen Courts, (iii) such person's property is exempt or immune from execution, (iv) such legal proceeding is brought in an inconvenient forum or (v) the venue of such legal proceeding is improper. Each party hereby consents to service of process in any such proceeding in any manner permitted by Delaware law, further consents to service of process by nationally recognized overnight courier service guaranteeing overnight delivery, or by registered or certified mail, return receipt requested, at its address specified pursuant to Section 8.2 and waives and covenants not to assert or plead any objection which they might otherwise have to such manner of service of process. Notwithstanding the foregoing in this Section 8.8, a party may commence any action, claim, cause of action or suit in a court other than the Chosen Courts solely for the purpose of enforcing an order or judgment issued by the Chosen Courts. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, EACH OF THE PARTIES WAIVES ANY RIGHT TO TRIAL BY JURY ON ANY CLAIMS OR COUNTERCLAIMS ASSERTED IN ANY LEGAL DISPUTE RELATING TO THIS SUBSCRIPTION AGREEMENT WHETHER NOW EXISTING OR HEREAFTER ARISING. IF THE SUBJECT MATTER OF ANY SUCH LEGAL DISPUTE IS ONE IN WHICH THE WAIVER OF JURY TRIAL IS PROHIBITED, NO PARTY SHALL ASSERT IN SUCH LEGAL DISPUTE A NONCOMPULSORY COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS SUBSCRIPTION AGREEMENT. FURTHERMORE, NO PARTY SHALL SEEK TO CONSOLIDATE ANY SUCH LEGAL

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**6.9 Severability.** If any provision of this Subscription Agreement shall be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions of this Subscription Agreement shall not in any way be affected or impaired thereby and shall continue in full force and effect.

**6.10 No Waiver of Rights, Powers and Remedies.** No failure or delay by a party hereto in exercising any right, power or remedy under this Subscription Agreement, and no course of dealing between the parties hereto, shall operate as a waiver of any such right, power or remedy of such party. No single or partial exercise of any right, power or remedy under this Subscription Agreement by a party hereto, nor any abandonment or discontinuance of steps to enforce any such right, power or remedy, shall preclude such party from any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. The election of any remedy by a party hereto shall not constitute a waiver of the right of such party to pursue other available remedies. No notice to or demand on a party not expressly required under this Subscription Agreement shall entitle the party receiving such notice or demand to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the party giving such notice or demand to any other or further action in any circumstances without such notice or demand.

**6.11 Remedies.**

**6.11.1** The parties agree that irreparable damage would occur if this Subscription Agreement was not performed or the Closing is not consummated in accordance with its specific terms or was otherwise breached and that money damages or other legal remedies would not be an adequate remedy for any such damage. It is accordingly agreed that the parties hereto shall be entitled to equitable relief, including in the form of an injunction or injunctions, to prevent breaches or threatened breaches of this Subscription Agreement and to enforce specifically the terms and provisions of this Subscription Agreement in an appropriate court of competent jurisdiction as set forth in Section 6.8, this being in addition to any other remedy to which any party is entitled at law or in equity, including money damages. The right to specific enforcement shall include the right of the parties hereto to cause the other parties hereto to cause the transactions contemplated hereby to be consummated on the terms and subject to the conditions and limitations set forth in this Subscription Agreement. The parties hereto further agree (i) to waive any requirement for the security or posting of any bond in connection with any such equitable remedy, (ii) not to assert that a remedy of specific enforcement pursuant to this Section 6.11 is unenforceable, invalid, contrary to applicable law or inequitable for any reason and (iii) to waive any defenses in any action for specific performance, including the defense that a remedy at law would be adequate.

**6.11.2** The parties acknowledge and agree that this Section 6.11 is an integral part of the transactions contemplated hereby and without that right, the parties hereto would not have entered into this Subscription Agreement.

**6.12 Survival of Representations and Warranties.** All representations and warranties made by the parties hereto in this Subscription Agreement shall survive the Closing. For the avoidance of doubt, if for any reason the Closing does not occur prior to the consummation of the Transactions, all representations, warranties, covenants and agreements of the parties hereunder shall survive the consummation of the Transactions and remain in full force and effect.

**6.13 No Broker or Finder.** Each of the Issuer and Subscriber agrees to indemnify and hold the other parties hereto harmless from any claim or demand for commission or other compensation by any broker, finder, financial consultant or similar agent claiming to have been employed by or on behalf of such party and to bear the cost of legal expenses incurred in defending against any such claim.

**6.14 Headings and Captions.** The headings and captions of the various subdivisions of this Subscription Agreement are for convenience of reference only and shall in no way modify or affect the meaning or construction of any of the terms or provisions hereof.

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**6.15** Counterparts. This Subscription Agreement may be executed in one or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that the parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or any other form of electronic delivery, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such signature page were an original thereof.

**6.16** Construction. The words “include,” “includes,” and “including” will be deemed to be followed by “without limitation.” Pronouns in masculine, feminine, and neuter genders will be construed to include any other gender, and words in the singular form will be construed to include the plural and vice versa, unless the context otherwise requires. The words “this Subscription Agreement,” “herein,” “hereof,” “hereby,” “hereunder,” and words of similar import refer to this Subscription Agreement as a whole and not to any particular subdivision unless expressly so limited. The parties hereto intend that each representation, warranty, and covenant contained herein will have independent significance. If any party hereto has breached any representation, warranty, or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) which such party hereto has not breached will not detract from or mitigate the fact that such party hereto is in breach of the first representation, warranty, or covenant. All references in this Subscription Agreement to numbers of shares, per share amounts and purchase prices shall be appropriately adjusted to reflect any stock split, stock dividend, stock combination, recapitalization or the like occurring after the date hereof.

**6.17** Mutual Drafting. This Subscription Agreement is the joint product of the parties hereto and each provision hereof has been subject to the mutual consultation, negotiation and agreement of the parties and shall not be construed for or against any party hereto.

**7.** Non-Reliance. Subscriber acknowledges that it is not relying upon, and has not relied upon, any statement, representation or warranty made by any person, firm or corporation, other than the representations and warranties of the Issuer expressly set forth in this Subscription Agreement, in making its investment or decision to invest in the Issuer.

[Signature Page Follows]

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IN WITNESS WHEREOF, each of the Issuer and Subscriber has executed or caused this Subscription Agreement to be executed by its duly authorized representative as of the date set forth below.

**BINAH CAPITAL GROUP, INC.**

By: \_\_\_\_\_

Name: Craig Gould

Title: Chief Executive Officer

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Accepted and agreed this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

SUBSCRIBER:

Signature of Subscriber:

Signature of Joint Subscriber, if applicable:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Name of Subscriber: \_\_\_\_\_  
(Please print. Please indicate name and capacity of person signing above)

Name of Joint Subscriber, if applicable: \_\_\_\_\_  
(Please Print. Please indicate name and capacity of person signing above)

\_\_\_\_\_  
Name in which securities are to be registered (if different from the name of Subscriber listed directly above):

If there are joint investors, please check one:

- Joint Tenants with Rights of Survivorship
- Tenants-in-Common
- Community Property

Subscriber's EIN: \_\_\_\_\_

Joint Subscriber's EIN: \_\_\_\_\_

Business Address-Street: \_\_\_\_\_

Mailing Address-Street (if different): \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Attn: \_\_\_\_\_

Attn: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Facsimile No.: \_\_\_\_\_

Facsimile No.: \_\_\_\_\_



Aggregate Number of Shares subscribed for:

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Aggregate Purchase Price: \$ \_\_\_\_\_.

You must pay the Purchase Price by wire transfer of U.S. dollars in immediately available funds, to be held in escrow until the Closing, to the account specified by the Issuer in the Closing Notice.

You must also complete the Eligibility Representations of Subscriber on Schedule 1 below.

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**EXHIBIT A**

**Certificate of Designation  
of  
Series B Junior Convertible Preferred Stock  
of  
Binah Capital Group, Inc.  
  
(pursuant to Section 151 of the  
General Corporation Law of the State of Delaware)**

Binah Capital Group, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), in accordance with the provisions of Section 151 thereof, hereby certifies that the Board of Directors of the Corporation (the "Board"), in accordance with the provisions of the Amended and Restated Certificate of Incorporation of the Corporation and applicable law duly adopted resolutions creating a series of shares of Preferred Stock of the Corporation with the designation and number of shares of such series, and the voting and other powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions, of the shares of such series, as follows:

Section 1. Designation and Number.

There is hereby created out of the authorized and unissued shares of Preferred Stock of the Corporation a series of Preferred Stock designated as the "Series B Junior Convertible Participating Preferred Stock," par value \$0.0001 per share (the "Preferred Stock"), and the authorized number of shares constituting such series shall be 500,000. Each share of Preferred Stock shall have a stated value equal to \$10.00 per share, subject to increase set forth in section 3 below (the "Stated Value")

Section 2. Ranking.

Each share of Preferred Stock shall rank equally in all respects and shall be subject to the provisions herein. The Preferred Stock shall, with respect to payment of dividends, redemption payments, and rights (including as to the distribution of assets) upon Liquidation, rank senior and prior to the Corporation's Junior Stock. The Preferred Stock shall rank junior to all of the Corporation's Series A Convertible Preferred Stock, indebtedness and other liabilities.

Section 3. Dividends.

(a) Subject to the prior and superior right of the Holders of the Series A Convertible Preferred Stock, Holders shall be entitled to receive, and the Corporation shall pay, cumulative dividends at the rate per share (as a percentage of the Stated Value per share) of seven percent (7%) per annum, payable and compounded quarterly on the last day of each calendar quarter, beginning on the first such date after the Funding Date, on each Conversion Date (with respect only to Preferred Stock being converted) and on each Redemption Date (with respect only to Preferred Stock being redeemed) (each such date, a "Dividend Payment Date") (if any Dividend Payment Date is not a Trading Day, the applicable payment shall be due on the next succeeding Trading Day) in cash, or at the Corporation's option, up to 50% of the amount due, in duly authorized, validly issued, fully paid and non-assessable shares of Preferred Stock ("Dividend Shares") or a combination thereof. For purposes hereof, each Dividend Share shall be deemed

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to have a value of \$10.00 per share. The Holders shall have the same rights and remedies with respect to the delivery of any such shares as if such shares were being issued pursuant to Section 8.

(b) Dividends shall cease to accrue with respect to any Preferred Stock converted, provided that the Corporation actually delivers the Conversion Shares within the time period required by Section 6(c)(i) herein. Except as otherwise provided herein, if at any time the Corporation pays dividends partially in cash and partially in shares, then such payment shall be distributed ratably among the Holders based upon the number of shares of Preferred Stock held by each Holder on such Dividend Payment Date.

(c) So long as any Preferred Stock shall remain outstanding, neither the Corporation nor any Subsidiary thereof shall directly or indirectly pay or declare any dividend or make any distribution upon, nor shall any distribution be made in respect of, any Junior Stock, nor shall any monies be set aside for or applied to the purchase or redemption (through a sinking fund or otherwise) of any Junior Stock.

#### Section 4. Liquidation Preference.

(a) In the event of a voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation (a "Liquidation"), after payment or provision for payment of the Series A Convertible Preferred Stock, the debts and other liabilities of the Corporation, the Holders shall be entitled to receive, with respect to each share of Preferred Stock held before any payment shall be made or any assets distributed to the holders of any Junior Stock, \$10.00 per share of Preferred Stock plus all accrued and unpaid dividends on each share of Preferred Stock through the date of Liquidation (collectively, the "Liquidation Preference") and (ii) second, after the full Liquidation Preference has been paid or set aside the remaining amount shall be distributed *pro rata* and on a *pari passu* basis to holders of Common Stock and the Holders as if each such share of Preferred Stock had been converted into Common Stock in accordance with the terms hereof immediately prior to such Liquidation.

(b) If in any Liquidation the assets available for payment of the Liquidation Preference are insufficient to permit the payment of the full preferential amounts described in Section 4(a)(i), to the holders of the Preferred Stock then all the remaining available assets shall be distributed *pro rata* among the holders of the then outstanding Preferred Stock in accordance with the respective aggregate Liquidation Preferences.

(c) Neither the consolidation or merger of the Corporation into or with another entity nor the dissolution, liquidation, winding up or reorganization of the Corporation immediately followed by the incorporation of another corporation to which such assets are distributed or transferred, nor the sale, lease, transfer or conveyance of all or substantially all of the assets of the Corporation to another entity shall be deemed a Liquidation; *provided* that, in each case, effective provision is made in the certificate of incorporation of the resulting or surviving entity or otherwise for the preservation and protection of the rights of the Holders on substantially identical terms.

#### Section 5. Voting Rights.

(a) *In General.* Except to the extent otherwise required by applicable Law or expressly set forth in this Section 5, the Holders will vote together with the Common Stock and not as a separate class, except as required by law, on any matters on which any of the holders of Common Stock are entitled to vote.

(b) *Authorization of Senior Preferred Shares.* Notwithstanding Section 5(a) and for so long as any shares of Preferred Stock remain issued and outstanding, without the affirmative vote of the Holders of a majority of the outstanding voting power of the Preferred Stock, voting together as a single class separate from all other classes or series of capital stock of the Corporation, the Corporation shall not and shall not permit an Subsidiary to authorize or issue Senior Preferred Shares.

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(c) *Amendment or Alteration of Terms of Preferred Stock* Notwithstanding Section 5(a), the affirmative vote of the Holders of a majority of the voting power of the Preferred Stock, voting together as a single class separate from all other classes or series of capital stock of the Corporation, shall be required for the approval of any amendment, alteration or repeal of any provision of this Certificate of Designations (including by merger, operation of Law or otherwise) which adversely affects the rights, preferences, privileges or voting powers of the Preferred Stock; *provided, however*, that nothing herein contained shall require such vote or approval (i) in connection with any increase in the total number of authorized shares under the Certificate of Incorporation or any authorization, designation or increase of any class or series of shares under the Certificate of Incorporation or (ii) in connection with any consolidation, merger, combination or similar transaction in which the Corporation is the surviving entity which does not adversely affect the rights, preferences, privileges or voting powers of the Preferred Stock.

(d) *One Vote Per Share*. On any matter on which Holders are entitled to vote pursuant to this Section 5, each Holder will have one (1) vote per share.

#### Section 6. Redemption.

(a) The Corporation may, at its option, in whole or in part, redeem the Preferred Stock, anytime after the first anniversary of the Funding Date (the "Redemption Date"), by delivery of written notice to each Holder at least sixty (60) days prior the applicable Redemption Date, at a redemption price equal to the greater of (i) \$12.00 per share of Preferred Stock, plus accrued but unpaid dividends, or (ii) the product of (A) 1.20 multiplied by (B) the volume weighted average price for 20 trading days during the 30-day period immediately prior to such redemption; provided that such price shall not be greater than \$20.00.

(b) Notice of the redemption of Preferred Stock under this Section 7 shall be delivered by e-mail to each holder of record of Preferred Stock to be redeemed at the address of each such holder as shown on the Corporation's records, at least sixty (60) days prior the applicable Redemption Date. Neither the failure to e-mail any notice required by this Section 6(b), nor any defect therein or in the e-mailing thereof, to any particular holder, shall affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice which was e-mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date e-mailed whether or not the holder receives the notice. Each such e-mailed notice shall state, as appropriate: (i) the Redemption Date; (ii) if less than all of the shares of Preferred Stock are to be redeemed, the number of shares of Preferred Stock to be redeemed; (iii) the redemption price set forth in Section 5(a); and (iv) the place or places at which certificates, if any, for such shares of Preferred Stock are to be surrendered (or, in the case of shares of Preferred Stock held in book-entry form, the depository or other facilities of which such shares of Preferred Stock shall be redeemed). Notice having been e-mailed as aforesaid, from and after the Redemption Date (unless the Corporation shall fail to make available an amount of cash necessary to effect such redemption), (x) except as otherwise provided herein, dividends on shares of Preferred Stock so called for redemption shall cease to accrue, (y) said shares of Preferred Stock shall no longer be deemed to be outstanding, and (z) all rights of the holders thereof as holders of shares of Preferred Stock of the Corporation shall cease (except the right to receive cash payable upon such redemption, without interest thereon, upon surrender and endorsement of their certificates if so required or, in the case of shares of Preferred Stock held in book-entry form through a depository, upon delivery of such shares in accordance with such notice and the procedures of such depository, and to receive any dividends payable thereon). The Corporation's obligation to provide cash in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Redemption Date, the Corporation shall deposit with a bank or trust company (which may be an affiliate of the Corporation) that has an office in the Borough of Manhattan, City of New York, and that has, or is an affiliate of a bank or trust company that has, capital and surplus of at least \$500,000,000, funds necessary for such redemption, in trust, with irrevocable instructions that such cash be applied to the redemption of the shares of Preferred Stock so called for redemption. No

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interest shall accrue for the benefit of the holders of shares of Preferred Stock to be redeemed on any cash so set aside by the Corporation. Subject to applicable escheat laws, any such cash unclaimed at the end of two (2) years from the Redemption Date shall revert to the general funds of the Corporation, after which reversion the holders of such Shares so called for redemption shall look only to the general funds of the Corporation for the payment of such cash.

- (c) As promptly as practicable after the surrender or delivery in accordance with said notice of any such shares of Preferred Stock so redeemed (properly endorsed or assigned for transfer, if the Corporation shall so require and if the notice shall so state, or, in the case of shares of Preferred Stock held in book-entry form through a depository, upon delivery of such shares in accordance with such notice and the procedures of such depository), such shares of Preferred Stock shall be exchanged for any cash (without interest thereon) for which such shares of Preferred Stock have been redeemed.
- (d) The deposit of funds with a bank or trust company for the purpose of redeeming shares of Preferred Stock shall be irrevocable except that:
  - (i) the Corporation shall be entitled to receive from such bank or trust company the interest or other earnings, if any, earned on any money so deposited in trust, and the holders of any shares redeemed shall have no claim to such interest or other earnings; and
  - (ii) any balance of monies so deposited by the Corporation and unclaimed by the holders of the shares of Preferred Stock entitled thereto at the expiration of two (2) years from the applicable redemption date shall be repaid, together with any interest or other earnings thereon, to the Corporation, and after any such repayment, the holders of the shares entitled to the funds so repaid to the Corporation shall look only to the Corporation for payment of the redemption price without interest or other earnings.
- (e) Notwithstanding anything contained herein to the contrary, the Corporation may not effect any redemption of the Preferred Stock pursuant to this Section 6 while any shares of Series A Convertible Stock remain outstanding.

#### Section 7. Conversion.

(a) Each share of Preferred Stock shall be convertible, in whole or in part, at any time and from time to time from and after the Funding Date and prior to their redemption, at the option of the Holder thereof, at a rate equal to the quotient of (i) \$10.00, divided by (ii) the product of (A) .80 multiplied by, (B) the volume weighted average price for the 20 trading days during the 30-day period immediately prior to such conversion, provided that in no event shall the denominator be less than \$6.00 per share (the "Conversion Rate"). Holders shall effect conversions by providing the Corporation with the form of conversion notice attached hereto as Annex A (a "Notice of Conversion"). Each Notice of Conversion shall specify the number of shares of Preferred Stock to be converted, the number of shares of Preferred Stock owned prior to the conversion at issue, the number of shares of Preferred Stock owned subsequent to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date the applicable Holder delivers by e-mail such Notice of Conversion to the Corporation (such date, the "Conversion Date"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date such Notice of Conversion to the Corporation is deemed delivered hereunder. Upon delivery of the Notice of Conversion by a Holder, such Holder shall be deemed for all corporate purposes to have become the holder of record of the Conversion Shares with respect to which the Preferred Stock has been converted, irrespective of date of delivery of such Conversion Shares. No ink-original Notice of Conversion shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Conversion form be required. The calculations and entries set forth in the Notice of Conversion shall control in the absence of manifest or mathematical error. Shares of Preferred

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Stock converted into Common Stock or redeemed in accordance with the terms hereof shall be canceled and shall not be reissued. In addition, all of the outstanding shares of Preferred Stock shall mandatorily and automatically convert into shares of Common Stock in accordance with this Section 7 upon the affirmative vote of a majority of the issued and outstanding shares of Series A Convertible Preferred Stock and Preferred Stock voting as a single class.

(b) Mechanics of Conversion.

(i) Not later than the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined below) after each Conversion Date (the "Share Delivery Date"), the Corporation shall deliver, or cause to be delivered, to the converting Holder (A) the number of Conversion Shares being acquired upon the conversion of the Preferred Stock and (B) at the option of the holder (ii) the number of Dividend Shares or (ii) cash, in each case, in the amount of accrued and unpaid dividends on the shares of Preferred Stock subject to conversion. The Corporation shall deliver the Conversion Shares electronically through the Depository Trust Corporation or another established clearing corporation performing similar functions. As used herein, "Standard Settlement Period" means the standard settlement period, expressed in a number of Trading Days, on the Corporation's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Conversion, but in no event earlier than one (1) Trading Day after each Conversion Date. To the extent that the Conversion Shares are subject to an effective registration covering the issuance of such Conversion Shares to, or resale of such Conversion Shares by, the Holder, then such Conversion Shares shall be issued free and clear of any restrictive legends.

(ii) If, in the case of any Notice of Conversion, such Conversion Shares are not delivered to or as directed by the applicable Holder by the Share Delivery Date, the Holder shall be entitled to elect by written notice to the Corporation at any time on or before its receipt of such Conversion Shares, to rescind such Conversion, in which event the Corporation shall promptly return to the Holder any original Preferred Stock certificate delivered to the Corporation and the Holder shall promptly return to the Corporation the Conversion Shares issued to such Holder pursuant to the rescinded Notice of Conversion.

(iii) The Corporation's obligation to issue and deliver the Conversion Shares upon conversion of Preferred Stock in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by a Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by such Holder or any other Person of any obligation to the Corporation or any violation or alleged violation of law by such Holder or any other person, and irrespective of any other circumstance which might otherwise limit such obligation of the Corporation to such Holder in connection with the issuance of such Conversion Shares; provided, however, that such delivery shall not operate as a waiver by the Corporation of any such action that the Corporation may have against such Holder.

(iv) The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of the Preferred Stock and payment of dividends on the Preferred Stock, each as provided herein, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holder (and the other holders of the Preferred Stock), not less than such aggregate number of shares of the Common Stock as shall (subject to the terms and conditions set forth in the Purchase Agreement) be issuable (taking into account the adjustments and restrictions of Section 7) upon the conversion of the then outstanding shares of Preferred Stock and payment of dividends hereunder.

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The Corporation covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

(v) No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the Preferred Stock. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such conversion, the Corporation shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Rate or round up to the next whole share. Notwithstanding anything to the contrary contained herein, but consistent with the provisions of this subsection with respect to fractional Conversion Shares, nothing shall prevent any Holder from converting fractional shares of Preferred Stock.

(vi) The issuance of Conversion Shares on conversion of this Preferred Stock shall be made without charge to any Holder for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such Conversion Shares, provided that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such Conversion Shares upon conversion in a name other than that of the Holders of such shares of Preferred Stock and the Corporation shall not be required to issue or deliver such Conversion Shares unless or until the Person or Persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid. The Corporation shall pay all Transfer Agent fees required for same-day processing of any Notice of Conversion and all fees to the Depository Trust Corporation (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Conversion Shares.

(c) If, at any time while the Preferred Stock is outstanding, (i) the Corporation, directly or indirectly, in one or more related transactions is a party to any merger or consolidation of the Corporation, (ii) the Corporation, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Corporation or another Person) is completed, (iv) the Corporation, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange, in each case pursuant to which the Common Stock is converted into, exchanged for or represents solely the right to receive, other securities, cash or property, or any combination thereof (such other securities, cash or property, or combination thereof, the "Reference Property," and the amount and kind of Reference Property that a holder of one share of Common Stock would be entitled to receive on account of such transaction, a "Reference Property Unit") (each such transaction, a "Fundamental Transaction"), then, notwithstanding anything to the contrary herein, (I) at the effective time of such Fundamental Transaction, the Conversion Shares due upon conversion of any Preferred Stock shall be determined in the same manner as if each reference to any number of shares of Common Stock in this Certificate of Designation were instead a reference to the same number of Reference Property Units and (II) if such Reference Property Unit consists of any security of a Person other than the Corporation, then such Person (and, as a condition to the Corporation effecting such Fundamental Transaction, the Corporation shall ensure that such Person) shall execute such instruments as shall be necessary to give effect to this Section 7(c). If holders of Common Stock are given any choice as to the securities, cash or property to be received in such Fundamental Transaction, then each Holder shall be given the same choice as to the Reference Property Unit it receives upon any conversion of the Preferred Stock following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Corporation or surviving entity in such Fundamental Transaction shall file a new Certificate of Designation with the same terms and conditions and issue to the Holders new preferred stock consistent with the foregoing provisions and evidencing the Holders' right to convert such preferred

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stock into Reference Property Units. The Corporation shall cause any successor entity in a Fundamental Transaction in which the Corporation is not the survivor (the “Successor Entity”) to assume in writing all of the obligations of the Corporation under this Certificate of Designation and the other Transaction Documents in accordance with the provisions of this Section 7(c) pursuant to written agreements in form and substance reasonably satisfactory to the Holders and approved by the Holders (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holders, deliver to the Holder in exchange for the Preferred Stock a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to the Preferred Stock which is convertible in accordance with this Section 7(c), and which is reasonably satisfactory in form and substance to the Holders. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and, except in the case of a lease, be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Certificate of Designation and the other Transaction Documents referring to the “Corporation” shall refer instead to the Successor Entity), and may exercise every right and power of the Corporation and shall assume all of the obligations of the Corporation under this Certificate of Designation and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Corporation herein.

Section 8. Adjustments; Rights of Holders Upon Certain Dividends, Distributions or Fundamental Transactions.

(a) If the Corporation, at any time while any Preferred Stock is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock, (ii) subdivides outstanding shares of Common Stock into a larger number of shares or (iii) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares, then the Conversion Rate shall be adjusted to equal an amount equal to such Conversion Rate immediately before such adjustment multiplied by a fraction of which the numerator shall be the number of shares of Common Stock outstanding immediately before giving effect to such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after giving effect to such event as applicable.

(b) In addition to any adjustments pursuant to Section 7(a) above, if at any time the Corporation grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the “Purchase Rights”), then, without duplication of any dividends to be due on Preferred Stock pursuant to Section 3(a), each Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if such Holder had held the number of shares of Common Stock acquirable upon conversion of such Holder’s Preferred Stock (without regard to any limitations on exercise hereof) on the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights.

(c) All calculations under this Section 8 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 8, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Corporation) issued and outstanding.

(d) Notice to Holders.

(i) Whenever the Conversion Rate is adjusted pursuant to any provision of this Section 8, the Corporation shall promptly deliver to each Holder a notice setting forth the Conversion Rate after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

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(ii) If (A) the Corporation shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, then, in each case, the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of the Preferred Stock, and shall cause to be delivered to each Holder at its last address as it shall appear upon the stock books of the Corporation, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding up is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding up, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice.

Section 9. Repurchased or Reacquired Shares.

Shares of Preferred Stock that have been repurchased or reacquired by the Corporation shall be restored to the status of authorized, unissued and undesignated shares that shall be available for future issuance.

Section 10. Record Holders.

To the fullest extent permitted by applicable Law, the Corporation and the Corporation's transfer agent for the Preferred Stock may deem and treat the Holder of any share of Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor such transfer agent shall be affected by any notice to the contrary.

Section 11. Notices.

Except as otherwise expressly provided hereunder, all notices and other communications referred to herein shall be in writing and delivered personally or sent by e-mail or by reputable overnight courier service, charges prepaid:

(a) If to the Corporation as follows, or as otherwise specified in a written notice given to each of the Holders in accordance with this Section 11:

Binah Capital Group, Inc.  
17 Battery Place, Room 625  
New York, NY 10004  
Attention: Michael Nessim

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(b) If to any Holder, by e-mail if such Holder has provided an e-mail address to the Corporation or its transfer agent for purposes of notification, or, if no such e-mail address is available, to such Holder's address as it appears in the stock records of the Corporation or as otherwise specified in a written notice given by such Holder to the Corporation or, at the Corporation's option with respect to any notice from the Corporation to a Holder, in accordance with customary practices of the Corporation's transfer agent. Any such notice or communication given as provided above shall be deemed received by the receiving party upon: actual receipt, if delivered personally; actual delivery, if delivered in accordance with customary practices of the Corporation's transfer agent; on the next Business Day after deposit with an overnight courier, if sent by an overnight courier; or on the next Business Day after transmission, if sent by e-mail.

Section 13. Absolute Obligation.

Except as expressly provided herein, no provision of this Certificate of Designation shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay liquidated damages, accrued dividends and accrued interest, as applicable, on the shares of Preferred Stock at the time, place, and rate, and in the coin or currency, herein prescribed.

Section 14. Replacement Certificates.

The Corporation shall replace any mutilated certificate at the Holder's expense upon surrender of that certificate to the Corporation. The Corporation shall replace certificates that become destroyed, stolen or lost at the Holder's expense upon delivery to the Corporation of reasonably satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be reasonably required by the Corporation and any other documentation as may be required by the Corporation's transfer agent.

Section 15. Waiver.

Any waiver by the Corporation or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Corporation or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation on any other occasion. Any waiver by the Corporation or a Holder must be in writing.

Section 16. Severability.

If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law.

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Section 17. Next Business Day.

Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

Section 18. Headings.

The headings contained herein are for convenience only, do not constitute a part of this Certificate of Designation and shall not be deemed to limit or affect any of the provisions hereof.

Section 19. Status of Converted or Redeemed Preferred Stock.

Shares of Preferred Stock may only be issued pursuant to the Purchase Agreement. If any shares of Preferred Stock shall be converted, redeemed or reacquired by the Corporation, such shares shall resume the status of authorized but unissued shares of preferred stock and shall no longer be designated as Series A Preferred Stock.

Section 20. Other Rights.

The shares of Preferred Stock shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Certificate of Incorporation or as required by applicable Law.

Section 21. Defined Terms.

Capitalized terms used and not otherwise defined in this Certificate of Designations shall have their respective meanings as defined below:

“Acquisition Event” means (A) the merger, reorganization or consolidation of the Corporation into or with another corporation (except if the Corporation is the surviving entity) or other similar transaction or series of related transactions (i) in which 25% or more of the voting power of the Corporation is disposed, or (ii) in which the stockholders of the Corporation immediately prior to such merger, reorganization or consolidation own less than 75% of the Corporation’s voting power immediately after such merger, reorganization or consolidation, the sale of all or substantially all the assets of the Corporation, or a consolidation or merger of the Corporation into another entity in which the stockholders of the Corporation receive cash, securities or other consideration in exchange for the shares of capital stock of the Corporation held by them or (B) the sale of substantially all or a material portion of the Corporation’s and its Subsidiaries’ assets.

“Affiliate” means, with respect to any specified Person, any Person that, directly or indirectly, controls, is controlled by, or is under common control with, such specified Person, through one or more intermediaries or otherwise.

“Board” has the meaning set forth in the preamble.

“Books” means books and records including ledgers, federal and state tax returns, records regarding Corporation’s and its Subsidiaries’ assets or liabilities, business operations and/or financial condition, and all computer programs or storage or any equipment containing such information.

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“Business Day” means any day except a Saturday, a Sunday and any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

“Certificate of Designation” means this Certificate of Designation relating to the Preferred Stock, as it may be amended from time to time.

“Certificate of Incorporation” means the Amended and Restated Certificate of Incorporation of the Corporation, as it may be amended from time to time, and shall include this Certificate of Designation.

“Common Stock” means the common stock of the Corporation, par value \$0.0001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

“Common Stock Equivalents” means any securities of the Corporation or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

“Conversion Amount” means the sum of the Stated Value at issue.

“Conversion Date” shall have the meaning set forth in Section 6(a).

“Conversion Rate” has the meaning set forth in Section 7(a).

“Corporation” has the meaning set forth in the preamble.

“Conversion Shares” means, collectively, the shares of Common Stock issuable upon conversion of the shares of Preferred Stock in accordance with the terms hereof.

“Dividend Payment Date” shall have the meaning set forth in Section 3(a).

“Dividend Shares” shall have the meaning set forth in Section 3(a).

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended (or any successor legislation which shall be in effect at the time).

“Fundamental Transaction” shall have the meaning set forth in Section 8(d).

“Funding Date” shall mean the date of the closing of the Business Combination (as defined in the Subscription Agreement) or such earlier date as may be agreed.

“Governmental Authority” means any United States, European Union, national, federal, state, provincial, county, municipal or other local government or governmental department, commission, board, bureau, agency or instrumentality, or any court, in each case whether of the United States of America or any other country applicable to a specified Person.

“Holder” means a holder of record of one (1) or more shares of Preferred Stock, as reflected in the stock records of the Corporation or the transfer agent, which may be treated by the Corporation and the transfer agent as the absolute owner of such shares for all purposes to the fullest extent permitted by applicable Law.

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“Junior Stock” means the Common Stock and any other class or series of equity securities of the Corporation, whether currently issued or issued in the future, which ranks junior to the Preferred Stock either or both as to the payment of dividends and/or as to the distribution of assets on any Liquidation.

“Law” means any statute, law, ordinance, rule or regulation of any Governmental Authority.

“Liquidation” has the meaning set forth in Section 4(a).

“Liquidation Preference” has the meaning set forth in Section 4(a).

“Notice of Conversion” shall have the meaning set forth in Section 7(a).

“Person” means an individual, corporation, partnership, limited liability company, estate, trust, common or collective fund, association, private foundation, joint stock company or other entity and includes a group as that term is used for purposes of Section 13(d)(3) of the Exchange Act.

“Preferred Stock” has the meaning set forth in Section 1.

“Relevant Period” means the period of twelve months to the end of the most recent completed month.

“Senior Preferred Shares” shares of capital stock that is of senior or pari passu rank to the Preferred Stock in respect of the preferences as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Corporation.

“Share Delivery Date” shall have the meaning set forth in Section 7(c).

“Stated Value” shall have the meaning set forth in Section 1.

“Subscription Agreement” means the Subscription Agreement, dated June \_\_, 2024, among the Corporation and the original Holders, as amended, modified or supplemented from time to time in accordance with its terms.

“Subsidiary” means any subsidiary of the Corporation and shall, where applicable, also include any direct or indirect subsidiary of the Corporation formed or acquired after the date of the Purchase Agreement.

“Successor Entity” shall have the meaning set forth in Section 8(d).

“Trading Day” means a day on which the principal Trading Market is open for business.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, OTCQB or OTCQX (or any successors to any of the foregoing).

“Transaction Documents” means this Certificate of Designation, the Subscription Agreement, all exhibits and schedules thereto and hereto and any other documents or agreements executed in connection with the transactions contemplated pursuant to the Subscription Agreement.

“Transfer Agent” means Continental Stock Transfer & Trust Corporation, the current transfer agent of the Corporation, and any successor transfer agent of the Corporation.

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IN WITNESS WHEREOF, the undersigned has caused this Certificate of Designation to be executed by its duly authorized officer on this 4<sup>th</sup> day of September, 2024.

**BINAH CAPITAL GROUP, INC.**

By: \_\_\_\_\_  
Name: Craig Gould  
Title: Chief Executive Officer

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**CERTIFICATION**  
**PURSUANT TO RULES 13a-14(a) AND 15d-14(a)**  
**UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO**  
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Craig Gould, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Binah Capital Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. 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)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. 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 controls over financial reporting.

Date: November 14, 2024

By: /s/ Craig Gould  
Craig Gould  
Chief Executive Officer  
(Principal Executive Officer)

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**CERTIFICATION**  
**PURSUANT TO RULES 13a-14(a) AND 15d-14(a)**  
**UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO**  
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David Shane, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Binah Capital Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. 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)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. 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 controls over financial reporting.

Date: November 14, 2024

By: /s/ David Shane

David Shane  
Chief Financial Officer  
(Principal Financial Officer)

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

In connection with the Quarterly Report of Binah Capital Group, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Craig Gould, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2024

/s/ Craig Gould

\_\_\_\_\_  
Name: Craig Gould

Title: Chief Executive Officer  
(Principal Executive Officer)

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

In connection with the Quarterly Report of Binah Capital Group, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Craig Gould, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2024

/s/ David Shane

\_\_\_\_\_  
Name: David Shane

Title: Chief Financial Officer  
(Principal Financial Officer)

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