

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

**Form 10-K/A  
(Amendment No. 1)**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2020

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

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

Commission file number: 001-38306

**LEISURE ACQUISITION CORP.**  
(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**250 West 57th Street, Suite 415  
New York, NY**

(Address of principal executive offices)

**82-2755287**

(I.R.S. Employer  
Identification Number)

**10107**

(Zip Code)

Issuer's telephone number: **(646) 565-6940**

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

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
Common Stock, par value \$0.0001 per share	LACQ	The Nasdaq Stock Market LLC
Warrants to purchase one share of Common Stock	LACQW	The Nasdaq Stock Market LLC
Units, each consisting of one share of Common Stock and one-half of one Warrant	LACQU	The Nasdaq Stock Market LLC

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

The aggregate market value of the common stock outstanding, other than shares held by persons who may be deemed affiliates of the registrant, computed by reference to the closing price for the common stock as of the last business day of the registrant's most recently completed second fiscal quarter, as reported on the Nasdaq Capital Market, was approximately \$3.7 million.

As of March 15, 2021, there were 6,224,268 shares of common stock, par value \$0.0001 per share, of the registrant issued and outstanding.

Leisure Acquisition Corp. (the “Company,” “we,” “our” or “us”) is filing this Annual Report on Form 10-K/A (Amendment No. 1), or this Amendment, to amend our Annual Report on Form 10-K for the period ended December 31, 2020, originally filed with the Securities and Exchange Commission (the SEC”) on March 15, 2021, or the “Original Filing,” to restate our financial statements (i) as of and for the years ended December 31, 2020, 2019 and 2018, as of December 5, 2017; as of and for the period ended September 11, 2017 (inception) to December 31, 2017; and as of and for the periods ended March 31, 2018, June 30, 2018, September 30, 2018, March 31, 2019, June 30, 2019, September 30, 2019, March 31, 2020, June 30, 2020 and September 30, 2020 (collectively, the Original Financial Statements”) in the accompanying financial statements included in this Annual Report

#### Restatement Background

On April 12, 2021, the Acting Director of the Division of Corporation Finance and Acting Chief Accountant of the SEC together issued a public statement (the “Public Statement”) on accounting and reporting considerations for warrants issued by special purpose acquisition companies (“SPACs”). The Public Statement discussed “certain features of warrants issued in SPAC transactions” that “may be common across many entities.” The Public Statement indicated that when one or more of such features is included in a warrant, the warrant “should be classified as a liability measured at fair value, with changes in fair value each period reported in earnings.”

The restatement primarily relates to consideration of the factors in determining whether to classify contracts that may be settled in an entity’s own stock as equity of the entity or as an asset or liability in accordance with Accounting Standards Codification (“ASC”) 815-40, *Derivatives and Hedging—Contracts in Entity’s Own Equity*. In the Original Financial Statements, the Company classified the private placement warrants issued in connection with the Company’s initial public offering and its working capital warrants issued on conversion of its convertible promissory notes (collectively, the “private warrants”) as components of equity. In addition, the Company did not account for its convertible promissory notes as a derivative liability (together with the private placement warrants and working capital warrants, the “Derivative Instruments”). Upon further consideration of the rules and guidance, the Company’s audit committee, after consultation with management of the Company concluded that the Derivative Instruments are precluded from equity classification, but that the Company’s public warrants issued in the Company’s initial public offering (“Public Warrants”) could continue to be classified as equity. As a result, the Derivative Instruments should be recorded as liabilities on the balance sheet and measured at fair value at inception and on a recurring basis in accordance with ASC 820, *Fair Value Measurement*, with changes in fair value recognized in the statement of operations.

As a result, on May 13, 2021, after consultation with Marcum LLP, the Company’s independent registered public accounting firm, the Company’s audit committee concluded that the Original Financial Statements should no longer be relied upon and are to be restated in order to correct the classification error. This Amendment includes the restated audited financial statements for the relevant periods.

The change in the Company’s accounting to treat its outstanding private warrants and its convertible promissory notes as derivative liabilities did not have any effect on the Company’s previously reported investments held in trust, cash flows or cash.

The Company has not amended its Current Report on Form 8-K filed on December 11, 2017, its Annual Reports on Form 10-K or its Quarterly Reports on Form 10-Q and for the periods affected by the restatement. The financial information that has been previously filed or otherwise reported for these periods is superseded by the information in this Amendment, and the financial statements and related financial information contained in such previously filed reports should no longer be relied upon.

The restatement is more fully described in Note 2 of the notes to the financial statements included herein.

Except as described above, this Amendment does not amend, update or change any other items or disclosures contained in the Original Filing, and accordingly, this Amendment does not reflect or purport to reflect any information or events occurring after the original filing date or modify or update those disclosures affected by subsequent events. Accordingly, this Amendment should be read in conjunction with the Original Filing and the Company’s other filings with the SEC. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Original Filing.

This Amendment reflects the correction of the errors identified in light of the Public Statement, subsequent to the filing of the Original Financial Statements (see Item 8 “Financial Statements and Supplementary Data” and Note 2 of the notes to the financial statements included herein for more details on the impact of the restatement errors on our financial statements).

#### Internal Control and Disclosure Controls Considerations

In connection with this restatement, the Company’s management has concluded that in light of the classification error described above, a material weakness exists in the Company’s internal control over financial reporting and that the Company’s disclosure controls and procedures were not effective.

#### Items Amended In This Amendment

For the convenience of the reader, this Annual Report Form 10-K/A sets forth the Original Filing in its entirety, as amended to reflect the restatement. No attempt has been made in this Form 10-K/A to update other disclosures presented in the Original Filing, except as required to reflect the effects of the restatement. The following items have been amended as a result of the restatement:

- Part I – Item 1A. Risk Factors.
- Part II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.
- Part II – Item 8. Financial Statements and Supplementary Data.
- Part II – Item 9A. Controls and Procedures.
- Part IV – Item 15. Exhibits, Financial Statement Schedules.

This Amendment does not reflect adjustments for events occurring after March 15, 2021, the date of the filing of the Original Filing, except to the extent they are otherwise required to be included and discussed herein and did not substantively modify or update the disclosures herein other than as required to reflect the adjustments described above. This Amendment should be read in conjunction with the Company’s Current Reports on Form 8-K filed with the SEC since the date of filing of the Original Filing and all of the Company’s filings after the date hereof.

The Company is also filing a Consent of Independent Registered Public Accounting Firm as Exhibit 23.1.

In addition, as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended, new certifications by the Company’s principal executive officer and principal financial officer are filed as exhibits (in Exhibits 31.1 and 32.1) to this Amendment under Item 15 of Part IV hereof.

<b>PART I</b>		1
Item 1.	<a href="#">Business</a>	1
Item 1A.	<a href="#">Risk Factors</a>	18
Item 1B.	<a href="#">Unresolved Staff Comments</a>	45
Item 2.	<a href="#">Properties</a>	45
Item 3	<a href="#">Legal Proceedings</a>	45
Item 4.	<a href="#">Mine Safety Disclosures</a>	45
<b>PART II</b>		46
Item 5.	<a href="#">Market for Registrant’s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities</a>	46
Item 6.	<a href="#">Selected Financial Data</a>	46
Item 7.	<a href="#">Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>	47
Item 7A.	<a href="#">Quantitative and Qualitative Disclosures about Market Risk</a>	53
Item 8.	<a href="#">Financial Statements and Supplementary Data</a>	53
Item 9.	<a href="#">Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</a>	53
Item 9A.	<a href="#">Controls and Procedures</a>	53
Item 9B.	<a href="#">Other Information</a>	54
<b>PART III</b>		55
Item 10.	<a href="#">Directors, Executive Officers and Corporate Governance</a>	55
Item 11.	<a href="#">Executive Compensation</a>	63
Item 12.	<a href="#">Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</a>	64
Item 13.	<a href="#">Certain Relationships and Related Transactions, and Director Independence</a>	65
Item 14.	<a href="#">Principal Accountant Fees and Services</a>	68
<b>PART IV</b>		
Item 15.	<a href="#">Exhibits, Financial Statement Schedules</a>	68
Item 16.	<a href="#">Form 10-K Summary</a>	70
<b>Signatures</b>		71

Unless otherwise stated in this Annual Report on Form 10-K (this “Report”), references to:

- “we,” “us,” “company”, “our company” or LACQ are to Leisure Acquisition Corp.;
- “public shares” are to shares of our common stock sold as part of the units in our initial public offering (whether they were purchased in such offering or thereafter in the open market);
- “public stockholders” are to the holders of our public shares, including our initial stockholders and members of our management team to the extent our initial stockholders and/or members of our management team purchase public shares, provided, that each initial stockholder’s and member of our management team’s status as a “public stockholder” shall only exist with respect to such public shares;
- “management” or our “management team” are to our executive officers and directors;
- “Hydra sponsor” are to Hydra Management, LLC, a Delaware limited liability company, an affiliate of A. Lorne Weil, our Executive Chairman;
- “Matthews Lane sponsor” are to Matthews Lane Capital Partners LLC, a Delaware limited liability company, an affiliate of Daniel B. Silvers, our Chief Executive Officer;
- “sponsors” are to our Hydra sponsor and our Matthews Lane sponsor, collectively;
- “strategic investor” or “HG Vora” means HG Vora Capital Management LLC on behalf of one or more funds or accounts managed by it;
- “initial stockholders” are to holders of our founder shares prior to our initial public offering;
- “founders shares” are to shares of our common stock initially purchased by our initial stockholders in a private placement prior to our initial public offering;
- “private placement warrants” are to the warrants issued to certain of our initial stockholders in a private placement simultaneously with the closing of our initial public offering; and
- “private placement units” are to the units our strategic investor has agreed to purchase on substantially the same terms as the sale of units in our Initial Public Offering at \$10.00 per unit, to occur concurrently with the consummation of our Business Combination.
- “working capital warrants” are to the (i) warrants issued to the sponsors and strategic investor to purchase shares of our common stock in exchange for previously outstanding loans under the Expense Advancement Agreement dated December 1, 2017 among LACQ, the sponsors and the strategic investor, as amended, and (ii) warrants issued to GTWY Holdings Limited to purchase shares of our common stock issued in exchange for previously outstanding loans under the Expense Advancement Agreement dated December 5, 2019 between LACQ and Gateway Holdings Limited.

#### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Report, including, without limitation, statements under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements can be identified by the use of forward-looking terminology, including the words “believes,” “estimates,” “anticipates,” “expects,” “intends,” “plans,” “may,” “will,” “potential,” “projects,” “predicts,” “continue,” or “should,” or, in each case, their negative or other variations or comparable terminology. There can be no assurance that actual results will not materially differ from expectations. Such statements include, but are not limited to, any statements relating to our ability to consummate any acquisition or other Business Combination and any other statements that are not statements of current or historical facts. These statements are based on management’s current expectations, but

actual results may differ materially due to various factors, including, but not limited to:

- our ability to complete our proposed Business Combination with Ensysce Biosciences, Inc. (“Ensysce”);
- the success of Ensysce’s business, including its ability to successfully develop its product candidates if our proposed Business Combination with Ensysce is consummated;
- our success in retaining or recruiting, or changes required in, officers and key employees of Ensysce or our directors following our Business Combination;
- our officers and directors allocating their time to other businesses and potentially having conflicts of interest with our business or in approving our Business Combination, as a result of which they would then receive expense reimbursements;
- our potential ability to obtain additional financing to complete our Business Combination, if necessary, and to obtain additional financing to fund Ensysce’s operations and research and development if our proposed Business Combination with Ensysce is consummated;
- failure to maintain the listing on, or the delisting of our securities from, Nasdaq or an inability to have our securities listed on Nasdaq or another national securities exchange following our Business Combination;
- our public securities’ potential liquidity and trading;
- the lack of a market for our securities;
- the use of proceeds not held in the Trust Account or available to us from interest income on the Trust Account balance;
- the Trust Account not being subject to claims of third parties; or
- our financial performance.

The forward-looking statements contained in this Report are based on our current expectations and beliefs concerning future developments and their potential effects on us. Future developments affecting us may not be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) and other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading “Risk Factors” in this Report. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. These risks and others described under “Risk Factors” may not be exhaustive.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and developments in the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this Report. In addition, even if our results of operations, financial condition and liquidity, and developments in the industry in which we operate are consistent with the forward-looking statements contained in this Report, those results or developments may not be indicative of results or developments in subsequent periods.

## PART I

### Item 1. Business

#### Introduction

We are a blank check company incorporated on September 11, 2017 as a Delaware corporation and formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar Business Combination with one or more businesses (a “Business Combination”). We have neither engaged in any operations nor generated any revenue to date. Based on our business activities, we are a “shell company” as defined under the Securities Exchange Act of 1934 (the “Exchange Act”) because we have no operations and nominal assets consisting solely of cash and/or cash equivalents.

On January 31, 2021, we entered into an Agreement and Plan of Merger (the “Merger Agreement”), by and among us, Ensysce, and EB Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of LACQ (“Merger Sub”), relating to a proposed business combination transaction between our company and Ensysce (the transactions contemplated thereunder referred to as the “Transactions”). Ensysce is a clinical stage pharmaceutical company with innovative solutions for severe pain relief while reducing the fear of and the potential for addiction, opioid misuse, abuse and overdose. Ensysce has also incorporated a 79.2%-owned subsidiary, Covistat Inc. (“Covistat”), a clinical stage pharmaceutical company that is developing a compound utilized in Ensysce’s overdose protection program for the treatment of COVID-19. The Transactions are described in more detail under the section “Our Proposed Business Combination with Ensysce” below.

Consummation of the Transactions contemplated by the Merger Agreement is subject to customary conditions of the respective parties, including the approval of the Business Combination by our stockholders.

The Merger Agreement and related agreements are further described in the Form 8-K filed by us on February 2, 2021. For additional information regarding the Merger Agreement and the Transactions, see the Registration Statement on Form S-4, as may be amended from time to time, and the Definitive Proxy Statement on Schedule 14A, each when filed by us with the Securities and Exchange Commission.

Because the period of time we have to complete our Business Combination (the “Combination Period”) will expire on June 30, 2021, it is likely that, if the proposed Business Combination with Ensysce is not consummated, we will not be able to seek another Business Combination and we will be required to liquidate. See “Redemption of Public Shares and Liquidation if No Business Combination.”

In addition, we received a notice from Nasdaq as to our continued listing on Nasdaq due, in part, to our not meeting the requirement that a special purpose acquisition company complete one or more business combinations within 36 months of the effectiveness of its registration statement. We were granted an extension, subject to certain milestones, through June 1, 2021 for completion of a business combination and we could be delisted from Nasdaq if we do not complete a business combination by that date. See “Item 1A. Risk Factors — The Nasdaq may not continue to list our securities, which could limit investors’ ability to make transactions in our securities and subject us to additional trading restrictions”.

Other than as specifically discussed, this report does not assume the closing of the Business Combination.

#### Background

On December 5, 2017, we consummated our initial public offering of 20,000,000 units (“Units”), with each unit consisting of one share of our common stock, and one-half (1/2) of one warrant, each whole warrant entitling the holder to purchase one share of common stock at a price of \$11.50. Simultaneously with the closing of the initial public offering, we consummated a private placement of 6,825,000 Private Placement Warrants at a price of \$1.00 per warrant to affiliates of our sponsors, our strategic investor and certain members of our management team (the “Concurrent Private Placement”), which generated gross proceeds of \$6,825,000.

Immediately following the closing of our initial public offering and the Concurrent Private Placement, \$200,000,000 of the gross proceeds from the initial public offering and the Concurrent Private Placement was deposited in a U.S.-based Trust Account (the “Trust Account”) with Continental Stock Transfer and Trust Company acting as trustee (the “Trustee”). Since the completion of the initial public offering, our activity has been limited to the evaluation of business combination candidates and seeking to complete an initial business combination.

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1

In connection with special stockholders meetings at which the completion window was extended, an aggregate of 18,775,732 public shares were redeemed for cash from the trust account, for an aggregate redemption amount of approximately \$196.4 million. As of December 31, 2020, there was approximately \$12,628,170 held in the trust account.

Our charter, as amended, currently provides that it will have until June 30, 2021 to complete a business combination.

Our Units, Common Stock and Warrants are listed on Nasdaq Capital Market under the symbols “LACQU,” “LACQ,” and “LACQW,” respectively.

#### *Our Proposed Business Combination with Ensysce*

Ensysce is a clinical stage pharmaceutical company with innovative solutions for severe pain relief while reducing the fear of and the potential for addiction, opioid misuse, abuse and overdose. Ensysce has also incorporated a 79.2%-owned subsidiary, Covistat, a clinical stage pharmaceutical company that is developing a compound utilized in Ensysce’s overdose protection program for the treatment of COVID-19.

On January 31, 2021, we entered into the Merger Agreement with Merger Sub, our wholly-owned subsidiary, and Ensysce, providing for, among other things, and subject to the terms and conditions therein, a business combination between Ensysce and LACQ pursuant to the proposed merger of Merger Sub with and into Ensysce, with Ensysce continuing as the surviving entity providing for, subject to the terms of the Merger Agreement, total Merger consideration of no more than (i) 17,500,000 shares of our common stock (includes shares issuable on conversion of the Ensysce convertible notes (other than up to \$5,000,000 of newly issued Ensysce convertible notes (which are convertible notes issued after the date of the Merger Agreement) and the shares underlying the Ensysce options and Ensysce warrants) plus (ii) up to 500,000 shares of our common stock issuable in respect of the newly issued Ensysce Convertible Notes.

At the reference price of \$10.00 per share of LACQ common stock, the total Merger consideration of 17,051,830 shares of LACQ common stock (based on the number of shares of Ensysce common stock outstanding at January 31, 2021) (excluding the shares underlying outstanding options and warrants of Ensysce which will be automatically converted into options and warrants to acquire shares of LACQ common stock at closing of the business combination and excluding up to 500,000 shares of LACQ common stock which may be issuable with respect to the newly issued Ensysce convertible notes would have a value of \$170,518,300.

In connection with the Merger Agreement, officers and directors of Ensysce entered Lock-up Agreements pursuant to which they have agreed not to sell, transfer, pledge or otherwise dispose of shares of LACQ common stock they hold or receive for certain time periods specified therein.

Further, we and sponsors entered into a Warrant Surrender Agreement pursuant to which each of the Hydra sponsor and the Matthews Lane sponsor agreed to irrevocably forfeit and surrender 250,000 LACQ warrants immediately prior to, and contingent upon, the closing of the Merger Agreement.

The Company is incurring significant costs in the pursuit of its acquisition plans. LACQ may be required to seek additional resources in the future to fund general corporate purposes. LACQ cannot assure you that its plans to complete the Transactions will be successful.

#### *Our Acquisition Process*

In evaluating a prospective target business, our process involves conducting a thorough due diligence review that encompasses, among other things, meetings with incumbent management and employees, document reviews, as well as a review of financial, operational, legal and other information made available to us. We will also utilize our operational and capital planning experience. In connection with the proposed Business Combination with Ensysce, our officers and directors primary industry experience relates to the leisure sector and they do not have experience with companies in the biotechnology sector

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2

We are not prohibited from pursuing a business combination with a company that is affiliated with our sponsors, strategic investor, officers or directors. In the event we seek to complete our Business Combination with a company that is affiliated with our sponsors, strategic investor, officers or directors, we, or a committee of independent directors, will obtain an opinion from an independent investment banking firm that is a member of Financial Industry Regulatory Authority, or FINRA, or an independent accounting firm that our Business Combination is fair to our company from a financial point of view.

Members of our management team and our independent directors directly or indirectly own founder shares and/or private placement warrants and, accordingly, may have a conflict of interest in determining whether a particular target business is an appropriate business with which to effectuate our Business Combination. Further, each of our officers and directors may have a conflict of interest with respect to evaluating a particular Business Combination if the retention or resignation of any such officers and directors was included by a target business as a condition to any agreement with respect to our Business Combination.

Each of our officers and directors presently has, and any of them in the future may have additional, fiduciary or contractual obligations to other entities pursuant to which such officer or director is or will be required to present a Business Combination opportunity. Accordingly, if any of our officers or directors becomes aware of a Business Combination opportunity which is suitable for an entity to which he or she has then-current fiduciary or contractual obligations, he or she will honor his or her fiduciary or contractual obligations to present such opportunity to such entity and not to us. We do not believe, however, that the fiduciary duties or contractual obligations of our officers or directors will materially affect our ability to complete our Business Combination. Our amended and restated certificate of incorporation provides that we renounce our interest in any corporate opportunity offered to any director or officer unless such opportunity is expressly offered to such person solely in his or her capacity as a director or officer of our company and such opportunity is one we are legally and contractually permitted to undertake and would otherwise be reasonable for us to pursue.

In addition to the above, our executive officers, including our Executive Chairman and our Chief Executive Officer, have certain duties to Inspired Entertainment, Inc. (“Inspired”), a global gaming technology company, including but not limited to fiduciary and/or contractual duties. As a result, our executive officers will have certain duties to offer acquisition opportunities to Inspired before we can pursue such opportunities. However, we do not expect these duties to present a significant conflict of interest with our search for a Business Combination. In addition, our executive officers are not required to commit any specified amount of time to our affairs, and, accordingly, will have conflicts of interest in allocating management time among various business activities, including identifying potential business combinations and monitoring the related due diligence. Moreover, our executive officers have time and attention requirements with respect to their duties to Inspired.

Our officers and directors have agreed not to participate in the formation of, or become an officer or director of, any other blank check company until we have entered into a

definitive agreement regarding our Business Combination or we have failed to complete our Business Combination within the required timeframe.

#### *Business Combination*

The Nasdaq rules require that our Business Combination must occur with one or more target businesses that together have an aggregate fair market value of at least 80% of the assets held in the Trust Account (excluding the deferred underwriting commissions and taxes payable on the income earned on the Trust Account) at the time of the agreement to enter into the Business Combination. If our board is not able to independently determine the fair market value of the target business or businesses, we will obtain an opinion from an independent investment banking firm that is a member of FINRA or an independent accounting firm with respect to the satisfaction of such criteria.

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We anticipate structuring our Business Combination so that the post-transaction company in which our public stockholders own shares will own or acquire 100% of the equity interests or assets of the target business or businesses. We may, however, structure our Business Combination such that the post-transaction company owns or acquires less than 100% of such interests or assets of the target business in order to meet certain objectives of the target management team or stockholders or for other reasons, but we will only complete such Business Combination if the post-transaction company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target sufficient for it not to be required to register as an investment company under the Investment Company Act. Even if the post-transaction company owns or acquires 50% or more of the voting securities of the target, our stockholders prior to the Business Combination may collectively own a minority interest in the post-transaction company, depending on valuations ascribed to the target and us in the Business Combination transaction. For example, we could pursue a transaction in which we issue a substantial number of new shares in exchange for all of the outstanding capital stock of a target. In this case, we would acquire a 100% controlling interest in the target. However, as a result of the issuance of a substantial number of new shares, our stockholders immediately prior to our Business Combination could own less than a majority of our outstanding shares subsequent to our Business Combination. If less than 100% of the equity interests or assets of a target business or businesses are owned or acquired by the post-transaction company, the portion of such business or businesses that is owned or acquired is what will be valued for purposes of the 80% of net assets test. If the Business Combination involves more than one target business, the 80% of net assets test will be based on the aggregate value of all of the target businesses and we will treat the target businesses together as the Business Combination for purposes of a tender offer or for seeking stockholder approval, as applicable.

#### *Our Management Team*

Members of our management team are not obligated to devote any specific number of hours to our matters but they intend to devote as much of their time as they deem necessary to our affairs until we have completed our Business Combination. The amount of time that any member of our management team will devote in any time period will vary based on whether a target business has been selected for our Business Combination and the current stage of the Business Combination process.

#### *Status as a Public Company*

We believe our structure makes us an attractive business combination partner to target businesses. As an existing public company, we offer a target business an alternative to the traditional initial public offering through a merger or other business combination. In this situation, the owners of the target business would exchange their shares of stock in the target business for shares of our stock or for a combination of shares of our stock and cash, allowing us to tailor the consideration to the specific needs of the sellers. Although there are various costs and obligations associated with being a public company, we believe target businesses will find this method a more certain and cost effective method to becoming a public company than the typical initial public offering. In a typical initial public offering, there are additional expenses incurred in marketing, road show and public reporting efforts that may not be present to the same extent in connection with a Business Combination with us.

Furthermore, once a proposed business combination is completed, the target business will have effectively become public, whereas an initial public offering is always subject to the underwriters' ability to complete the offering, as well as general market conditions, which could delay or prevent the offering from occurring or could have negative valuation consequences. Once public, we believe the target business would then have greater access to capital and an additional means of providing management incentives consistent with stockholders' interests. It can offer further benefits by augmenting a company's profile among potential new customers and vendors and aid in attracting talented employees.

We are an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as amended (the "Securities Act"), as modified by the Jumpstart Our Business Startups Act (the "JOBS Act"). We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the IPO Closing Date, (b) in which we have total annual gross revenue of at least \$1.07 billion, or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the prior June 30th, and (2) the date on which we have issued more than \$1.0 billion in non-convertible debt securities during the prior three-year period.

4

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#### *Contingent Forward Purchase Contract*

On December 1, 2017, our strategic investor entered into a Contingent Forward Purchase Contract with us to purchase, in a private placement for gross proceeds of approximately \$62,500,000 to occur concurrently with the consummation of the business combination, 6,250,000 units on substantially the same terms as the sale of units in our initial public offering at \$10.00 per unit. The Contingent Forward Purchase Contract was waived by our strategic investor in the connection with the proposed Business Combination with Enysce.

#### *Effecting our Business Combination*

##### *General*

We are not presently engaged in, and we will not engage in, any operations for an indefinite period of time. We intend to effectuate our Business Combination using cash held in the Trust Account from the proceeds of our Initial Public Offering. We may also use our capital stock, debt or a combination of these to provide capital in connection with our Business Combination. We may seek to complete our Business Combination with a company or business that may be financially unstable or in its early stages of development or growth, which would subject us to the numerous risks inherent in such companies and businesses.

If our Business Combination is paid for using equity or debt securities, or not all of the funds released from the Trust Account are used for payment of the consideration in connection with our Business Combination or used for redemptions of purchases of our common stock, we may apply the balance of the cash released to us from the Trust Account, for general corporate purposes, including for maintenance or expansion of operations of the post-transaction company, the payment of principal or interest due on indebtedness incurred in completing our Business Combination or for working capital.

We may seek to raise additional funds through a private offering of debt or equity securities in connection with the completion of our Business Combination.

Subject to compliance with applicable securities laws, we would expect to complete such financing only simultaneously with the completion of our Business Combination. In the case of any financing in connection with closing of a Business Combination funded our tender offer documents or proxy materials disclosing the Business Combination would disclose the terms of the financing and, only if required by law, we would seek stockholder approval of such financing. There are no prohibitions on our ability to raise funds privately or through loans in connection with our Business Combination. At this time, we are not a party to any arrangement or understanding with any third party with

respect to raising any additional funds through the sale of securities or otherwise.

#### Sources of Target Businesses

We are not prohibited from pursuing our Business Combination with a target that is affiliated with our sponsors, strategic investor, officers or directors or making the acquisition through a joint venture or other form of shared ownership with our sponsors, strategic investor, officers or directors. In the event we seek to complete our Business Combination with a target that is affiliated with our sponsors, strategic investor, officers or directors, we, or a committee of independent directors, would obtain an opinion from an independent investment banking firm that is a member of FINRA or an independent accounting firm that such an initial Business Combination is fair to our company from a financial point of view. We are not required to obtain such an opinion in any other context.

If any of our officers or directors becomes aware of a Business Combination opportunity that falls within the line of business of any entity to which he or she has pre-existing fiduciary or contractual obligations, he or she may be required to present such Business Combination opportunity to such entity prior to presenting such Business Combination opportunity to us. Our officers and directors currently have certain relevant fiduciary duties or contractual obligations that may take priority over their duties to us. If any of our officers or directors becomes aware of a Business Combination opportunity that is suitable for one of these entities to which he has a fiduciary or contractual obligation, he will honor such obligation to present such opportunity to such entity rather than to us. Our directors and officers will only have an obligation to present an opportunity to us if such opportunity is expressly offered to such person solely in his capacity as a director or officer of our company and such opportunity is one we are legally and contractually permitted to undertake and would otherwise be reasonable for us to pursue.

#### Selection of a Target Business and Structuring of our Initial Business Combination

The Nasdaq rules require that our Business Combination must occur with one or more target businesses that together have an aggregate fair market value of at least 80% of our assets held in the Trust Account (excluding the deferred underwriting commissions and taxes payable on the income earned on the Trust Account) at the time of the agreement to enter into the Business Combination. The fair market value of the target or targets will be determined by our board of directors based upon one or more standards generally accepted by the financial community, such as discounted cash flow valuation or value of comparable businesses. If our board is not able to independently determine the fair market value of the target business or businesses, we will obtain an opinion from an independent investment banking firm that is a member of FINRA, or from an independent accounting firm, with respect to the satisfaction of such criteria. Subject to this requirement, our management will have virtually unrestricted flexibility in identifying and selecting one or more prospective target businesses, although we will not be permitted to effectuate our Business Combination with another blank check company or a similar company with nominal operations.

In any case, we will only complete a Business Combination in which we own or acquire 50% or more of the outstanding voting securities of the target or otherwise acquire a controlling interest in the target sufficient for it not to be required to register as an investment company under the Investment Company Act. If we own or acquire less than 100% of the equity interests or assets of a target business or businesses, the portion of such business or businesses that are owned or acquired by the post-transaction company is what will be valued for purposes of the 80% of net assets test.

To the extent we effect our Business Combination with a company or business that may be financially unstable or in its early stages of development or growth we may be affected by numerous risks inherent in such company or business. Although our management will endeavor to evaluate the risks inherent in a particular target business, we cannot assure you that we will properly ascertain or assess all significant risk factors.

In evaluating a prospective target business, we expect to conduct a thorough due diligence review, which will encompass, among other things, meetings with incumbent management and employees, document reviews, interviews of customers and suppliers, inspection of facilities, as well as a review of financial, operational, legal and other information that will be made available to us.

The time required to select and evaluate a target business and to structure and complete our Business Combination, and the costs associated with this process, are not currently ascertainable with any degree of certainty. Any costs incurred with respect to the identification and evaluation of a prospective target business with which our Business Combination is not ultimately completed will result in our incurring losses and will reduce the funds we can use to complete another Business Combination.

#### Lack of Business Diversification

For an indefinite period of time after the completion of our Business Combination, the prospects for our success will depend entirely on the future performance of a single business. Unlike other entities that have the resources to complete Business Combinations with multiple entities in one or several industries, it is probable that we will not have the resources to diversify our operations and mitigate the risks of being in a single line of business. By completing our Business Combination with only a single entity, our lack of diversification may:

- subject us to negative economic, competitive and regulatory developments, any or all of which may have a substantial adverse impact on the particular industry in which we operate after our Business Combination; and
- cause us to depend on the marketing and sale of a single product or limited number of products or services.

#### Limited Ability to Evaluate the Target's Management Team

Although as part of our process in reviewing potential Business Combinations, including the proposed Business Combination with Ensysce, we scrutinize the management of a prospective target business when evaluating the desirability of effecting our Business Combination with that business, our assessment of the target business' management may not prove to be correct. In addition, the future management may not have the necessary skills, qualifications or abilities to manage a public company. Furthermore, the future role of members of our management team, if any, in the target business cannot presently be stated with any certainty. While it is possible that one or more of our directors will remain associated in some capacity with us following our Business Combination, it is unlikely that any of them will devote their full efforts to our affairs subsequent to our Business Combination. Moreover, we cannot assure you that members of our management team will have significant experience or knowledge relating to the operations of the particular target business and, in connection with the proposed Business Combination with Ensysce, our officers and directors do not have experience in connection with the biotechnology sector.

We cannot assure you that any of our key personnel will remain in senior management or advisory positions with the combined company. The determination as to whether any of our key personnel will remain with the combined company will be made at the time of our initial Business Combination.

Following a Business Combination, we may seek to recruit additional managers to supplement the incumbent management of the target business. We cannot assure you that we will have the ability to recruit additional managers, or that additional managers will have the requisite skills, knowledge or experience necessary to enhance the incumbent management.

## Stockholders May Not Have the Ability to Approve Our Combination

We may conduct redemptions without a stockholder vote pursuant to the tender offer rules of the SEC. However, we will seek stockholder approval if it is required by law or applicable stock exchange rule, or we may decide to seek stockholder approval for business or other legal reasons. In connection with the proposed Business Combination with Ensysce, we have determined to seek stockholder approval and stockholder approval would be required to comply with Nasdaq rules. Our initial stockholders and their respective affiliates, including the sponsors and the strategic investor and directors and officers, have agreed to vote in favor of the Business Combination and have sufficient votes to approve the Business Combination without the vote of other stockholders. Presented in the table below is a graphic explanation of the types of initial Business Combinations we may consider and whether stockholder approval is currently required under Delaware law for each such transaction.

<b>Type of Transaction</b>	<b>Whether Stockholder Approval is Required</b>
Purchase of assets	No
Purchase of stock of target not involving a merger with the company	No
Merger of target into a subsidiary of the company	No
Merger of the company with a target	Yes

7

Under Nasdaq's listing rules, stockholder approval would be required for our Business Combination if, for example:

- we issue shares of common stock that will be equal to or in excess of 20% of the number of shares of our common stock then outstanding;
- any of our directors, officers or substantial stockholders (as defined by Nasdaq rules) has a 5% or greater interest (or such persons collectively have a 10% or greater interest), directly or indirectly, in the target business or assets to be acquired or otherwise and the present or potential issuance of common stock could result in an increase in outstanding common shares or voting power of 5% or more; or
- the issuance or potential issuance of common stock will result in our undergoing a change of control.

### Permitted Purchases of our Securities

In the event we seek stockholder approval of our Business Combination and we do not conduct redemptions in connection with our Business Combination pursuant to the tender offer rules, our sponsors, strategic investor, directors, officers, advisors or their affiliates may purchase shares in privately negotiated transactions or in the open market either prior to or following the completion of our Business Combination. However, they have no current commitments, plans or intentions to engage in such transactions and have not formulated any terms or conditions for any such transactions. They will not make any such purchases when they are in possession of any material non-public information not disclosed to the seller or if such purchases are prohibited by Regulation M under the Exchange Act. Such a purchase may include a contractual acknowledgement that such stockholder, although still the record holder of our shares is no longer the beneficial owner thereof and therefore agrees not to exercise its redemption rights. We have adopted an insider trading policy which requires insiders to: refrain from purchasing shares during certain blackout periods and when they are in possession of any material nonpublic information and to clear all trades with our legal counsel prior to execution. We cannot currently determine whether our insiders will make such purchases pursuant to a Rule 10b5-1 plan, as it will be dependent upon several factors, including but not limited to, the timing and size of such purchases. Depending on such circumstances, our insiders may either make such purchases pursuant to a Rule 10b5-1 plan or determine that such a plan is not necessary.

In the event that our sponsors, strategic investor, directors, officers, advisors or their affiliates purchase shares in privately negotiated transactions from public stockholders who have already elected to exercise their redemption rights, such selling stockholders would be required to revoke their prior elections to redeem their shares. We do not currently anticipate that such purchases, if any, would constitute a tender offer subject to the tender offer rules under the Exchange Act or a going-private transaction subject to the going-private rules under the Exchange Act; however, if the purchasers determine at the time of any such purchases that the purchases are subject to such rules, the purchasers will comply with such rules.

The purpose of such purchases would be to (i) vote such shares in favor of the Business Combination and thereby increase the likelihood of obtaining stockholder approval of the Business Combination or (ii) to satisfy a closing condition in an agreement with a target that requires us to have a minimum net worth or a certain amount of cash at the closing of our Business Combination, where it appears that such requirement would otherwise not be met. This may result in the completion of our Business Combination that may not otherwise have been possible.

In addition, if such purchases are made, the public "float" of our common stock may be reduced and the number of beneficial holders of our securities may be reduced, which may make it difficult to maintain or obtain the quotation, listing or trading of our securities on a national securities exchange.

Our sponsors, strategic investor, officers, directors and/or their affiliates anticipate that they may identify the stockholders with whom our sponsors, strategic investor, officers, directors or their affiliates may pursue privately negotiated purchases by either the stockholders contacting us directly or by our receipt of redemption requests submitted by stockholders following our mailing of proxy materials in connection with our Business Combination. To the extent that our sponsors, strategic investor, officers, directors, advisors or their affiliates enter into a private purchase, they would identify and contact only potential selling stockholders who have expressed their election to redeem their shares for a pro rata share of the Trust Account or vote against the Business Combination. Our sponsors, strategic investor, officers, directors, advisors or their affiliates will only purchase shares if such purchases comply with Regulation M under the Exchange Act and the other federal securities laws.

8

Any purchases by our sponsors, strategic investor, officers, directors and/or their affiliates who are affiliated purchasers under Rule 10b-18 under the Exchange Act will only be made to the extent such purchases are able to be made in compliance with Rule 10b-18, which is a safe harbor from liability for manipulation under Section 9(a)(2) and Rule 10b-5 of the Exchange Act. Rule 10b-18 has certain technical requirements that must be complied with in order for the safe harbor to be available to the purchaser. Our sponsors, strategic investor, officers, directors and/or their affiliates will not make purchases of common stock if the purchases would violate Section 9(a)(2) or Rule 10b-5 of the Exchange Act.

None of the funds in the Trust Account will be used to purchase shares in such transactions.

Redemption Rights for Public Stockholders Upon Completion of our Business Combination



We will provide our public stockholders with the opportunity to redeem all or a portion of their shares of common stock upon the completion of our Business Combination at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account as of two business days prior to the consummation of the Business Combination including interest earned on the funds held in the trust account and not previously released to us to pay our franchise and income taxes, divided by the number of then outstanding public shares, subject to the limitations described herein. The amount initially held in the Trust Account was \$10.00 per public share and is expected to increase to the extent that interest accrues in the Trust Account. The per-share amount we will distribute to public stockholders who properly redeem their shares will not be reduced by the deferred underwriting commissions we will pay to the underwriters.

#### *Manner of Conducting Redemptions*

We will provide our public stockholders with the opportunity to redeem all or a portion of their shares of common stock upon the completion of our Business Combination either (i) in connection with a stockholder meeting called to approve the Business Combination or (ii) by means of a tender offer. The decision as to whether we will seek stockholder approval of a proposed Business Combination or conduct a tender offer will be made by us, solely in our discretion, and will be based on a variety of factors such as the timing of the transaction and whether the terms of the transaction would require us to seek stockholder approval under the law or stock exchange listing requirement. Asset acquisitions and stock purchases would not typically require stockholder approval while direct mergers with our company where we do not survive and any transactions where we issue more than 20% of our outstanding common stock or seek to amend our amended and restated certificate of incorporation would require stockholder approval. If we structure a Business Combination transaction with a target company in a manner that requires stockholder approval, we will not have discretion as to whether to seek a stockholder vote to approve the proposed business combination. We intend to conduct redemptions without a stockholder vote pursuant to the tender offer rules of the SEC unless stockholder approval is required by law or stock exchange listing requirements or we choose to seek stockholder approval for business or other legal reasons.

If a stockholder vote is not required and we do not decide to hold a stockholder vote for business or other legal reasons, we will, pursuant to our amended and restated certificate of incorporation:

- conduct the redemptions pursuant to Rule 13e-4 and Regulation 14E of the Exchange Act, which regulate issuer tender offers; and
- file tender offer documents with the SEC prior to completing our Business Combination which contain substantially the same financial and other information about the Business Combination and the redemption rights as is required under Regulation 14A of the Exchange Act, which regulates the solicitation of proxies.

Upon the public announcement of our Business Combination, we or our sponsors will terminate any plan established in accordance with Rule 10b5-1 to purchase shares of our common stock in the open market if we elect to redeem our public shares through a tender offer, to comply with Rule 14e-5 under the Exchange Act.

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9

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In the event we conduct redemptions pursuant to the tender offer rules, our offer to redeem will remain open for at least 20 business days, in accordance with Rule 14e-1(a) under the Exchange Act, and we will not be permitted to complete our Business Combination until the expiration of the tender offer period. In addition, the tender offer will be conditioned on public stockholders not tendering more than a specified number of public shares which are not purchased by our sponsors or strategic investor, which number will be based on the requirement that we may not redeem public shares in an amount that would cause our net tangible assets to be less than \$5,000,001 (so that we are not subject to the SEC's "penny stock" rules) or any greater net tangible asset or cash requirement which may be contained in the agreement relating to our Business Combination. If public stockholders tender more shares than we have offered to purchase, we will withdraw the tender offer and not complete the Business Combination.

If, however, stockholder approval of the transaction is required by law or stock exchange listing requirement, or we decide to obtain stockholder approval for business or other legal reasons, we will, pursuant to our amended and restated certificate of incorporation:

- conduct the redemptions in conjunction with a proxy solicitation pursuant to Regulation 14A under the Exchange Act, which regulates the solicitation of proxies, and not pursuant to the tender offer rules; and
- file proxy materials with the SEC.

In the event that we seek stockholder approval of our Business Combination, we will distribute proxy materials and, in connection therewith, provide our public stockholders with the redemption rights described above upon completion of the Business Combination.

If we seek stockholder approval, we will complete our Business Combination only if a majority of the outstanding shares of common stock voted are voted in favor of the Business Combination. A quorum for such meeting will consist of the holders present in person or by proxy of shares of outstanding capital stock of the company representing a majority of the voting power of all outstanding shares of capital stock of the company entitled to vote at such meeting. Our initial stockholders will count toward this quorum and have agreed, after approval of our board, to vote their founder shares and any public shares purchased during or after our Initial Public Offering in favor of our Business Combination. For purposes of seeking approval of the majority of our outstanding shares of common stock voted, non-votes will have no effect on the approval of our Business Combination once a quorum is obtained. There are currently 6,224,268 shares of our common stock outstanding so at least 3,112,135 shares must be voted in favor to pass the Transactions contemplated by the Merger Agreement. Our Board, officers and other initial stockholders and their respective affiliates (including the Sponsors and Strategic Investor) own of record and are entitled to vote an aggregate of 6,000,000 shares and have agreed to vote in favor of Transaction so no additional public shares are required to be voted in favor of the Transactions for it to be approved. We intend to give not less than 10 days nor more than 60 days prior written notice of any such meeting, if required, at which a vote shall be taken to approve our Business Combination. These quorum and voting thresholds, and the voting agreements of our initial stockholders, may make it more likely that we will consummate our Business Combination. Each public stockholder may elect to redeem its public shares irrespective of whether they vote for or against the proposed transaction. Our initial stockholders and their respective affiliates, including the sponsors and the strategic investor and directors and officers, have agreed to vote in favor of the Business Combination and have sufficient votes to approve the Business Combination without the vote of other stockholders.

Our amended and restated certificate of incorporation provides that in no event will we redeem our public shares in an amount that would cause our net tangible assets to be less than \$5,000,001 (so that we are not subject to the SEC's "penny stock" rules) or any greater net tangible asset or cash requirement which may be contained in the agreement relating to our Business Combination. For example, the proposed Business Combination may require: (i) cash consideration to be paid to the target or its owners, (ii) cash to be transferred to the target for working capital or other general corporate purposes or (iii) the retention of cash to satisfy other conditions in accordance with the terms of the proposed Business Combination. In the event the aggregate cash consideration we would be required to pay for all shares of common stock that are validly submitted for redemption plus any amount required to satisfy cash conditions pursuant to the terms of the proposed Business Combination exceed the aggregate amount of cash available to us, we will not complete the Business Combination or redeem any shares, and all shares of common stock submitted for redemption will be returned to the holders thereof.

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10

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#### *Limitation on Redemption Upon Completion of our Business Combination if We Seek Stockholder Approval*

Notwithstanding the foregoing, if we seek stockholder approval of our Business Combination and we do not conduct redemptions in connection with our Business Combination pursuant to the tender offer rules, our amended and restated certificate of incorporation provides that a public stockholder, together with any affiliate of such stockholder or any other person with whom such stockholder is acting in concert or as a "group" (as defined under Section 13 of the Exchange Act), will be restricted from seeking redemption rights with respect to more than an aggregate of 20% of the shares sold in our Initial Public Offering, which we refer to as the "Excess Shares." We believe this restriction will discourage stockholders from accumulating large blocks of shares, and subsequent attempts by such holders to use their ability to exercise their redemption rights against a

proposed Business Combination as a means to force us or our management to purchase their shares at a significant premium to the then-current market price or on other undesirable terms. Absent this provision, a public stockholder holding more than an aggregate of 20% of the shares sold in our Initial Public Offering could threaten to exercise its redemption rights if such holder's shares are not purchased by us or our management at a premium to the then-current market price or on other undesirable terms. By limiting our stockholders' ability to redeem no more than 20% of the shares sold in our Initial Public Offering, we believe we will limit the ability of a small group of stockholders to unreasonably attempt to block our ability to complete our Business Combination, particularly in connection with a business combination with a target that requires as a closing condition that we have a minimum net worth or a certain amount of cash. However, we would not be restricting our stockholders' ability to vote all of their shares (including Excess Shares) for or against our Business Combination.

#### *Tendering Stock Certificates in Connection with a Tender Offer or Redemption Rights*

We may require our public stockholders seeking to exercise their redemption rights, whether they are record holders or hold their shares in "street name," to either tender their certificates to our transfer agent prior to the date set forth in the tender offer documents or proxy materials mailed to such holders, or up to two business days prior to the vote on the proposal to approve the Business Combination in the event we distribute proxy materials, or to deliver their shares to the transfer agent electronically using Depository Trust Company's DWAC (Deposit/Withdrawal At Custodian) System, at the holder's option. The tender offer or proxy materials, as applicable, that we will furnish to holders of our public shares in connection with our Business Combination will indicate whether we are requiring public stockholders to satisfy such delivery requirements. Accordingly, a public stockholder would have from the time we send out our tender offer materials until the close of the tender offer period, or up to two days prior to the vote on the Business Combination if we distribute proxy materials, as applicable, to tender its shares if it wishes to seek to exercise its redemption rights. Given the relatively short exercise period, it is advisable for stockholders to use electronic delivery of their public shares.

There is a nominal cost associated with the above-referenced tendering process and the act of certificating the shares or delivering them through the DWAC System. The transfer agent will typically charge the tendering broker \$80.00 and it would be up to the broker whether or not to pass this cost on to the redeeming holder. However, this fee would be incurred regardless of whether or not we require holders seeking to exercise redemption rights to tender their shares. The need to deliver shares is a requirement of exercising redemption rights regardless of the timing of when such delivery must be effectuated.

The foregoing is different from the procedures used by many blank check companies. In order to perfect redemption rights in connection with their business combinations, many blank check companies would distribute proxy materials for the stockholders' vote on a Business Combination, and a holder could simply vote against a proposed business combination and check a box on the proxy card indicating such holder was seeking to exercise his or her redemption rights. After the business combination was approved, the company would contact such stockholder to arrange for him or her to deliver his or her certificate to verify ownership. As a result, the stockholder then had an "option window" after the completion of the business combination during which he or she could monitor the price of the company's stock in the market. If the price rose above the redemption price, he or she could sell his or her shares in the open market before actually delivering his or her shares to the company for cancellation. As a result, the redemption rights, to which stockholders were aware they needed to commit before the stockholder meeting, would become "option" rights surviving past the completion of the business combination until the redeeming holder delivered its certificate. The requirement for physical or electronic delivery prior to the meeting ensures that a redeeming holder's election to redeem is irrevocable once the business combination is approved.

11

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Any request to redeem such shares, once made, may be withdrawn at any time up to the date set forth in the tender offer materials or the date of the stockholder meeting set forth in our proxy materials, as applicable. Furthermore, if a holder of a public share delivered its certificate in connection with an election of redemption rights and subsequently decides prior to the applicable date not to elect to exercise such rights, such holder may simply request that the transfer agent return the certificate (physically or electronically). It is anticipated that the funds to be distributed to holders of our public shares electing to redeem their shares will be distributed promptly after the completion of our business combination.

If our Business Combination is not approved or completed for any reason, then our public stockholders who elected to exercise their redemption rights would not be entitled to redeem their shares for the applicable pro rata share of the Trust Account. In such case, we will promptly return any certificates delivered by public stockholders who elected to redeem their shares.

If our initial proposed Business Combination is not completed, we may continue to try to complete a Business Combination with a different target during the Combination Period.

#### *Redemption of Public Shares and Liquidation if No Business Combination*

Our sponsors, strategic investor, officers and directors have agreed that we will have to complete our Business Combination during the Combination Period. If we are unable to complete our Business Combination within such period, we will: (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than ten business days thereafter, redeem the public shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account including interest earned on the funds held in the Trust Account and not previously released to us to pay our franchise and income taxes (less up to \$75,000 of interest to pay dissolution expenses), divided by the number of then outstanding public shares, which redemption will completely extinguish public stockholders' rights as stockholders (including the right to receive further liquidating distributions, if any), subject to applicable law, and (iii) as promptly as reasonably possible following such redemption, subject to the approval of our remaining stockholders and our board of directors, dissolve and liquidate, subject in each case to our obligations under Delaware law to provide for claims of creditors and the requirements of other applicable law. There will be no redemption rights or liquidating distributions with respect to our warrants, which will expire worthless if we fail to complete our Business Combination during the Combination Period.

Our initial stockholders have entered into letter agreements with us, pursuant to which they have waived their rights to liquidating distributions from the Trust Account with respect to any founder shares held by them if we fail to complete our Business Combination during the Combination Period. However, our initial stockholders will be entitled to liquidating distributions from the Trust Account with respect to any public shares they hold if we fail to complete our Business Combination during the Combination Period.

Our sponsors, strategic investor, officers and directors have agreed, pursuant to written letter agreements with us, that they will not propose any amendment to our amended and restated certificate of incorporation that would affect the substance or timing of our obligation to redeem 100% of our public shares if we do not complete our Business Combination during the Combination Period, unless we provide our public stockholders with the opportunity to redeem their shares of common stock upon approval of any such amendment at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account including interest earned on the funds held in the Trust Account and not previously released to us to pay our franchise and income taxes divided by the number of then outstanding public shares. However, we may not redeem our public shares in an amount that would cause our net tangible assets to be less than \$5,000,001 (so that we are not subject to the SEC's "penny stock" rules). Pursuant to our amended and restated certificate of incorporation such an amendment would need to be approved by holders of 65% of our common stock entitled to vote thereon.

We expect that all costs and expenses associated with implementing our plan of dissolution, as well as payments to any creditors, will be funded from amounts held outside the Trust Account (\$49,202 as of December 31, 2020), or through advances available for drawdown from our sponsors and strategic investor under our Expense Advancement Agreement (\$75,000 as of December 31, 2020), although we cannot assure you that there will be sufficient funds for such purpose. However, if those funds are not sufficient to cover the costs and expenses associated with implementing our plan of dissolution, to the extent that there is any interest accrued in the Trust Account not required to pay franchise and income taxes on interest income earned on the Trust Account balance, we may request the trustee to release to us an additional amount of up to \$75,000 of such accrued interest to pay those costs and expenses.

12

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If we were to expend all of the net proceeds of our Initial Public Offering and the Concurrent Private Placement, other than the proceeds deposited in the Trust Account, and without taking into account interest, if any, earned on the Trust Account, the per-share redemption amount received by stockholders upon our dissolution would be approximately \$10.00. The proceeds deposited in the Trust Account could, however, become subject to the claims of our creditors that would have higher priority than the claims of our public stockholders. We cannot assure you that the actual per-share redemption amount received by stockholders will not be substantially less than \$10.00. Under Section 281(b) of the DGCL, our plan of dissolution must provide for all claims against us to be paid in full or make provision for payments to be made in full, as applicable, if there are sufficient assets. These claims must be paid or provided for before we make any distribution of our remaining assets to our stockholders. While we intend to pay such amounts, if any, we cannot assure you that we will have funds sufficient to pay or provide for all creditors' claims.

Although we will seek to have all vendors, service providers (other than our independent auditors), prospective target businesses or other entities with which we do business execute agreements with us waiving any right, title, interest or claim of any kind in or to any monies held in the Trust Account for the benefit of our public stockholders, there is no guarantee that they will execute such agreements or even if they execute such agreements that they would be prevented from bringing claims against the Trust Account including but not limited to fraudulent inducement, breach of fiduciary responsibility or other similar claims, as well as claims challenging the enforceability of the waiver, in each case in order to gain an advantage with respect to a claim against our assets, including the funds held in the Trust Account. If any third party refuses to execute an agreement waiving such claims to the monies held in the Trust Account, our management will perform an analysis of the alternatives available to it and will only enter into an agreement with a third party that has not executed a waiver if management believes that such third party's engagement would be significantly more beneficial to us than any alternative. Examples of possible instances where we may engage a third party that refuses to execute a waiver include the engagement of a third-party consultant whose particular expertise or skills are believed by management to be significantly superior to those of other consultants that would agree to execute a waiver or in cases where management is unable to find a service provider willing to execute a waiver.

In addition, there is no guarantee that such entities will agree to waive any claims they may have in the future as a result of, or arising out of, any negotiations, contracts or agreements with us and will not seek recourse against the Trust Account for any reason. Each sponsor has agreed that it will be liable to us, jointly and severally, if and to the extent any claims by a vendor (other than our independent public accountants) for services rendered or products sold to us, or a prospective target business with which we have discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account to below (i) \$10.00 per public share or (ii) such lesser amount per public share held in the Trust Account as of the date of the liquidation of the Trust Account, due to reductions in value of the trust assets, in each case net of the amount of interest which may be withdrawn to pay our franchise and income tax obligations, except as to any claims by a third party who executed a waiver of any and all rights to seek access to the Trust Account and except as to any claims under our indemnity of the underwriters of our Initial Public Offering against certain liabilities, including liabilities under the Securities Act. In the event that an executed waiver is deemed to be unenforceable against a third party, then our sponsors will not be responsible to the extent of any liability for such third party claims. We have not independently verified whether each sponsor has sufficient funds to satisfy its indemnity obligations and believe that our sponsors' only substantive assets are securities of our company. We have not asked our sponsors to reserve for such indemnification obligations. Therefore, we cannot assure you that our sponsors would be able to satisfy those obligations. As a result, if any such claims were successfully made against the Trust Account, the funds available for our Business Combination and redemptions could be reduced to less than \$10.00 per public share. In such event, we may not be able to complete our Business Combination, and you would receive such lesser amount per share in connection with any redemption of your public shares. None of our officers or directors will indemnify us for claims by third parties including, without limitation, claims by vendors and prospective target businesses.

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13

In the event that the proceeds in the Trust Account are reduced below (i) \$10.00 per public share or (ii) such lesser amount per public share held in the Trust Account as of the date of the liquidation of the Trust Account, due to reductions in value of the trust assets, in each case net of the amount of interest which may be withdrawn to pay our franchise and income tax obligations and each sponsor asserts that it is unable to satisfy its indemnification obligations or that it has no indemnification obligations related to a particular claim, our independent directors would determine whether to take legal action against our sponsors to enforce its indemnification obligations. While we currently expect that our independent directors would take legal action on our behalf against our sponsors to enforce its indemnification obligations to us, it is possible that our independent directors in exercising their business judgment may choose not to do so if, for example, the cost of such legal action is deemed by the independent directors to be too high relative to the amount recoverable or if the independent directors determine that a favorable outcome is not likely. We have not asked our sponsors to reserve for such indemnification obligations and we cannot assure you that our sponsors would be able to satisfy those obligations. Accordingly, we cannot assure you that due to claims of creditors the actual value of the per-share redemption price will not be less than \$10.00 per public share.

We will seek to reduce the possibility that our sponsors will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers (other than our independent auditors), prospective target businesses or other entities with which we do business execute agreements with us waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account. Our sponsors will also not be liable as to any claims under our indemnity of the underwriters of our Initial Public Offering against certain liabilities, including liabilities under the Securities Act. As of December 31, 2020, we have approximately \$49,000 available to us outside the Trust Account with which to pay any such potential claims (including costs and expenses incurred in connection with our liquidation, currently estimated to be no more than approximately \$75,000). In the event that we liquidate and it is subsequently determined that the reserve for claims and liabilities is insufficient, stockholders who received funds from our Trust Account could be liable for claims made by creditors.

Under the DGCL, stockholders may be held liable for claims by third parties against a corporation to the extent of distributions received by them in a dissolution. The pro rata portion of our Trust Account distributed to our public stockholders upon the redemption of our public shares in the event we do not complete our Business Combination during the Combination Period may be considered a liquidating distribution under Delaware law. If the corporation complies with certain procedures set forth in Section 280 of the DGCL intended to ensure that it makes reasonable provision for all claims against it, including a 60-day notice period during which any third-party claims can be brought against the corporation, a 90-day period during which the corporation may reject any claims brought, and an additional 150-day waiting period before any liquidating distributions are made to stockholders, any liability of stockholders with respect to a liquidating distribution is limited to the lesser of such stockholder's pro rata share of the claim or the amount distributed to the stockholder, and any liability of the stockholder would be barred after the third anniversary of the dissolution.

Furthermore, if the pro rata portion of our Trust Account distributed to our public stockholders upon the redemption of our public shares in the event we do not complete our Business Combination during the Combination Period, is not considered a liquidating distribution under Delaware law and such redemption distribution is deemed to be unlawful, then pursuant to Section 174 of the DGCL, the statute of limitations for claims of creditors could then be six years after the unlawful redemption distribution, instead of three years, as in the case of a liquidating distribution. If we are unable to complete our Business Combination during the Combination Period, we will: (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than ten business days thereafter, redeem the public shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account including interest earned on the funds held in the Trust Account and not previously released to us to pay our franchise and income taxes (less up to \$75,000 of interest to pay dissolution expenses), divided by the number of then outstanding public shares, which redemption will completely extinguish public stockholders' rights as stockholders (including the right to receive further liquidating distributions, if any), subject to applicable law, and (iii) as promptly as reasonably possible following such redemption, subject to the approval of our remaining stockholders and our board of directors, dissolve and liquidate, subject in each case to our obligations under Delaware law to provide for claims of creditors and the requirements of other applicable law. Accordingly, it is our intention to redeem our public shares as soon as reasonably possible following the Combination Period and, therefore, we do not intend to comply with those procedures. As such, our stockholders could potentially be liable for any claims to the extent of distributions received by them (but no more) and any liability of our stockholders may extend well beyond the third anniversary of such date.

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14

Because we will not be complying with Section 280, Section 281(b) of the DGCL requires us to adopt a plan, based on facts known to us at such time that will provide for our payment of all existing and pending claims or claims that may be potentially brought against us within the subsequent 10 years. However, because we are a blank check

company, rather than an operating company, and our operations will be limited to searching for prospective target businesses to acquire, the only likely claims to arise would be from our vendors (such as lawyers, investment bankers, etc.) or prospective target businesses. As described above, pursuant to the obligation contained in our underwriting agreement, we will seek to have all vendors, service providers (other than our independent auditors), prospective target businesses or other entities with which we do business execute agreements with us waiving any right, title, interest or claim of any kind in or to any monies held in the Trust Account. As a result of this obligation, the claims that could be made against us are significantly limited and the likelihood that any claim that would result in any liability extending to the Trust Account is remote. Further, our sponsors may be liable only to the extent necessary to ensure that the amounts in the Trust Account are not reduced below (i) \$10.00 per public share or (ii) such lesser amount per public share held in the Trust Account as of the date of the liquidation of the Trust Account, due to reductions in value of the trust assets, in each case net of the amount of interest withdrawn to pay our franchise and income tax obligations and will not be liable as to any claims under our indemnity of the underwriters of our Initial Public Offering against certain liabilities, including liabilities under the Securities Act. In the event that an executed waiver is deemed to be unenforceable against a third party, our sponsors will not be responsible to the extent of any liability for such third-party claims.

If we file a bankruptcy petition or an involuntary bankruptcy petition is filed against us that is not dismissed, the proceeds held in the Trust Account could be subject to applicable bankruptcy law, and may be included in our bankruptcy estate and subject to the claims of third parties with priority over the claims of our stockholders. To the extent any bankruptcy claims deplete the Trust Account, we cannot assure you we will be able to return \$10.00 per share to our public stockholders. Additionally, if we file a bankruptcy petition or an involuntary bankruptcy petition is filed against us that is not dismissed, any distributions received by stockholders could be viewed under applicable debtor/creditor and/or bankruptcy laws as either a “preferential transfer” or a “fraudulent conveyance.” As a result, a bankruptcy court could seek to recover all amounts received by our stockholders. Furthermore, our board may be viewed as having breached its fiduciary duty to our creditors and/or may have acted in bad faith, and thereby exposing itself and our company to claims of punitive damages, by paying public stockholders from the Trust Account prior to addressing the claims of creditors. We cannot assure you that claims will not be brought against us for these reasons.

Our public stockholders will be entitled to receive funds from the Trust Account only in the event of the redemption of our public shares if we do not complete our Business Combination during the Combination Period or if they redeem their respective shares for cash upon the completion of the Business Combination. In no other circumstances will a stockholder have any right or interest of any kind to or in the Trust Account. In the event we seek stockholder approval in connection with our Business Combination, a stockholder’s voting in connection with the Business Combination alone will not result in a stockholder’s redeeming its shares to us for an applicable pro rata share of the Trust Account. Such stockholder must have also exercised its redemption rights described above.

#### Amended and Restated Certificate of Incorporation

Our amended and restated certificate of incorporation contains certain requirements and restrictions relating to our Initial Public Offering that will apply to us until the consummation of our Business Combination. If we seek to amend any provisions of our amended and restated certificate of incorporation relating to stockholders’ rights or pre-Business Combination activity, we will provide dissenting public stockholders with the opportunity to redeem their public shares in connection with any such vote. Our initial stockholders have agreed to waive any redemption rights with respect to their founder shares and public shares in connection with the completion of our Business Combination. Specifically, our amended and restated certificate of incorporation provides, among other things, that:

- prior to the consummation of our Business Combination, we shall either (1) seek stockholder approval of our Business Combination at a meeting called for such purpose at which stockholders may seek to redeem their shares, regardless of whether they vote for or against the proposed Business Combination, into their pro rata share of the aggregate amount then on deposit in our Trust Account, including interest (which interest shall be net of taxes payable) or (2) provide our public stockholders with the opportunity to tender their shares to us by means of a tender offer (and thereby avoid the need for a stockholder vote) for an amount equal to their pro rata share of the aggregate amount then on deposit in our Trust Account, including interest (which interest shall be net of taxes payable) in each case subject to the limitations described herein;

15

- we will consummate our Business Combination only if we have net tangible assets of at least \$5,000,001 upon such consummation and, solely if we seek stockholder approval, a majority of the outstanding shares of common stock voted are voted in favor of the Business Combination;
- if our Business Combination is not consummated during the Combination Period, then our existence will terminate and we will distribute all amounts in our Trust Account; and
- prior to our Business Combination, we may not issue additional shares of capital stock that would entitle the holders thereof to (i) receive funds from our Trust Account or (ii) vote on any Business Combination.

These provisions cannot be amended without the approval of holders of 65% of our common stock. In the event we seek stockholder approval in connection with our Business Combination, our amended and restated certificate of incorporation provides that we may consummate our Business Combination only if approved by a majority of the shares of Capital Stock voted by our stockholders voting at a duly held stockholders meeting.

#### Competition

In identifying, evaluating and selecting a target business for our Business Combination, we may encounter intense competition from other entities having a business objective similar to ours, including other blank check companies, private equity groups and leveraged buyout funds, and operating businesses seeking strategic acquisitions. Many of these entities are well established and have extensive experience identifying and effecting business combinations directly or through affiliates. Moreover, many of these competitors possess greater financial, technical, human and other resources than we do. Our ability to acquire larger target businesses will be limited by our available financial resources. This inherent limitation gives others an advantage in pursuing the acquisition of a target business. Furthermore, our obligation to pay cash in connection with our public stockholders who exercise their redemption rights may reduce the resources available to us for our Business Combination and our outstanding warrants, and the future dilution they potentially represent, may not be viewed favorably by certain target businesses. Either of these factors may place us at a competitive disadvantage in successfully negotiating a Business Combination.

If we succeed in effecting our Business Combination, there will be, in all likelihood, intense competition from competitors of the target business. Subsequent to our Business Combination, we may not have the resources or ability to compete effectively.

#### Employees

We currently have four officers. Members of our management team are not obligated to devote any specific number of hours to our matters but they intend to devote as much of their time as they deem necessary to our affairs until we have completed our Business Combination. The amount of time that any such person will devote in any time period will vary based on whether a target business has been selected for our Business Combination and the current stage of the Business Combination process.

#### Periodic Reporting and Financial Information

Our Units, Common Stock and Warrants are registered under the Exchange Act and as a result we have reporting obligations, including the requirement that we file annual, quarterly and current reports with the SEC. Such reports and other information filed by the Company with the SEC are available free of charge through the Investors link on our website at [www.leisureacq.com](http://www.leisureacq.com) and on the SEC’s website at [www.sec.gov](http://www.sec.gov). The contents of these websites are not incorporated into this filing. Further, our references to the website URLs are intended to be inactive textual references only.

We are an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the JOBS Act. As such, we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. If some investors find our securities less attractive as a result, there may be a less active trading market for our securities and the prices of our securities may be more volatile.

In addition, Section 107 of the JOBS Act also provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We intend to take advantage of the benefits of this extended transition period.

We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the IPO Closing Date, (b) in which we have total annual gross revenue of at least \$1.07 billion, or (c) in which we are deemed to be a large accelerated filer, which means the market value of Common Stock that is held by non-affiliates exceeds \$700 million as of the prior June 30th, and (2) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period. References herein to “emerging growth company” shall have the meaning associated with it in the JOBS Act.

Additionally, we are a “smaller reporting company” as defined in Item 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We will remain a smaller reporting company until the last day of the fiscal year in which (i) the market value of our common stock held by non-affiliates exceeds \$250 million as of the end of that year’s second fiscal quarter, or (ii) our annual revenues exceeded \$100 million during such completed fiscal year and the market value of common stock held by non-affiliates exceeds \$700 million as of the end of that year’s second fiscal quarter.

We will provide stockholders with audited financial statements of the prospective target business as part of the tender offer materials or proxy solicitation materials sent to stockholders to assist them in assessing the target business. In all likelihood, these financial statements will need to be prepared in accordance with, or be reconciled to, accounting principles generally accepted in the United States of America (“GAAP”) or international financing reporting standards (“IFRS”) as promulgated by the International Accounting Standards Board (“IASB”) depending on the circumstances and the historical financial statements may be required to be audited in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”). We cannot assure you that any particular target business identified by us as a potential acquisition candidate will have financial statements prepared in accordance with GAAP or IFRS or that the potential target business will be able to prepare its financial statements in accordance with GAAP or IFRS. To the extent that this requirement cannot be met, we may not be able to acquire the proposed target business. While this may limit the pool of potential acquisition candidates, we do not believe that this limitation will be material.

We are required to evaluate our internal control procedures beginning with the fiscal year ended December 31, 2019 as required by the Sarbanes-Oxley Act. As long as we maintain our status as an “emerging growth company,” we will not be required to comply with the independent registered public accounting firm attestation requirement on our internal control over financial reporting. The fact that we are a blank check company makes compliance with the requirements of the Sarbanes-Oxley Act particularly burdensome on us as compared to other public companies because a target company with which we seek to complete our business combination may not be in compliance with the provisions of the Sarbanes-Oxley Act regarding adequacy of its internal controls. A target company’s ability to achieve compliance with the Sarbanes-Oxley Act may increase the time and costs necessary to complete any such acquisition.

## Item 1A. Risk Factors

You should carefully consider the following risk factors and all other information contained in this Report, including the financial statements. If any of the following events occur, our business, financial condition or results of operations may be materially and adversely affected. In that event, the trading price of our securities could decline, and you could lose all or part of your investment. The risk factors described below are not necessarily exhaustive and you are encouraged to perform your own investigation with respect to us and our business. For more detailed risk factors related to Ensysce and the Transactions, see the Registration Statement on Schedule S-4 to be filed by the Company subsequent to the filing of this Form 10-K.

### *Summary Risk Factors*

You should carefully consider the risks set forth in the section entitled “Risk Factors below, including, but not limited to the following:

- We are a blank check company with no operating history and no revenues, and you have no basis on which to evaluate our ability to achieve our business objective and since the completion of the initial public offering, our activity has been limited to the evaluation of business combination candidates and seeking to complete an initial business combination.
- Nasdaq may delist us if we fail to meet the requirements of a Nasdaq order relating to timing relating to our proposed Business Combination with Ensysce or fail to meet other listing criteria either before or after the closing of the Merger, if the Merger is consummated.
- The proposed business combination with Ensysce is subject to certain conditions and there can be no assurance that it will close.
- Ensysce’s business is subject to the risk that its success is dependent on its ability to develop and commercialize its lead product candidates and other risks commonly associated with biotechnology companies and there can be no assurance that it will be successful.
- LACQ’s officers’ and directors’ primary industry experience relates to the leisure sector and they do not have experience with companies in the biotechnology sector.
- Past performance our management team or their respective affiliates may not be indicative of future performance of an investment in us.
- While our proposed Business Combination will be submitted to a vote of the stockholders, our initial stockholders and their respective affiliates, including the sponsors and the strategic investor and directors and officers, have agreed to vote in favor of the proposed Business Combination with Ensysce and have sufficient votes to approve the Business Combination without the vote of other stockholders.
- Your only opportunity to affect the investment decision regarding a potential business combination will be limited to the exercise of your right to redeem your shares from us for cash.
- The ability of our public stockholders to redeem their shares for cash may make our financial condition unattractive to potential business combination targets, which may make it difficult for us to enter into a business combination with a target.

- The ability of our public stockholders to exercise redemption rights with respect to a large number of our shares may not allow us to complete the most desirable business combination or optimize our capital structure.
- The requirement that we complete our initial business combination within the prescribed time frame may give potential target businesses leverage over us in negotiating a business combination and may limit the time we have in which to conduct due diligence on potential business combination targets, in particular as we approach our dissolution deadline, which could undermine our ability to complete our initial business combination on terms that would produce value for our stockholders.

- Our search for a business combination, and any target business with which we ultimately consummate a business combination, may be materially adversely affected by COVID-19 outbreak or any future pandemic and the status of debt and equity markets.
- If we seek stockholder approval of our initial business combination, our sponsor, directors, officers, advisors or any of their affiliates may elect to purchase shares or warrants from public stockholders, which may reduce the public “float” of our Class A common stock.
- If a stockholder fails to receive notice of our offer to redeem our public shares in connection with our initial business combination or fails to comply with the procedures for tendering its shares, such shares may not be redeemed.
- You will not have any rights or interests in funds from the trust account, except under certain limited circumstances. To liquidate your investment, therefore, you may be forced to sell your public shares or warrants, potentially at a loss.
- You will not be entitled to protections normally afforded to investors of many other blank check companies.
- If third parties bring claims against us, the proceeds held in the trust account could be reduced and the per share redemption amount received by stockholders may be less than \$10.00 per share.
- If we have not completed our initial business combination within the required time period, our public stockholders may receive only approximately \$10.00 per share, or less in certain circumstances, on our redemption of their stock, and our warrants will expire worthless.
- We may engage in a business combination with one or more target businesses that have relationships with entities that may be affiliated with our sponsor, officers or directors which may raise potential conflicts of interest.

#### **Risks Related to our Status as a Blank Check Company and our Nasdaq Listing**

**We are a blank check company with no operating history and no revenues, and you have no basis on which to evaluate our ability to achieve our business objective.**

We are a blank check company with no operating results, and we will not commence operations until completing a Business Combination. Because we have no operating history and have no operating results, you have no basis upon which to evaluate our ability to achieve our business objective of completing our Business Combination with one or more target businesses. We may be unable to complete a Business Combination. If we fail to complete a Business Combination, we will never generate any operating revenues.

**The Nasdaq may not continue to list our securities, which could limit investors’ ability to make transactions in our securities and subject us to additional trading restrictions.**

The LACQ common stock and Public Warrants are currently listed on the Nasdaq and LACQ expects to apply to continue to be listed on the Nasdaq upon consummation of the business combination.

On November 30, 2020, LACQ received a notice (the “Nasdaq Notice”) from the Listing Qualifications Department of the Nasdaq Stock Market LLC (“Nasdaq”) stating that LACQ was not in compliance with Listing Rule IM-5101-2 (the “Rule”), which requires that a special purpose acquisition company complete one or more business combinations within 36 months of the effectiveness of the registration statement filed in connection with its initial public offering. Since LACQ’s registration statement became effective on December 1, 2017, it was required to complete an initial business combination by no later than December 1, 2020. The Rule also provides that failure to comply with this requirement will result in the Listing Qualifications Department issuing a Staff Delisting Determination under Rule 5810 to delist LACQ’s securities. In addition, the Nasdaq Notice stated that LACQ was not in compliance with Nasdaq’s minimum publicly held shares requirement under Listing Rule 5550(a)(4), which requires a listed company’s primary equity security to maintain a minimum of 500,000 publicly held shares. The Listing Qualifications Department advised LACQ that its securities would be subject to delisting unless LACQ timely requested a hearing before an independent Hearings Panel (the “Nasdaq Panel”). Following a hearing on LACQ’s appeal, the Nasdaq panel granted LACQ’s request for continued listing through June 1, 2021 on the condition that (i) on or before January 31, 2021, LACQ will have executed a definitive merger agreement; (ii) on or before March 15, 2021 (which had been extended by Nasdaq from March 1, 2021), LACQ will file a joint proxy/registration statement on Form S-4; (iii) on or before May 28, 2021, LACQ will obtain stockholder approval for the merger; and (iv) on or before June 1, 2021, LACQ will complete the merger and evidence compliance with all initial listing standards as required under Nasdaq’s listing qualifications rules. In addition, LACQ will need to comply with and continue to maintain compliance with the requirement as to number of public stockholders. LACQ is not currently in compliance with the listing condition.

There can be no assurance that LACQ will be able to obtain an additional extension from Nasdaq with respect to the conditions in Nasdaq’s grant of the appeal, meet the continued listing standards on the closing date of the business combination, or comply with the continued listing standards of Nasdaq following the business combination. If Nasdaq delists the LACQ common stock and/or Public Warrants from trading on its exchange for failure to meet the listing standards either prior to or after the closing date of the business combination, LACQ’s securityholders could face significant material adverse consequences including:

- a limited availability of market quotations for LACQ’s securities;
- reduced liquidity for LACQ’s securities;
- a determination that the LACQ common stock is a “penny stock” which will require brokers trading in such securities to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for LACQ’s securities;
- a limited amount of news and analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

#### **Risks Related to our Proposed Business Combination with Ensysce**

**There is no assurance when or even if the Merger will be completed. Failure to obtain required approvals necessary to satisfy closing conditions may delay or prevent**

## **completion of the Merger.**

Completion of the Merger is subject to the satisfaction or waiver of a number of conditions. There can be no assurance that we and Ensysce will be able to satisfy the closing conditions or that closing conditions beyond their control will be satisfied or waived. If the Merger is not completed, it is most likely that we will not be able to complete a Business Combination before the expiration of the Combination Period and we will be required to liquidate.

LACQ will be unable to close the Transactions if the redemptions of public shares result in its Tangible Net Assets being less than \$5,000,001 unless it is able to obtain sufficient equity financing.

LACQ's amended and restated certificate of incorporation, as amended, does not provide a specified maximum redemption threshold, except that in no event will LACQ redeem its public shares in an amount that would cause its Net Tangible Assets to be less than \$5,000,001 (such that LACQ is not subject to the SEC's "penny stock" rules) or any greater net tangible asset or cash requirement which may be contained in the agreement relating to an initial business combination. It is also a condition to closing under the Merger Agreement that, among other things, following payment to all stockholders who have exercised their redemption rights (and after giving effect to the payment of expenses related to the Transactions that are to be paid at or after Closing (provided that LACQ can pay such expenses in equity securities and not cash)) and LACQ having cash of at least \$5,000,000. If redemptions by LACQ's public stockholders cause LACQ to be unable to meet this closing condition, then Ensysce will not be required to consummate the business combination, although they may, in their sole discretion, waive this condition. In the event that Ensysce waives this condition, LACQ does not intend to seek additional stockholder approval or to extend the time period in which its public stockholders can exercise their redemption rights. In no event, however, will LACQ close the Transactions if redemptions of public shares would cause LACQ's Net Tangible Assets to be less than \$5,000,001. If redemptions exceed this level, we will not be able to close the Transactions unless we are able to obtain a sufficient amount of equity financing to meet the Net Tangible Asset test. There can be no assurance that we will be able to do so.

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20

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## **Even if the Business Combination closes, there can be no assurance that the combined company will be successful and we and our stockholders will realize the benefits of the Business Combination.**

The realization of the benefits in connection with the Business Combination will depend on Ensysce's success in operating our business after completion of the Merger and developing and commercializing its product candidates, which will be subject to risks, which will be addressed in more detail in the Form S-4 to be filed by us in connection with the business combination, including the following:

- Ensysce is a clinical-stage pharmaceutical company with a limited operating history. Ensysce has not yet demonstrated an ability to generate revenues, obtain regulatory approvals, engage in clinical development beyond Phase 1 trials, manufacture any product on a commercial scale or arrange for a third party to do so on Ensysce's behalf or enter into licensing arrangements to commercialize a product, or conduct sales and marketing activities necessary for successful product commercialization.
- Ensysce has invested a significant portion of its efforts and financial resources in the research and development of its lead product candidate, and expects to continue to do so. Ensysce's ability to generate revenues from the sale of abuse-deterrent opioid products, which may not occur at a significant level for several years, if at all, will depend heavily on the successful development, regulatory approval and eventual commercialization of this lead product candidate, as well as other product candidates it may develop.
- Ensysce's operations have consumed substantial amounts of cash since inception. Ensysce expects to continue to spend substantial amounts to continue the clinical and preclinical development of Ensysce's product candidates. Accordingly, Ensysce will need to raise additional capital to complete its currently planned clinical trials and any future clinical trials and to further develop and commercialize its products.
- Ensysce's business will be subject to the risks commonly associated with research and development of pharmaceutical products, including risks related to:
  - o Ensysce's lead product candidates may not be successful in limiting or impeding abuse, overdose or misuse or provide additional safety upon commercialization;
  - o Ensysce may experience failure or delay in completing clinical development;
  - o Ensysce's product candidates may cause undesirable side effects or have other properties that could delay or prevent their regulatory approval;
  - o Ensysce might not be able to obtain regulatory approval for its product candidates;
  - o Ensysce's clinical trials may fail to replicate positive results from earlier preclinical studies or clinical trials conducted by Ensysce or third parties; and
  - o Ensysce may face issues in connection with its patent or its patents may not provide sufficient protection for its products.

The Business Combination with Ensysce is outside of LACQ's original investment strategy.

LACQ was organized as a blank check company to identify and build a company in the leisure sector that would complement and benefit from LACQ's management teams experience in this sector. LACQ's officers and directors have substantial experience in evaluation the operating and financial merits of companies from a wide range of industries, but do not have experience with companies in the biotechnology sector. While we believe that proposed Business Combination with Ensysce is in the best interests of LACQ, there can be no assurance that the review of the proposed Business Combination with Ensysce, a biotechnology company developing a pharmaceutical product, and the ability to identify the potential benefits and risks associated with Ensysce's business, was not affected by this proposed target being outside of the LACQ management team's and the LACQ board's primary area of expertise.

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21

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## **Our management will not maintain control of Ensysce after our Business Combination, if the Business Combination is consummated.**

Our stockholders prior to the Business Combination will collectively own a minority interest in the post Business Combination company, if the Business Combination is consummated. Accordingly, our management will not maintain our control of the target business. We cannot provide assurance that new management will possess the skills, qualifications or abilities necessary to profitably operate such business.

## **Risks Related to Searching for and Consummating a Business Combination**

**Our public stockholders may not be afforded an opportunity to vote on our proposed Business Combination, which means we may complete our Business Combination even though a majority of our public stockholders do not support such a combination.**

We may not hold a stockholder vote to approve our Business Combination unless the Business Combination would require stockholder approval under applicable law or stock exchange listing requirements or if we decide to hold a stockholder vote for business or other legal reasons. For instance, Nasdaq rules currently allow us to engage in a tender

offer in lieu of a stockholder meeting but would still require us to obtain stockholder approval if we were seeking to issue more than 20% of our outstanding shares to a target business as consideration in our Business Combination. Therefore, if the structure of our Business Combination involved the issuance of more than 20% of our outstanding shares, we would seek stockholder approval of such Business Combination. However, except as required by law, the decision as to whether we will seek stockholder approval of a proposed Business Combination or will allow stockholders to sell their shares to us in a tender offer will be made by us, solely in our discretion, and will be based on a variety of factors, such as the timing of the transaction and whether the terms of the transaction would otherwise require us to seek stockholder approval. Accordingly, we may complete our Business Combination even if holders of a majority of our public shares do not approve of the Business Combination we complete. Please refer to “Item 1. Business – Stockholders May Not Have the Ability to Approve Our Business Combination” for additional information.

**If we seek stockholder approval of our Business Combination, after approval of our board, our initial stockholders have agreed to vote in favor of such Business Combination, regardless of how our public stockholders vote.**

Unlike many other blank check companies in which the initial stockholders agree to vote their founder shares in accordance with the majority of the votes cast by the public stockholders in connection with a Business Combination, after approval of our board, our initial stockholders have agreed to vote their founder shares, as well as any public shares purchased during or after our Initial Public Offering, in favor of our Business Combination. Our initial stockholders own shares representing approximately 96.4% (as of December 31, 2020) of our outstanding shares of common stock. Accordingly, if we seek stockholder approval of our Business Combination, it is more likely that the necessary stockholder approval will be received than would be the case if our initial stockholders agreed to vote their founder shares in accordance with the majority of the votes cast by our public stockholders.

**Your only opportunity to affect the investment decision regarding a potential Business Combination will be limited to the exercise of your right to redeem your shares from us for cash, unless we seek stockholder approval of the business combination.**

Since our board of directors may complete a Business Combination without seeking stockholder approval, public stockholders may not have the right or opportunity to vote on the Business Combination, unless we seek such stockholder vote. Accordingly, if we do not seek stockholder approval, your only opportunity to affect the investment decision regarding a potential Business Combination may be limited to exercising your redemption rights within the period of time (which will be at least 20 business days) set forth in our tender offer documents mailed to our public stockholders in which we describe our Business Combination. Even if we seek stockholder approval, our initial stockholders and their respective affiliates, including the sponsors and the strategic investor and directors and officers, have agreed to vote in favor of the Business Combination and have sufficient votes to approve the Business Combination without the vote of other stockholders.

22

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**The ability of our public stockholders to redeem their shares for cash may make our financial condition unattractive to potential Business Combination targets, which may make it difficult for us to enter into a Business Combination with a target.**

We may seek to enter into a Business Combination transaction agreement with a prospective target that requires as a closing condition that we have a minimum net worth or a certain amount of cash. If too many public stockholders exercise their redemption rights, we would not be able to meet such closing condition and, as a result, would not be able to proceed with the Business Combination. Furthermore, in no event will we redeem our public shares in an amount that would cause our net tangible assets to be less than \$5,000,001 (so that we are not subject to the SEC’s “penny stock” rules) or any greater net tangible asset or cash requirement which may be contained in the agreement relating to our Business Combination. Consequently, if accepting all properly submitted redemption requests would cause our net tangible assets to be less than \$5,000,001 or such greater amount necessary to satisfy a closing condition as described above, we would not proceed with such redemption and the related Business Combination and may instead search for an alternate Business Combination. Prospective targets will be aware of these risks and, thus, may be reluctant to enter into a Business Combination transaction with us.

**The ability of our public stockholders to exercise redemption rights with respect to a large number of our shares may not allow us to complete the most desirable Business Combination or optimize our capital structure.**

At the time we enter into an agreement for our Business Combination, we will not know how many stockholders may exercise their redemption rights, and therefore will need to structure the transaction based on our expectations as to the number of shares that will be submitted for redemption. If our business combination agreement requires us to use a portion of the cash in the Trust Account to pay the purchase price, or requires us to have a minimum amount of cash at closing, we will need to reserve a portion of the cash in the Trust Account to meet such requirements, or arrange for third party financing. In addition, if a larger number of shares are submitted for redemption than we initially expected, we may need to restructure the transaction to reserve a greater portion of the cash in the Trust Account or arrange for third party financing. Raising additional third party financing may involve dilutive equity issuances or the incurrence of indebtedness at higher than desirable levels. The above considerations may limit our ability to complete the most desirable Business Combination available to us or optimize our capital structure. The amount of the deferred underwriting commissions payable to the underwriters will not be adjusted for any shares that are redeemed in connection with a Business Combination. The per-share amount we will distribute to stockholders who properly exercise their redemption rights will not be reduced by the deferred underwriting commission and after such redemptions, the per-share value of shares held by non-redeeming stockholders will reflect our obligation to pay the deferred underwriting commissions.

**The ability of our public stockholders to exercise redemption rights with respect to a large number of our shares could increase the probability that our Business Combination would be unsuccessful and that you would have to wait for liquidation in order to redeem your stock.**

If our Business Combination agreement requires us to use a portion of the cash in the Trust Account to pay the purchase price, or requires us to have a minimum amount of cash at closing (as is the case of the Merger Agreement with Ensysce), the probability that our Business Combination would be unsuccessful is increased. If our Business Combination is unsuccessful, you would not receive your pro rata portion of the Trust Account until we liquidate the Trust Account. If you are in need of immediate liquidity, you could attempt to sell your stock in the open market; however, at such time our stock may trade at a discount to the pro rata amount per share in the Trust Account. In either situation, you may suffer a material loss on your investment or lose the benefit of funds expected in connection with our redemption until we liquidate or you are able to sell your stock in the open market.

23

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**The requirement that we complete our Business Combination within the prescribed time frame may give potential target businesses leverage over us in negotiating a Business Combination and may decrease our ability to conduct due diligence on potential Business Combination targets as we approach our dissolution deadline, which could undermine our ability to complete our Business Combination on terms that would produce value for our stockholders.**

Any potential target business with which we enter into negotiations concerning a Business Combination will be aware that we must complete our Business Combination during the Combination Period. Consequently, such target business may obtain leverage over us in negotiating a Business Combination, knowing that if we do not complete our Business Combination with that particular target business, we may be unable to complete our Business Combination with any target business. This risk will increase as we get closer to the timeframe described above. In addition, we may have limited time to conduct due diligence and may enter into our Business Combination on terms that we would have rejected upon a more comprehensive investigation.

**We may not be able to complete our Business Combination within the prescribed time frame, in which case we would cease all operations except for the purpose of winding up and we would redeem our public shares and liquidate, in which case our public stockholders may only receive \$10.00 per share, or less than such amount in certain circumstances, and our warrants will expire worthless.**



Our sponsors, strategic investor, officers and directors have agreed that we must complete our Business Combination during the Combination Period. We may not be able to find a suitable target business and complete our Business Combination within such time period. If we have not completed our Business Combination within such time period, we will: (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than ten business days thereafter, redeem the public shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account including interest earned on the funds held in the Trust Account and not previously released to us to pay our franchise and income taxes (less up to \$75,000 of interest to pay dissolution expenses), divided by the number of then outstanding public shares, which redemption will completely extinguish public stockholders' rights as stockholders (including the right to receive further liquidating distributions, if any), subject to applicable law, and (iii) as promptly as reasonably possible following such redemption, subject to the approval of our remaining stockholders and our board of directors, dissolve and liquidate, subject in each case to our obligations under Delaware law to provide for claims of creditors and the requirements of other applicable law. In such case, our public stockholders may only receive \$10.00 per share, and our warrants will expire worthless. In certain circumstances, our public stockholders may receive less than \$10.00 per share on the redemption of their shares. See "— If third parties bring claims against us, the proceeds held in the Trust Account could be reduced and the per-share redemption amount received by stockholders may be less than \$10.00 per share" and other risk factors below.

**If we seek stockholder approval of our Business Combination, our sponsors, strategic investor, directors, officers, advisors and their affiliates may elect to purchase shares from public stockholders, which may influence a vote on a proposed Business Combination and reduce the public "float" of our common stock.**

If we seek stockholder approval of our Business Combination and we do not conduct redemptions in connection with our Business Combination pursuant to the tender offer rules, our sponsors, strategic investor, directors, officers, advisors or their affiliates may purchase shares in privately negotiated transactions or in the open market either prior to or following the completion of our Business Combination, although they are under no obligation to do so. Such a purchase may include a contractual acknowledgement that such stockholder, although still the record holder of our shares is no longer the beneficial owner thereof and therefore agrees not to exercise its redemption rights. In the event that our sponsors, strategic investor, directors, officers, advisors or their affiliates purchase shares in privately negotiated transactions from public stockholders who have already elected to exercise their redemption rights, such selling stockholders would be required to revoke their prior elections to redeem their shares. The purpose of such purchases could be to vote such shares in favor of the Business Combination and thereby increase the likelihood of obtaining stockholder approval of the Business Combination, or to satisfy a closing condition in an agreement with a target that requires us to have a minimum net worth or a certain amount of cash at the closing of our business combination, where it appears that such requirement would otherwise not be met. This may result in the completion of our Business Combination that may not otherwise have been possible.

In addition, if such purchases are made, the public "float" of our common stock and the number of beneficial holders of our securities may be reduced, possibly making it difficult to obtain or maintain the quotation, listing or trading of our securities on a national securities exchange.

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24

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**If a stockholder fails to receive notice of our offer to redeem our public shares in connection with our Business Combination, or fails to comply with the procedures for tendering its shares, such shares may not be redeemed.**

We will comply with the tender offer rules or proxy rules, as applicable, when conducting redemptions in connection with our Business Combination. Despite our compliance with these rules, if a stockholder fails to receive our tender offer or proxy materials, as applicable, such stockholder may not become aware of the opportunity to redeem its shares. In addition, the tender offer documents or proxy materials, as applicable, that we will furnish to holders of our public shares in connection with our Business Combination will describe the various procedures that must be complied with in order to validly tender or redeem public shares. For example, we may require our public stockholders seeking to exercise their redemption rights, whether they are record holders or hold their shares in "street name," to either tender their certificates to our transfer agent prior to the date set forth in the tender offer documents or proxy materials mailed to such holders, or up to two business days prior to the vote on the proposal to approve the Business Combination in the event we distribute proxy materials, or to deliver their shares to the transfer agent electronically. In the event that a stockholder fails to comply with these or any other procedures, its shares may not be redeemed. See "Item 1. Business – Tendering Stock Certificates in Connection with a Tender Offer or Redemption Rights" for additional information.

**If the net proceeds of the Initial Public Offering and the Concurrent Private Placement not being held in the Trust Account are insufficient, it could limit the amount available to fund our search for a target business or businesses and complete our Business Combination and we may be required to depend on the availability of loans from our sponsors, management team or strategic investor to fund our search for a Business Combination, to pay our franchise and income taxes and to complete our Business Combination. If we are unable to obtain these loans, we may be unable to complete our Business Combination.**

If the funds available to us outside the Trust Account are not sufficient to fund our working capital requirements, we may be required to borrow funds from our sponsors, management team, strategic investor or other third parties to operate or may be forced to liquidate. Other than working capital loans of \$1,460,000 which have been received through March 10, 2021 (\$1,000,000 of which was converted into working capital warrants), none of our sponsors or strategic investor, members of our management team or any of their affiliates is under any obligation to advance funds to us in such circumstances. Any such loans and advances would be repaid only from funds held outside the Trust Account or from funds released to us upon completion of our Business Combination. We do not expect to seek loans from parties other than our sponsors or strategic investor or an affiliate of our sponsors or strategic investor as we do not believe third parties will be willing to loan such funds and provide a waiver against any and all rights to seek access to funds in our Trust Account. If we are unable to obtain these loans, we may be unable to complete our Business Combination. If we are unable to complete our Business Combination because we do not have sufficient funds available to us, we will be forced to cease operations and liquidate the Trust Account. Consequently, our public stockholders may only receive approximately \$10.00 per share plus any pro rata interest earned on the funds held in the Trust Account and not previously released to us to pay our franchise and income taxes (less up to \$75,000 of interest to pay dissolution expenses) on our redemption of our public shares, and our warrants will expire worthless. In certain circumstances, our public stockholders may receive less than \$10.00 per share on the redemption of their shares. See "— If third parties bring claims against us, the proceeds held in the Trust Account could be reduced and the per-share redemption amount received by stockholders may be less than \$10.00 per share" and other risk factors below.

**We may be unable to obtain additional financing to complete our Business Combination or to fund the operations and growth of a target business, which could compel us to restructure or abandon a particular Business Combination.**

Although we believe that the net proceeds of the Initial Public Offering and Concurrent Private Placement, as well as the private placement made by our strategic investor, will be sufficient to allow us to complete our Business Combination, such aggregate net proceeds may not be sufficient to meet the capital requirements for our Business Combination. If the net proceeds of the Initial Public Offering and Concurrent Private Placement prove to be insufficient, either because of the size of our Business Combination, the depletion of the available net proceeds in search of a target business, the obligation to repurchase for cash a significant number of shares from stockholders who elect redemption in connection with our Business Combination or the terms of negotiated transactions to purchase shares in connection with our Business Combination, we may be required to seek additional financing or to abandon the proposed Business Combination. We cannot assure you that such financing will be available on acceptable terms, if at all. To the extent that additional financing proves to be unavailable when needed to complete our Business Combination, we would be compelled to either restructure the transaction or abandon that particular Business Combination and seek an alternative target business candidate. If we are unable to complete our Business Combination, our public stockholders may receive only approximately \$10.00 per share plus any pro rata interest earned on the funds held in the Trust Account and not previously released to us to pay our franchise and income taxes (less up to \$75,000 of interest to pay dissolution expenses) on the liquidation of our Trust Account and our warrants will expire worthless. In addition, even if we do not need additional financing to complete our Business Combination, we may require such financing to fund the operations or growth of the target business. The failure to secure additional financing could have a material adverse effect on the continued development or growth of the target business.

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25

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None of our officers, directors or stockholders is required to provide any financing to us in connection with or after our Business Combination. If we are unable to complete our Business Combination, our public stockholders may only receive approximately \$10.00 per share on the liquidation of our Trust Account, and our warrants will expire worthless.

### **Risks Related to Our Securities**

**You will not have any rights or interests in funds from the Trust Account, except under certain limited circumstances. To liquidate your investment, therefore, you may be forced to sell your public shares or warrants, potentially at a loss.**

Our public stockholders will be entitled to receive funds from the Trust Account only upon the earliest to occur of: (i) our completion of a Business Combination, (ii) the redemption of any public shares properly tendered in connection with a stockholder vote to amend our amended and restated certificate of incorporation to modify the substance or timing of our obligation to redeem 100% of our public shares if we do not complete our Business Combination during the Combination Period and (iii) the redemption of our public shares if we are unable to complete a Business Combination during the Combination Period, subject to applicable law and as further described herein. In addition, if we are unable to complete a Business Combination during the Combination Period for any reason, compliance with Delaware law may require that we submit a plan of dissolution to our then-existing stockholders for approval prior to the distribution of the proceeds held in our Trust Account. In that case, public stockholders may be forced to wait beyond during the Combination Period before they receive funds from our Trust Account. In no other circumstances will a public stockholder have any right or interest of any kind in the Trust Account. Accordingly, to liquidate your investment, you may be forced to sell your public shares or warrants, potentially at a loss.

**You will not be entitled to protections normally afforded to investors of many other blank check companies.**

Because we have net tangible assets in excess of \$5,000,000 and timely filed a Current Report on Form 8-K after the IPO Closing Date, including an audited balance sheet demonstrating this fact, we are exempt from rules promulgated by the SEC to protect stockholders in blank check companies, such as Rule 419. Accordingly, stockholders are not afforded the benefits or protections of those rules. Among other things, this means our Units were immediately tradable at the IPO Closing Date and we will have a longer period of time to complete our Business Combination than do companies subject to Rule 419. Moreover, if we were subject to Rule 419, that rule would prohibit the release of any interest earned on funds held in the Trust Account to us unless and until the funds in the Trust Account were released to us in connection with our completion of a Business Combination.

**If we seek stockholder approval of our Business Combination and we do not conduct redemptions pursuant to the tender offer rules, and if you or a “group” of stockholders are deemed to hold in excess of 20% of our common stock, you will lose the ability to redeem all such shares in excess of 20% of our common stock.**

If we seek stockholder approval of our Business Combination and we do not conduct redemptions in connection with our Business Combination pursuant to the tender offer rules, our amended and restated certificate of incorporation provides that a public stockholder, together with any affiliate of such stockholder or any other person with whom such stockholder is acting in concert or as a “group” (as defined under Section 13 of the Exchange Act), will be restricted from seeking redemption rights with respect to more than an aggregate of 20% of the public shares sold in the IPO, which we refer to as the “Excess Shares.” However, this does not restrict our stockholders’ ability to vote all of their shares (including Excess Shares) for or against our Business Combination. The inability to redeem the Excess Shares will reduce a stockholder’s influence over our ability to complete our Business Combination and could result in a stockholder suffering a material loss on investment if the stockholder sells Excess Shares in open market transactions. Additionally, redemption distributions will not be made with respect to the Excess Shares if we complete our Business Combination. As a result, such stockholder would continue to hold the Excess Shares and, in order to dispose of such shares, would be required to sell such stock in open market transactions, potentially at a loss.

26

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**Because of our limited resources and the significant competition for Business Combination opportunities, it may be more difficult for us to complete our Business Combination. If we are unable to complete our Business Combination, our public stockholders may receive only approximately \$10.00 per share on our redemption of our public shares, or less than such amount in certain circumstances, and our warrants will expire worthless.**

We expect to encounter intense competition from other entities having a business objective similar to ours, including private investors (which may be individuals or investment partnerships), other blank check companies and other entities, domestic and international, competing for the types of businesses we intend to acquire. Many of these individuals and entities are well-established and have extensive experience in identifying and effecting, directly or indirectly, acquisitions of companies operating in or providing services to various industries. Many of these competitors possess greater technical, human and other resources or more local industry knowledge than we do and our financial resources will be relatively limited when contrasted with those of many of these competitors. While we believe there are numerous target businesses we could potentially acquire with the net proceeds of the Initial Public Offering and the Concurrent Private Placement, our ability to compete with respect to the acquisition of certain target businesses that are sizable will be limited by our available financial resources. This inherent competitive limitation gives others an advantage in pursuing the acquisition of certain target businesses. Furthermore, because we are obligated to pay cash for the shares of common stock which our public stockholders redeem in connection with our Business Combination, target companies will be aware that this may reduce the resources available to us for our Business Combination. This may place us at a competitive disadvantage in successfully negotiating a Business Combination. If we are unable to complete our Business Combination, our public stockholders may receive only approximately \$10.00 per share on the liquidation of our Trust Account and our warrants will expire worthless. In certain circumstances, our public stockholders may receive less than \$10.00 per share upon our liquidation. See “— If third parties bring claims against us, the proceeds held in the Trust Account could be reduced and the per-share redemption amount received by stockholders may be less than \$10.00 per share” and other risk factors below.

**If the net proceeds of our Initial Public Offering and Concurrent Private Placement not being held in the Trust Account are insufficient to allow us to operate during the Combination Period, we may be unable to complete our Business Combination, in which case our public stockholders may only receive \$10.00 per share, or less than such amount in certain circumstances, and our warrants will expire worthless.**

As of December 31, 2020, we have \$49,202 available to us outside the Trust Account to fund our working capital requirements. The funds available to us outside of the Trust Account may not be sufficient to allow us to operate during the Combination Period assuming that our Business Combination is not completed during that time. Of the funds available to us, we could use a portion of the funds available to us to pay fees to consultants to assist us with our search for a target business. If we are unable to complete our Business Combination, our public stockholders may receive only approximately \$10.00 per share on the liquidation of our Trust Account and our warrants will expire worthless. In certain circumstances, our public stockholders may receive less than \$10.00 per share upon our liquidation. See “— If third parties bring claims against us, the proceeds held in the Trust Account could be reduced and the per-share redemption amount received by stockholders may be less than \$10.00 per share” and other risk factors below.

27

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**If third parties bring claims against us, the proceeds held in the Trust Account could be reduced and the per-share redemption amount received by stockholders may be less than \$10.00 per share.**

Our placing of funds in the Trust Account may not protect those funds from third-party claims against us. Although we will seek to have all vendors, service providers (other than our independent auditors), prospective target businesses or other entities with which we do business execute agreements with us waiving any right, title, interest or claim of any kind in or to any monies held in the Trust Account for the benefit of our public stockholders, such parties may not execute such agreements, or even if they execute such agreements they may not be prevented from bringing claims against the Trust Account, including, but not limited to, fraudulent inducement, breach of fiduciary responsibility

or other similar claims, as well as claims challenging the enforceability of the waiver, in each case in order to gain advantage with respect to a claim against our assets, including the funds held in the Trust Account. If any third party refuses to execute an agreement waiving such claims to the monies held in the Trust Account, our management will perform an analysis of the alternatives available to it and will only enter into an agreement with a third party that has not executed a waiver if management believes that such third party's engagement would be significantly more beneficial to us than any alternative.

Examples of possible instances where we may engage a third party that refuses to execute a waiver include the engagement of a third-party consultant whose particular expertise or skills are believed by management to be significantly superior to those of other consultants that would agree to execute a waiver or in cases where management is unable to find a service provider willing to execute a waiver. In addition, there is no guarantee that such entities will agree to waive any claims they may have in the future as a result of, or arising out of, any negotiations, contracts or agreements with us and will not seek recourse against the Trust Account for any reason. Upon redemption of our public shares, if we are unable to complete our Business Combination within the prescribed timeframe, or upon the exercise of a redemption right in connection with our Business Combination, we will be required to provide for payment of claims of creditors that were not waived that may be brought against us within the 10 years following redemption. Accordingly, the per-share redemption amount received by public stockholders could be less than \$10.00 per share (plus any pro rata interest earned on the funds held in the Trust Account and not previously released to us to pay our franchise and income taxes), due to claims of such creditors. Each sponsor has agreed that it will be liable to us, jointly and severally, if and to the extent any claims by a vendor (other than our independent public accountants) for services rendered or products sold to us, or a prospective target business with which we have discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account to below (i) \$10.00 per public share or (ii) such lesser amount per public share held in the Trust Account as of the date of the liquidation of the Trust Account due to reductions in the value of the trust assets, in each case net of the interest which may be withdrawn to pay our franchise and income tax obligations. This liability will not apply with respect to any claims by a third party who executed a waiver of any and all rights to seek access to the Trust Account and except as to any claims under our indemnity of the underwriters of our Initial Public Offering against certain liabilities, including liabilities under the Securities Act. Moreover, in the event that an executed waiver is deemed to be unenforceable against a third party, then our sponsors will not be responsible to the extent of any liability for such third-party claims. We have not independently verified whether each sponsor has sufficient funds to satisfy its indemnity obligations and believe that our sponsors' only substantive assets are securities of our company. We have not asked our sponsors to reserve for such indemnification obligations. Therefore, we cannot assure you that our sponsors would be able to satisfy those obligations. As a result, if any such claims were successfully made against the Trust Account, the funds available for our Business Combination and redemptions could be reduced to less than \$10.00 per public share. In such event, we may not be able to complete our Business Combination, and you would receive such lesser amount per share in connection with any redemption of your public shares. None of our officers or directors will indemnify us for claims by third parties including, without limitation, claims by vendors and prospective target businesses.

**Our directors may decide not to enforce the indemnification obligations of our sponsors, resulting in a reduction in the amount of funds in the Trust Account available for distribution to our public stockholders.**

In the event that the proceeds in the Trust Account are reduced below the lesser of (i) \$10.00 per public share or (ii) such lesser amount per share held in the Trust Account as of the date of the liquidation of the Trust Account due to reductions in the value of the trust assets, in each case net of the interest which may be withdrawn to pay our franchise and income tax obligations, and each sponsor asserts that it is unable to satisfy its obligations or that it has no indemnification obligations related to a particular claim, our independent directors would determine whether to take legal action against our sponsors to enforce their indemnification obligations.

While we currently expect that our independent directors would take legal action on our behalf against our sponsors to enforce their indemnification obligations to us, it is possible that our independent directors in exercising their business judgment may choose not to do so if, for example, the cost of such legal action is deemed by the independent directors to be too high relative to the amount recoverable or if the independent directors determine that a favorable outcome is not likely. If our independent directors choose not to enforce these indemnification obligations, the amount of funds in the Trust Account available for distribution to our public stockholders may be reduced below \$10.00 per share.

**If, after we distribute the proceeds in the Trust Account to our public stockholders, we file a bankruptcy petition or an involuntary bankruptcy petition is filed against us that is not dismissed, a bankruptcy court may seek to recover such proceeds, and we and our board may be exposed to claims of punitive damages.**

If, after we distribute the proceeds in the Trust Account to our public stockholders, we file a bankruptcy petition or an involuntary bankruptcy petition is filed against us that is not dismissed, any distributions received by stockholders could be viewed under applicable debtor/creditor and/or bankruptcy laws as either a "preferential transfer" or a "fraudulent conveyance." As a result, a bankruptcy court could seek to recover all amounts received by our stockholders. In addition, our board of directors may be viewed as having breached its fiduciary duty to our creditors and/or having acted in bad faith, thereby exposing itself and us to claims of punitive damages, by paying public stockholders from the Trust Account prior to addressing the claims of creditors.

**If, before distributing the proceeds in the Trust Account to our public stockholders, we file a bankruptcy petition or an involuntary bankruptcy petition is filed against us that is not dismissed, the claims of creditors in such proceeding may have priority over the claims of our stockholders and the per-share amount that would otherwise be received by our stockholders in connection with our liquidation may be reduced.**

If, before distributing the proceeds in the Trust Account to our public stockholders, we file a bankruptcy petition or an involuntary bankruptcy petition is filed against us that is not dismissed, the proceeds held in the Trust Account could be subject to applicable bankruptcy law, and may be included in our bankruptcy estate and subject to the claims of third parties with priority over the claims of our stockholders. To the extent any bankruptcy claims deplete the Trust Account, the per-share amount that would otherwise be received by our stockholders in connection with our liquidation may be reduced.

**If we are deemed to be an investment company under the Investment Company Act, we may be required to institute burdensome compliance requirements and our activities may be restricted, which may make it difficult for us to complete our business combination.**

If we are deemed to be an investment company under the Investment Company Act, our activities may be restricted, including:

- restrictions on the nature of our investments; and
- restrictions on the issuance of securities, each of which may make it difficult for us to complete our Business Combination.

In addition, we may have imposed upon us burdensome requirements, including:

- registration as an investment company;
- adoption of a specific form of corporate structure; and
- reporting, record keeping, voting, proxy and disclosure requirements and other rules and regulations.

In order not to be regulated as an investment company under the Investment Company Act, unless we can qualify for an exclusion, we must ensure that we are engaged primarily in a business other than investing, reinvesting or trading in securities and that our activities do not include investing, reinvesting, owning, holding or trading "investment securities" constituting more than 40% of our total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. Our business will be to identify and complete a Business Combination and thereafter to operate the post-transaction business or assets for the long term. We do not plan to buy businesses or assets with a view to resale or profit from their resale. We do not plan to buy unrelated businesses or assets or to be a passive investor.

We do not believe that our anticipated principal activities will subject us to the Investment Company Act. To this end, the proceeds held in the Trust Account may only be invested in United States “government securities” within the meaning of Section 2(a) (16) of the Investment Company Act having a maturity of 180 days or less or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act which invest only in direct U.S. government treasury obligations. Pursuant to the trust agreement, the trustee is not permitted to invest in other securities or assets. By restricting the investment of the proceeds to these instruments, and by having a business plan targeted at acquiring and growing businesses for the long term (rather than on buying and selling businesses in the manner of a merchant bank or private equity fund), we intend to avoid being deemed an “investment company” within the meaning of the Investment Company Act. The Trust Account is intended as a holding place for funds pending the earliest to occur of: (i) the completion of our primary business objective, which is a Business Combination; (ii) the redemption of any public shares properly tendered in connection with a stockholder vote to amend our amended and restated certificate of incorporation to modify the substance or timing of our obligation to redeem 100% of our public shares if we do not complete our Business Combination during the Combination Period; or (iii) absent a Business Combination, our return of the funds held in the Trust Account to our public stockholders as part of our redemption of the public shares. If we do not invest the proceeds as discussed above, we may be deemed to be subject to the Investment Company Act. If we were deemed to be subject to the Investment Company Act, compliance with these additional regulatory burdens would require additional expenses for which we have not allotted funds and may hinder our ability to complete a Business Combination. If we are unable to complete our Business Combination, our public stockholders may receive only approximately \$10.00 per share on the liquidation of our Trust Account and our warrants will expire worthless.

**Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect our business, investments and results of operations.**

We are subject to laws, regulations and rules enacted by national, regional and local governments and Nasdaq. In particular, we will be required to comply with certain SEC and other legal requirements or regulations. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time and those changes could have a material adverse effect on our business, investments and results of operations. In addition, a failure to comply with applicable laws or regulations, as interpreted and applied, could have a material adverse effect on our business and results of operations.

**Our stockholders may be held liable for claims by third parties against us to the extent of distributions received by them upon redemption of their shares.**

Under the DGCL, stockholders may be held liable for claims by third parties against a corporation to the extent of distributions received by them in a dissolution. The pro rata portion of our Trust Account distributed to our public stockholders upon the redemption of our public shares in the event we do not complete our Business Combination during the Combination Period may be considered a liquidating distribution under Delaware law. If a corporation complies with certain procedures set forth in Section 280 of the DGCL intended to ensure that it makes reasonable provision for all claims against it, including a 60-day notice period during which any third-party claims can be brought against the corporation, a 90-day period during which the corporation may reject any claims brought, and an additional 150-day waiting period before any liquidating distributions are made to stockholders, any liability of stockholders with respect to a liquidating distribution is limited to the lesser of such stockholder’s pro rata share of the claim or the amount distributed to the stockholder, and any liability of the stockholder would be barred after the third anniversary of the dissolution. However, it is our intention to redeem our public shares as soon as reasonably possible following during the Combination Period in the event we do not complete our Business Combination and, therefore, we do not intend to comply with the foregoing procedures.

Because we will not be complying with Section 280, Section 281(b) of the DGCL requires us to adopt a plan, based on facts known to us at such time that will provide for our payment of all existing and pending claims or claims that may be potentially brought against us within the 10 years following our dissolution. However, because we are a blank check company, rather than an operating company, and our operations will be limited to searching for prospective target businesses to acquire, the only likely claims to arise would be from our vendors (such as lawyers, investment bankers, etc.) or prospective target businesses. If our plan of distribution complies with Section 281(b) of the DGCL, any liability of stockholders with respect to a liquidating distribution is limited to the lesser of such stockholder’s pro rata share of the claim or the amount distributed to the stockholder, and any liability of the stockholder would likely be barred after the third anniversary of the dissolution. We cannot assure you that we will properly assess all claims that may be potentially brought against us. Further, stockholders will not know at the time of dissolution the scope of potential claims against us. As such, our stockholders could potentially be liable for any claims to the extent of distributions received by them (but no more) and any liability of our stockholders may extend beyond the third anniversary of such date. Furthermore, if the pro rata portion of our Trust Account distributed to our public stockholders upon the redemption of our public shares in the event we do not complete our Business Combination during the Combination Period is not considered a liquidating distribution under Delaware law and such redemption distribution is deemed to be unlawful, then pursuant to Section 174 of the DGCL, the statute of limitations for claims of creditors could then be six years after the unlawful redemption distribution, instead of three years, as in the case of a liquidating distribution.

**We are not registering the shares of common stock issuable upon exercise of the warrants under the Securities Act or any state securities laws at this time, and such registration may not be in place when an investor desires to exercise warrants, thus precluding such investor from being able to exercise its warrants except on a cashless basis and potentially causing such warrants to expire worthless.**

We are not registering the shares of common stock issuable upon exercise of the warrants under the Securities Act or any state securities laws at this time. However, under the terms of the warrant agreement, we have agreed to use our best efforts to file a registration statement under the Securities Act covering such shares and maintain a current prospectus relating to the common stock issuable upon exercise of the warrants, until the expiration of the warrants in accordance with the provisions of the warrant agreement. We cannot assure you that we will be able to do so if, for example, any facts or events arise which represent a fundamental change in the information set forth in the registration statement or prospectus, the financial statements contained or incorporated by reference therein are not current or correct or the SEC issues a stop order. If the shares issuable upon exercise of the warrants are not registered under the Securities Act, we will be required to permit holders to exercise their warrants on a cashless basis. However, no warrant will be exercisable for cash or on a cashless basis, and we will not be obligated to issue any shares to holders seeking to exercise their warrants, unless the issuance of the shares upon such exercise is registered or qualified under the securities laws of the state of the exercising holder, or an exemption from registration is available. Notwithstanding the above, if our common stock is at the time of any exercise of a warrant not listed on a national securities exchange such that it satisfies the definition of a “covered security” under Section 18(b)(1) of the Securities Act, we may, at our option, require holders of public warrants who exercise their warrants to do so on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act and, in the event we so elect, we will not be required to file or maintain in effect a registration statement, but we will be required to use our best efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available. In no event will we be required to net cash settle any warrant, or issue securities or other compensation in exchange for the warrants in the event that we are unable to register or qualify the shares underlying the warrants under applicable state securities laws and there is no exemption available. If the issuance of the shares upon exercise of the warrants is not so registered or qualified or exempt from registration or qualification, the holder of such warrant shall not be entitled to exercise such warrant and such warrant may have no value and expire worthless. In such event, holders who acquired their warrants as part of a purchase of units will have paid the full unit purchase price solely for the shares of common stock included in the units. If and when the warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying shares of common stock for sale under all applicable state securities laws.

**The grant of registration rights to our initial stockholders may make it more difficult to complete our Business Combination, and the future exercise of such rights may adversely affect the market price of our common stock.**

Pursuant to an agreement entered into on the IPO Closing Date, our initial stockholders and our strategic investor and their permitted transferees can demand that we register their founder shares, the shares issuable pursuant to the contingent forward purchase contract, the shares of common stock issuable upon exercise of the warrants pursuant to the contingent forward purchase contract, the private placement warrants and the shares of common stock issuable upon exercise of the private placement warrants held by them and holders of warrants that may be issued upon conversion of working capital loans may demand that we register such warrants or the common stock issuable upon exercise of such warrants. In addition, given that the lock-up period on the founder shares is potentially shorter than most other blank check companies, these shares may become registered and available for sale sooner than founder shares in such other companies. We will bear the cost of registering these securities. The registration and availability of such a significant number of securities for trading in the public market may have an adverse effect on the market price of our common stock. In addition, the existence of the registration rights may make our Business Combination more costly or difficult to conclude. This is because the stockholders of the target business may increase the equity stake they seek in the combined entity or ask for more cash consideration to offset the negative impact on the market price of our common stock that is expected when the securities owned by our initial stockholders or holders of working capital loans or their respective permitted transferees are registered.

**We do not have a specified maximum redemption threshold. The absence of such a redemption threshold may make it possible for us to complete a Business Combination with which a substantial majority of our stockholders do not agree.**

Our amended and restated certificate of incorporation does not provide a specified maximum redemption threshold, except that in no event will we redeem our public shares in an amount that would cause our net tangible assets to be less than \$5,000,001 (such that we are not subject to the SEC's "penny stock" rules) or any greater net tangible asset or cash requirement which may be contained in the agreement relating to our Business Combination. As a result, we may be able to complete our Business Combination even though a substantial majority of our public stockholders do not agree with the transaction and have redeemed their shares or, if we seek stockholder approval of our Business Combination and do not conduct redemptions in connection with our Business Combination pursuant to the tender offer rules, have entered into privately negotiated agreements to sell their shares to our sponsors, strategic investor, officers, directors, advisors or their affiliates. In the event the aggregate cash consideration we would be required to pay for all shares of common stock that are validly submitted for redemption plus any amount required to satisfy cash conditions pursuant to the terms of the proposed Business Combination exceed the aggregate amount of cash available to us, we will not complete the Business Combination or redeem any shares, all shares of common stock submitted for redemption will be returned to the holders thereof, and we instead may search for an alternate Business Combination.

**The exercise price for the public warrants is higher than in many similar blank check company offerings in the past, and, accordingly, the warrants are more likely to expire worthless.**

The exercise price of the public warrants is higher than is typical in many similar blank check companies in the past. Historically, the exercise price of a warrant was generally a fraction of the purchase price of the units in the initial public offering. The exercise price for our public warrants is \$11.50 per share. As a result, the warrants are less likely to ever be in the money and more likely to expire worthless.

**In order to effectuate our Business Combination, we may seek to amend our amended and restated certificate of incorporation or governing instruments in a manner that will make it easier for us to complete our Business Combination but that our stockholders may not support.**

In order to effectuate a Business Combination, blank check companies have, in the recent past, amended various provisions of their charters and modified governing instruments. For example, blank check companies have amended the definition of Business Combination, increased redemption thresholds and changed industry focus. We cannot assure you that we will not seek to amend our charter or governing instruments in order to effectuate our Business Combination.

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32

**The provisions of our amended and restated certificate of incorporation that relate to our pre-Business Combination activity (and corresponding provisions of the agreement governing the release of funds from our Trust Account) may be amended with the approval of holders of 65% of our common stock, which is a lower amendment threshold than that of some other blank check companies. It may be easier for us, therefore, to amend our amended and restated certificate of incorporation and the trust agreement to facilitate the completion of a Business Combination that some of our stockholders may not support.**

Some other blank check companies have a provision in their charter that prohibits the amendment of certain of its provisions, including those which relate to a company's pre-Business Combination activity, without approval by a certain percentage of the company's stockholders. In those companies, amendment of these provisions requires approval by between 90% and 100% of the company's public stockholders. Our amended and restated certificate of incorporation provides that any of its provisions related to pre-Business Combination activity (including the requirement to deposit proceeds of our Initial Public Offering and the Concurrent Private Placement into the Trust Account and not release such amounts except in specified circumstances, and to provide redemption rights to public stockholders as described herein) may be amended if approved by holders of 65% of our common stock entitled to vote thereon, and corresponding provisions of the trust agreement governing the release of funds from our Trust Account may be amended if approved by holders of 65% of our common stock entitled to vote thereon. In all other instances, our amended and restated certificate of incorporation may be amended by holders of a majority of our outstanding common stock entitled to vote thereon, subject to applicable provisions of the DGCL or applicable stock exchange rules. Our initial stockholders, who collectively beneficially own founder shares representing approximately 21% of our common stock, will participate in any vote to amend our amended and restated certificate of incorporation and/or trust agreement and will have the discretion to vote in any manner they choose. As a result, we may be able to amend the provisions of our amended and restated certificate of incorporation which govern our pre-Business Combination behavior more easily than some other blank check companies, and this may increase our ability to complete a Business Combination with which you do not agree. Our stockholders may pursue remedies against us for any breach of our amended and restated certificate of incorporation.

Our sponsors, strategic investor, officers and directors have agreed, pursuant to a written agreement with us, that they will not propose any amendment to our amended and restated certificate of incorporation that would affect the substance or timing of our obligation to redeem 100% of our public shares if we do not complete our Business Combination during the Combination Period, unless we provide our public stockholders with the opportunity to redeem their shares of common stock upon approval of any such amendment at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, divided by the number of then outstanding public shares. These agreements are contained in a letter agreement that we have entered into with initial stockholders. Our stockholders are not parties to, or third-party beneficiaries of, these agreements and, as a result, will not have the ability to pursue remedies against our sponsors, strategic investor, officers or directors for any breach of these agreements. As a result, in the event of a breach, our stockholders would need to pursue a stockholder derivative action, subject to applicable law.

**Our initial stockholders may exert a substantial influence on actions requiring a stockholder vote, potentially in a manner that you do not support.**

As of December 31, 2020, our initial stockholders own founder shares representing approximately 80.3% of our issued and outstanding shares of common stock and our strategic investor owns an additional 1,000,000 public shares (which were acquired as part of units purchased in our Initial Public Offering), representing aggregate ownership of 96.4% of the outstanding shares of common stock. Accordingly, our initial stockholders may exert a substantial influence on actions requiring a stockholder vote, potentially in a manner that you do not support, including amendments to our amended and restated certificate of incorporation and approval of major corporate transactions. If our initial stockholders purchase any additional shares of common stock in the open market or in privately negotiated transactions, this would increase their control. Factors that would be considered in making such additional purchases would include consideration of the current trading price of our common stock. In addition, because of their ownership position, our initial stockholders will continue to have considerable influence on elections for our boards of directors and will continue to exert control at least until the completion of our Business Combination.

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33

**We may amend the terms of the warrants in a manner that may be adverse to holders with the approval by the holders of at least 50% of the then outstanding public**

**warrants. As a result, the exercise price of your warrants could be increased, the exercise period could be shortened and the number of shares of our common stock purchasable upon exercise of a warrant could be decreased, all without your approval.**

Our warrants were issued in registered form under a warrant agreement between Continental Stock Transfer & Trust Company, as warrant agent, and us. The warrant agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of at least 50% of the then outstanding public warrants to make any change that adversely affects the interests of the registered holders. Accordingly, we may amend the terms of the public warrants in a manner adverse to a holder if holders of at least 50% of the then outstanding public warrants approve of such amendment. Although our ability to amend the terms of the public warrants with the consent of at least 50% of the then outstanding public warrants is unlimited, examples of such amendments could be amendments to, among other things, increase the exercise price of the warrants, shorten the exercise period or decrease the number of shares of our common stock purchasable upon exercise of a warrant.

**We may redeem your unexpired warrants prior to their exercise at a time that is disadvantageous to you, thereby making your warrants worthless.**

We have the ability to redeem outstanding warrants at any time after they become exercisable and prior to their expiration, at a price of \$0.01 per warrant, provided that the last reported sales price of our common stock equals or exceeds \$18.00 per share for any 20 trading days within a 30 trading-day period ending on the third trading day prior to the date on which we give proper notice of such redemption and provided certain other conditions are met. If and when the warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding warrants could force you (i) to exercise your warrants and pay the exercise price therefor at a time when it may be disadvantageous for you to do so, (ii) to sell your warrants at the then-current market price when you might otherwise wish to hold your warrants or (iii) to accept the nominal redemption price of \$0.01 per warrant which, at the time the outstanding warrants are called for redemption, is likely to be substantially less than the market value of your warrants. None of the private placement warrants will be redeemable by us so long as they are held by their initial purchasers or their permitted transferees.

**Our warrants and founder shares may have an adverse effect on the market price of our common stock and make it more difficult to effectuate our Business Combination.**

We issued warrants to purchase 10,000,000 shares of our common stock as part of the units offered in our Initial Public Offering and we issued warrants to purchase an aggregate of 6,825,000 shares of common stock at \$11.50 per share in the Concurrent Private Placement. Our initial stockholders currently own an aggregate of 5,000,000 founder shares. In addition, our sponsors or strategic investor made working capital loans in the aggregate amount of \$1,460,000, as of March 10, 2021, of which \$1,000,000 has been converted to warrants and an additional \$460,000 loans may be converted into warrants, at the price of \$1.00 per warrant at the option of the lender. Such warrants would be identical to the private placement warrants, including as to exercise price, exercisability and exercise period. In addition, we issued to GTWY Holdings Limited warrants to purchase 566,288 shares of LACQ common stock in exchange for previously outstanding loans under the GTWY Expense Advancement Agreement.

To the extent we issue shares of common stock to effectuate a Business Combination, the potential for the issuance of a substantial number of additional shares of common stock upon exercise of these warrants and conversion rights could make us a less attractive acquisition vehicle to a target business. Any such issuance will increase the number of issued and outstanding shares of our common stock and reduce the value of the shares of common stock issued to complete the Business Combination. Therefore, our warrants and founder shares may make it more difficult to effectuate a Business Combination or increase the cost of acquiring the target business.

The private placement warrants are identical to the warrants sold as part of the units in our Initial Public Offering except that, so long as they are held by their initial purchasers or their permitted transferees, (i) they will not be redeemable by us, (ii) they (including the common stock issuable upon exercise of these warrants) may not, subject to certain limited exceptions, be transferred, assigned or sold by such purchasers until 30 days after the completion of our Business Combination, (iii) they may be exercised by the holders on a cashless basis and (iv) are subject to registration rights.

**Because each unit contains one-half of one warrant and only a whole warrant may be exercised, the units may be worth less than units of other blank check companies.**

Each unit contains one-half of one warrant. Because, pursuant to the warrant agreement, the warrants may only be exercised for a whole number of shares, only a whole warrant may be exercised at any given time. This is different from other offerings similar to ours whose units include one share of common stock and one warrant to purchase one whole share. We have established the components of the units in this way in order to reduce the dilutive effect of the warrants upon completion of a Business Combination since the warrants will be exercisable in the aggregate for one-half of the number of shares compared to units that each contain a warrant to purchase one whole share, thus making us, we believe, a more attractive merger partner for target businesses. Nevertheless, this unit structure may cause our units to be worth less than if they included a warrant to purchase one whole share.

**Because we must furnish our stockholders with target business financial statements, we may lose the ability to complete an otherwise advantageous Business Combination with some prospective target businesses.**

The federal proxy rules require that a proxy statement with respect to a vote on a Business Combination meeting certain financial significance tests include target historical and/or pro forma financial statement disclosure in periodic reports. We will include the same financial statement disclosure in connection with our tender offer documents, whether or not they are required under the tender offer rules. These financial statements may be required to be prepared in accordance with, or be reconciled to, GAAP or IFRS depending on the circumstances and the historical financial statements may be required to be audited in accordance with the standards of the PCAOB. These financial statement requirements may limit the pool of potential target businesses we may acquire because some targets may be unable to provide such financial statements in time for us to disclose such financial statements in accordance with federal proxy rules and complete our Business Combination within the prescribed time frame.

**We are an emerging growth company within the meaning of the Securities Act, as well as a smaller reporting company within the meaning of the Securities Act, and if we take advantage of certain exemptions from disclosure requirements available to emerging growth companies or smaller reporting companies, this could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies.**

We are an “emerging growth company” within the meaning of the Securities Act, as modified by the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result, our stockholders may not have access to certain information they may deem important. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if the market value of our common stock held by non-affiliates exceeds \$700 million as of any June 30 before that time, in which case we would no longer be an emerging growth company as of the following December 31. We cannot predict whether investors will find our securities less attractive because we will rely on these exemptions. If some investors find our securities less attractive as a result of our reliance on these exemptions, the trading prices of our securities may be lower than they otherwise would be, there may be a less active trading market for our securities and the trading prices of our securities may be more volatile.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. We have elected not to opt out of such

extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Additionally, we qualify as a “smaller reporting company” as defined in Item 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We will remain a smaller reporting company until the last day of the fiscal year in which (i) the market value of common stock held by non-affiliates exceeds \$250 million as of the end of that year’s second fiscal quarter, or (ii) our annual revenues exceeded \$100 million during such completed fiscal year and the market value of common stock held by non-affiliates exceeds \$700 million as of the end of that year’s second fiscal quarter. To the extent we take advantage of such reduced disclosure obligations, we may also make comparison of its financial statements with other public companies difficult or impossible.

***Certain of our warrants are accounted for as liabilities and the changes in value of our warrants could have a material effect on our financial results.***

On April 12, 2021, the Acting Director of the Division of Corporation Finance and Acting Chief Accountant of the SEC together issued a statement regarding the accounting and reporting considerations for warrants issued by special purpose acquisition companies entitled “Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies (“SPACs”)” (the “SEC Statement”). Specifically, the SEC Statement focused on certain settlement terms and provisions related to certain tender offers following a business combination, which terms are similar to those contained in the warrant agreement governing our warrants. As a result of the SEC Statement, we reevaluated the accounting treatment of our 10,000,000 public warrants and 7,825,001 private warrants, and determined to classify the private warrants as derivative liabilities measured at fair value, with changes in fair value each period reported in earnings.

As a result, included on our consolidated balance sheet as of December 31, 2020 contained elsewhere in this Annual Report are derivative liabilities related to embedded features contained within our private warrants. Accounting Standards Codification 815, Derivatives and Hedging (“ASC 815”), provides for the remeasurement of the fair value of such derivatives at each balance sheet date, with a resulting non-cash change in the fair value being recognized in earnings in the statement of operations. As a result of the recurring fair value measurement, our consolidated financial statements and results of operations would fluctuate quarterly, based on factors which are outside of our control. Due to the recurring fair value measurement, this would require us to recognize non-cash gains or losses on our warrants each reporting period and that the amount of such gains or losses could be material. See “—While LACQ has determined that its public warrants should be classified as equity and its private warrants will be treated as equity on a pro forma basis, due to the uncertainty with respect to classification of warrants issued by SPACs as equity or indebtedness, there can be no assurance that future guidance might not require LACQ to change its position and restate its financial statements and have other adverse consequences.”

***We have identified a material weakness in our internal control over financial reporting as of December 31, 2020. If we are unable to develop and maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and operating results.***

Following this issuance of the SEC Statement, on May 13, 2021, after consultation with our independent registered public accounting firm, our management and our audit committee concluded that, in light of the SEC Statement, it was appropriate to restate our previously issued audited financial statements as of and for the period ended December 31, 2020 (the “Restatement”). See “—Certain of Our warrants are accounted for as liabilities and the changes in value of our warrants could have a material effect on our financial results.” As part of such process, we identified a material weakness in our internal controls over financial reporting.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented, or detected and corrected on a timely basis.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. We continue to evaluate steps to remediate the material weakness. These remediation measures may be time consuming and costly and there is no assurance that these initiatives will ultimately have the intended effects.

If we identify any new material weaknesses in the future, any such newly identified material weakness could limit our ability to prevent or detect a misstatement of our accounts or disclosures that could result in a material misstatement of our annual or interim financial statements. In such case, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, investors may lose confidence in our financial reporting and our stock price may decline as a result. We cannot assure you that the measures we have taken to date, or any measures we may take in the future, will be sufficient to avoid potential future material weaknesses.

***We may face litigation and other risks as a result of the material weakness in our internal control over financial reporting.***

Following the issuance of the SEC Statement, after consultation with our independent registered public accounting firm, our management and our audit committee concluded that it was appropriate to restate our previously issued audited financial statements as of December 31, 2020 and for the period from September 11, 2017 (inception) through December 31, 2020. See “—Certain of our warrants are accounted for as liabilities and the changes in value of our warrants could have a material effect on our financial results.” As part of the Restatement, we identified a material weakness in our internal controls over financial reporting.

As a result of such material weakness, the Restatement, the change in accounting for the warrants, and other matters raised or that may in the future be raised by the SEC, we face the potential for litigation or other disputes which may include, among others, claims invoking the federal and state securities laws, contractual claims or other claims arising from the Restatement and material weaknesses in our internal control over financial reporting and the preparation of our financial statements. As of the date of this Annual Report, we have no knowledge of any such litigation or dispute. However, we can provide no assurance that such litigation or dispute will not arise in the future. Any such litigation or dispute, whether successful or not, could have a material adverse effect on our business, results of operations and financial condition or our ability to complete our proposed business combination with Envsysec.

***While LACQ has determined that its public warrants should be classified as equity and its private warrants will be treated as equity on a pro forma basis, due to the uncertainty with respect to classification of warrants issued by SPACs as equity or indebtedness, there can be no assurance that future guidance might not require LACQ to change its position and restate its financial statements and have other adverse consequences.***

While LACQ’s financial statements have been restated to classify its private warrants as liabilities, it has determined that it is appropriate to continue to classify its public warrants as equity. LACQ reviewed the terms of the warrant agreement related to its public warrants and concluded that they do not include any provision requiring the public warrants to be classified as liabilities. In this respect, it should be noted that the warrant agreement includes a provision that in the event of a tender or exchange offer made to and accepted by holders of more than 50% of the outstanding shares of a single class of common shares, all holders of the warrants could be entitled to receive cash for their warrants (the “tender offer provision”). This tender offer provision is similar to one of the examples referred to in the SEC Statement as a basis for concluding that warrants issued by a SPAC should be classified as liabilities and not equity. LACQ has concluded that, while the SEC Statement did not expressly refer to a multi-class structure (such as a structure where a SPAC had two classes of common stock), the SEC Statement with respect to a tender offer provision in a warrant agreement applied to a multi-class structure (such as a Class A and Class B structure) and not a single class structure like LACQ’s. Certain other SPACs, including those with single class structures, have taken

different approaches in their recent public filings with the SEC and have classified similar warrants as liabilities.

LACQ classified its private warrants as liabilities because they provide for potential changes to the settlement amounts dependent upon the characteristics of the holder of the warrant (i.e., certain rights differ if the warrants are held by the original holder and its permitted transferees or by a subsequent transferee). Prior to the closing of the business combination with Ensysce, LACQ intends to enter into exchange agreements with the holders of its private warrants under which each holder will exchange its private warrants for warrants on the same terms as the private warrants, except that they are non-transferable except to certain permitted transferees. (who under the terms of the warrants have the same rights as the initial holder). LACQ believes that as a result of the exchange agreements which LACQ intends to enter into, the private warrants would be appropriately classified as equity and not liabilities subsequent to the date of such agreements.

The classification of any of the warrants as a liability would reduce LACQ's net tangible assets below \$5,000,001, which could prevent LACQ from redeeming any of the LACQ common stock under the provision in its charter that provides that LACQ shall not redeem or repurchase any LACQ common stock to the extent that such redemption would result in LACQ's failure to have net tangible assets in excess of \$5 million and would prevent LACQ from closing the transaction with Ensysce. However, LACQ believes that, as result of the exchange agreements LACQ intends to enter into with the holders of the private warrants, it will have net tangible assets in an amount exceeding \$5 million at the time of the closing. In addition, If LACQ were required to treat any of its warrants as liabilities, it would reduce its stockholders' equity and could result in the LACQ shares not meeting the continued or initial listing requirements of Nasdaq and could affect our ability to close the proposed transaction with Ensysce. See "We could be delisted from Nasdaq and may become subject to "penny stock" rules, which could damage our reputation and the ability of investors to sell their shares."

The accounting treatment of warrants issued by SPACs is subject to substantial uncertainty and there can be no assurance that, either prior to or subsequent to the business combination, future guidance might not require LACQ to change its position and restate its financial statements or treat its private warrants as liabilities on a pro forma basis, which could have a material adverse effect on LACQ.

***We could be delisted from Nasdaq and may become subject to "penny stock" rules, which could damage our reputation and the ability of investors to sell their shares and could affect our ability to close the proposed transaction with Ensysce.***

The closing of transaction with Ensysce is not conditioned on listing of the post-combination company on Nasdaq. As a result of the treatment of the private warrants as liabilities, we do not satisfy the initial listing requirements, which we must meet upon the closing of our business combination with Ensysce. If the LACQ common stock is delisted by Nasdaq, the LACQ common stock may be eligible for quotation on an over-the-counter quotation system or on the pink sheets. While LACQ believes that the waiver by the holders of its private warrants of their right to transfer the private warrants will result in the private warrants being classified as equity on a pro forma basis and result in LACQ being in compliance with the Nasdaq's minimum stockholders' equity requirements, there can be no assurance that the LACQ common stock will be approved for listing on completion of the business combination with Ensysce or maintain its listing on Nasdaq which could have a material adverse effect on LACQ..

Upon any delisting, our common stock could become subject to the regulations of the SEC relating to the market for penny stocks. Penny stocks are securities with a price of less than \$5.00 per share unless (i) the securities are traded on a "recognized" national exchange or (ii) the issuer has net tangible assets less than \$2,000,000 (if the issuer has been in continuous operation for at least three years) or \$5,000,000 (if in continuous operation for less than three years), or with average annual revenues of less than \$6,000,000 for the last three years.

The procedures applicable to penny stocks requires a broker-dealer to (i) obtain from the investor information concerning his financial situation, investment experience and investment objectives; (ii) reasonably determine, based on that information, that transactions in penny stocks are suitable for the investor and that the investor has sufficient knowledge and experience as to be reasonably capable of evaluating the risks of penny stock transactions; (iii) provide the investor with a written statement setting forth the basis on which the broker-dealer made the determination in (ii) above; and (iv) receive a signed and dated copy of such statement from the investor, confirming that it accurately reflects the investor's financial situation, investment experience and investment objectives. The regulations applicable to penny stocks may severely affect the market liquidity for our common stock and could limit the ability of stockholders to sell the LACQ common stock in the secondary market.

**Compliance obligations under the Sarbanes-Oxley Act may make it more difficult for us to effectuate our Business Combination, require substantial financial and management resources, and increase the time and costs of completing an acquisition.**

Section 404 of the Sarbanes-Oxley Act requires that we evaluate and report on our system of internal controls. As long as we maintain our status as an "emerging growth company," we will not be required to comply with the independent registered public accounting firm attestation requirement on our internal control over financial reporting. The fact that we are a blank check company makes compliance with the requirements of the Sarbanes-Oxley Act particularly burdensome on us as compared to other public companies because a target company with which we seek to complete our Business Combination may not be in compliance with the provisions of the Sarbanes-Oxley Act regarding adequacy of its internal controls. The development of the internal control of any such entity to achieve compliance with the Sarbanes-Oxley Act may increase the time and costs necessary to complete any such acquisition.

**Provisions in our amended and restated certificate of incorporation and Delaware law may inhibit a takeover of us, which could limit the price investors might be willing to pay in the future for our common stock and could entrench management.**

Our amended and restated certificate of incorporation contains provisions that may discourage unsolicited takeover proposals that stockholders may consider to be in their best interests. These provisions include a staggered board of directors and the ability of the board of directors to designate the terms of and issue new series of preferred shares, which may make the removal of management more difficult and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities.

We are also subject to anti-takeover provisions under Delaware law, which could delay or prevent a change of control. Together these provisions may make the removal of management more difficult and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities.

**If we effect our Business Combination with a company with operations or opportunities outside of the United States, we would be subject to a variety of additional risks that may negatively impact our operations.**

If we effect our Business Combination with a company with operations or opportunities outside of the United States, we would be subject to any special considerations or risks associated with companies operating in an international setting, including any of the following:

- higher costs and difficulties inherent in managing cross-border business operations and complying with different commercial and legal requirements of overseas markets;
- rules and regulations regarding currency redemption;
- complex corporate withholding taxes on individuals;
- laws governing the manner in which future Business Combinations may be effected;
- tariffs and trade barriers;



- regulations related to customs and import/export matters;
- longer payment cycles and challenges in collecting accounts receivable;

- tax issues, such as tax law changes and variations in tax laws as compared to the United States;
- currency fluctuations and exchange controls;
- rates of inflation;
- cultural and language differences;
- employment regulations;
- crime, strikes, riots, civil disturbances, terrorist attacks, natural disasters and wars;
- deterioration of political relations with the United States; and
- government appropriations of assets.

We may not be able to adequately address these additional risks. If we were unable to do so, our operations might suffer, which may adversely impact our results of operations and financial condition.

#### **Risks Related to the Company after a Business Combination**

**Subsequent to the completion of our Business Combination, we may be required to take write-downs or write-offs, restructuring and impairment or other charges that could have a significant negative effect on our financial condition, results of operations and our stock price, which could cause you to lose some or all of your investment.**

Even if we conduct extensive due diligence on a target business with which we combine, we cannot assure you that this diligence will surface all material issues that may be present inside a particular target business, that it would be possible to uncover all material issues through a customary amount of due diligence, or that factors outside of the target business and outside of our control will not later arise. As a result of these factors, we may be forced to later write-down or write-off assets, restructure our operations, or incur impairment or other charges that could result in our reporting losses. Even if our due diligence successfully identifies certain risks, unexpected risks may arise and previously known risks may materialize in a manner not consistent with our preliminary risk analysis. Even though these charges may be non-cash items and would not have an immediate impact on our liquidity, unexpected risks may arise and previously known risks may materialize in a manner not consistent with LACQ's risk analysis. Even though some of these charges may be non-cash items and not have an immediate impact on LACQ's liquidity, charges of this nature could contribute to negative market perceptions about LACQ or its securities. Accordingly, LACQ's stockholders following the business combination could suffer a reduction in the value of their shares.

**We may issue additional common or preferred shares to complete our Business Combination or under an employee incentive plan after completion of our Business Combination, any one of which would dilute the interest of our stockholders and likely present other risks.**

Our amended and restated certificate of incorporation authorizes the issuance of up to 100,000,000 shares of common stock, par value \$0.0001 per share, and 1,000,000 shares of preferred stock, par value \$0.0001 per share. As of March 10, 2021, there were 75.4 million authorized but unissued shares of common stock available for issuance, which amount takes into account shares reserved for issuance upon exercise of outstanding warrants, and there were no shares of preferred stock issued and outstanding.

We may issue a substantial number of additional shares of common or preferred stock to complete our Business Combination or under an employee incentive plan after completion of our Business Combination. However, our amended and restated certificate of incorporation provides, among other things, that prior to our Business Combination, we may not issue additional shares of capital stock that would entitle the holders thereof to receive funds from the Trust Account or vote on any Business Combination. The issuance of additional shares of common or preferred stock:

- may significantly dilute the equity interest of existing stockholders;
- may subordinate the rights of holders of common stock if preferred stock is issued with rights senior to those afforded our common stock;
- could cause a change in control if a substantial number of shares of common stock is issued, which may affect, among other things, our ability to use our net operating loss carry forwards, if any, and could result in the resignation or removal of our present officers and directors; and
- may adversely affect prevailing market prices for our units, common stock and/or warrants.

**Resources could be wasted in researching acquisitions that are not completed, which could materially adversely affect subsequent attempts to locate and acquire or merge with another business. If we are unable to complete our Business Combination, our public stockholders may receive only approximately \$10.00 per share, or less than such amount in certain circumstances, on the liquidation of our Trust Account and our warrants will expire worthless.**

We anticipate that the investigation of each specific target business and the negotiation, drafting and execution of relevant agreements, disclosure documents and other instruments will require substantial management time and attention and substantial costs for accountants, attorneys and others. If we decide not to complete a specific Business Combination, the costs incurred up to that point for the proposed transaction likely would not be recoverable. Furthermore, if we reach an agreement relating to a specific target business, we may fail to complete our Business Combination for any number of reasons including those beyond our control. Any such event will result in a loss to us of the related costs incurred which could materially adversely affect subsequent attempts to locate and acquire or merge with another business. If we are unable to complete our Business Combination, our public stockholders may receive only approximately \$10.00 per share on the liquidation of our Trust Account and our warrants will expire worthless.

**We may issue notes or other debt securities, or otherwise incur substantial debt, to complete a Business Combination, which may adversely affect our leverage and financial condition and thus negatively impact the value of our stockholders' investment in us.**

Although we have no commitments as of the date of this Annual Report on Form 10-K to issue any notes or other debt securities, or to otherwise incur outstanding debt, we may choose to incur substantial debt to complete our Business Combination. We have agreed that we will not incur any indebtedness unless we have obtained from the lender a

waiver of any right, title, interest or claim of any kind in or to the monies held in the Trust Account. As such, no issuance of debt will affect the per-share amount available for redemption from the Trust Account. Nevertheless, the incurrence of debt could have a variety of negative effects, including:

- default and foreclosure on our assets if our operating revenues after a Business Combination are insufficient to repay our debt obligations;
- acceleration of our obligations to repay the indebtedness even if we make all principal and interest payments when due if we breach certain covenants that require the maintenance of certain financial ratios or reserves without a waiver or renegotiation of that covenant;
- our immediate payment of all principal and accrued interest, if any, if the debt security is payable on demand;
- our inability to obtain necessary additional financing if the debt security contains covenants restricting our ability to obtain such financing while the debt security is outstanding;
- our inability to pay dividends on our common stock;

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40

- using a substantial portion of our cash flow to pay principal and interest on our debt, which will reduce the funds available for dividends on our common stock if declared, our ability to pay expenses, make capital expenditures and acquisitions, and fund other general corporate purposes;
- limitations on our flexibility in planning for and reacting to changes in our business and in the industry in which we operate;
- increased vulnerability to adverse changes in general economic, industry and competitive conditions and adverse changes in government regulation;
- limitations on our ability to borrow additional amounts for expenses, capital expenditures, acquisitions, debt service requirements, and execution of our strategy; and
- other disadvantages compared to our competitors who have less debt.

**We may only be able to complete one Business Combination, which will cause us to be solely dependent on a single business which may have a limited number of products or services. This lack of diversification may negatively impact our operations and profitability.**

We may effectuate our Business Combination with a single target business or multiple target businesses simultaneously or within a short period of time. However, we may not be able to effectuate our Business Combination with more than one target business because of various factors, including the existence of complex accounting issues and the requirement that we prepare and file pro forma financial statements with the SEC that present operating results and the financial condition of several target businesses as if they had been operated on a combined basis. By completing our Business Combination with only a single entity, our lack of diversification may subject us to numerous economic, competitive and regulatory developments. Further, we would not be able to diversify our operations or benefit from the possible spreading of risks or offsetting of losses, unlike other entities which may have the resources to complete several Business Combinations in different industries or different areas of a single industry. Accordingly, the prospects for our success may be:

- solely dependent upon the performance of a single business, property or asset; or
- dependent upon the development or market acceptance of a single or limited number of products, processes or services.

This lack of diversification may subject us to numerous economic, competitive and regulatory developments, any or all of which may have a substantial adverse impact upon the particular industry in which we may operate subsequent to our business combination.

**We may attempt to complete our Business Combination with a private company about which little information is available, which may result in a Business Combination with a company that is not as profitable as we suspected, if at all.**

In pursuing our acquisition strategy, we may seek to effectuate our Business Combination with a privately held company. Very little public information generally exists about private companies, and we could be required to make our decision on whether to pursue a potential Business Combination on the basis of limited information, which may result in a Business Combination with a company that is not as profitable as we suspected, if at all.

#### **Risks Related to Our Sponsor, Management, Directors and Employees**

**We are dependent upon our executive officers and directors and their departure could adversely affect our ability to operate.**

Our operations are dependent upon a relatively small group of individuals and, in particular, our executive officers and directors. We believe that our success depends on the continued service of our executive officers and directors, at least until we have completed our Business Combination. In addition, our executive officers and directors are not required to commit any specified amount of time to our affairs and, accordingly, will have conflicts of interest in allocating management time among various business activities, including identifying potential Business Combinations and monitoring the related due diligence. We do not have an employment agreement with, or key man insurance on the life of, any of our directors or executive officers. The unexpected loss of the services of one or more of our directors or executive officers could have a detrimental effect on us.

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41

**Our ability to successfully effect our Business Combination and to be successful thereafter will be totally dependent upon the efforts of our key personnel, some of whom may join us following our Business Combination. The loss of key personnel could negatively impact the operations and profitability of our post-combination business.**

Our ability to successfully effect our Business Combination is dependent upon the efforts of our key personnel. The role of our key personnel in the target business, however, cannot presently be ascertained. Although some of our key personnel may remain with the target business in senior management or advisory positions following our Business Combination, it is likely that some or all of the management of the target business will remain in place. While we intend to closely scrutinize any individuals we engage after our Business Combination, we cannot assure you that our assessment of these individuals will prove to be correct. These individuals may be unfamiliar with the requirements of operating a company regulated by the SEC, which could cause us to have to expend time and resources helping them become familiar with such requirements.

In addition, the officers and directors of an acquisition candidate may resign upon completion of our Business Combination. The departure of a Business Combination target's key personnel could negatively impact the operations and profitability of our post-combination business. The role of an acquisition candidate's key personnel upon the completion of our Business Combination cannot be ascertained at this time. Although we contemplate that certain members of an acquisition candidate's management team will remain associated with the acquisition candidate following our Business Combination, it is possible that members of the management of an acquisition candidate will not wish to remain in place. The loss of key personnel could negatively impact the operations and profitability of our post-combination business.

**Past performance by our management team may not be indicative of future performance of an investment in our company.**

Information regarding performance by, or businesses associated with, our management team, including Mr. Weil and Mr. Silvers is presented for informational purposes only. Past performance by our management team, including with respect to Mr. Weil's involvement with two successor entities of blank check companies, is not a guarantee either (i) that we will be able to locate a suitable candidate for our Business Combination or (ii) of success with respect to any Business Combination we may consummate. You should not rely on the historical record of our management team's performance as indicative of future performance.

**We may have a limited ability to assess the management of a prospective target business and, as a result, may affect our Business Combination with a target business whose management may not have the skills, qualifications or abilities to manage a public company, which could, in turn, negatively impact the value of our stockholders' investment in us.**

When evaluating the desirability of effecting our Business Combination with a prospective target business, our ability to assess the target business's management may be limited due to a lack of time, resources or information. Our assessment of the capabilities of the target's management, therefore, may prove to be incorrect and such management may lack the skills, qualifications or abilities we suspected. Should the target's management not possess the skills, qualifications or abilities necessary to manage a public company, the operations and profitability of the post-combination business may be negatively impacted. Accordingly, any stockholders who choose to remain stockholders following the Business Combination could suffer a reduction in the value of their shares. Such stockholders are unlikely to have a remedy for such reduction in value.

42

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**Our officers and directors will allocate their time to other businesses thereby causing conflicts of interest in their determination as to how much time to devote to our affairs. This conflict of interest could have a negative impact on our ability to complete our Business Combination.**

Our officers and directors are not required to, and will not, commit their full time to our affairs, which may result in a conflict of interest in allocating their time between our operations and our search for a Business Combination and their other businesses. We do not intend to have any full-time employees prior to the completion of our Business Combination. Each of our officers is engaged in several other business endeavors for which he may be entitled to substantial compensation and our officers are not obligated to contribute any specific number of hours per week to our affairs. Our independent directors may also serve as officers or board members for other entities. If our officers' and directors' other business affairs require them to devote substantial amounts of time to such affairs in excess of their current commitment levels, it could limit their ability to devote time to our affairs which may have a negative impact on our ability to complete our Business Combination.

**Our sponsors and our strategic investor, and their affiliates, have no obligation to provide us with potential investment opportunities or to devote any specified amount of time or support to our company's business.**

Although we expect to benefit from our sponsors' and our strategic investor's network of relationships and processes for sourcing, evaluating and allocating investment opportunities among itself, us, and other parties, our sponsors and strategic investor have no legal or contractual obligation to seek on our behalf or to present to us investment opportunities that might be suitable for our business. Our sponsors and our strategic investor may allocate potential investments at their discretion to any of our sponsors, the strategic investor, us, or other parties. We have no investment management, advisory, consulting or other agreement in place with our sponsors or strategic investor that obligate any of them to undertake efforts on our behalf or that govern the manner in which they will allocate investment opportunities. Even if our sponsors and our strategic investor refer an opportunity to us, no assurance can be given that such opportunity will result in an acquisition agreement or a Business Combination.

**Certain of our officers and directors are now, and all of them may in the future become, affiliated with entities engaged in business activities similar to those intended to be conducted by us and, accordingly, may have conflicts of interest in allocating their time and determining to which entity a particular business opportunity should be presented.**

Until we consummate our Business Combination, we intend to engage in the business of identifying and combining with one or more businesses. Our sponsors, strategic investor and officers and directors are, and may in the future become, affiliated with entities that are engaged in a similar business. In addition, our sponsors, officers and directors have agreed, pursuant to a written letter agreement, not to participate in the formation of, or become an officer or director of, any other blank check company until we have entered into a definitive agreement regarding our Business Combination or we have failed to complete our Business Combination during the Combination Period.

Our officers and directors also may become aware of business opportunities which may be appropriate for presentation to us and the other entities to which they owe certain fiduciary or contractual duties.

Accordingly, they may have conflicts of interest in determining to which entity a particular business opportunity should be presented. These conflicts may not be resolved in our favor and a potential target business may be presented to another entity prior to its presentation to us. In addition, our amended and restated certificate of incorporation provides for the waiver of any requirement to present corporate opportunities to us to the extent it would conflict with competing duties owed to other entities. Our amended and restated certificate of incorporation provides that we renounce our interest in any corporate opportunity offered to any director or officer unless such opportunity is expressly offered to such person solely in his or her capacity as a director or officer of our company and such opportunity is one we are legally and contractually permitted to undertake and would otherwise be reasonable for us to pursue.

**Our officers, directors, security holders and their respective affiliates may have competitive pecuniary interests that conflict with our interests.**

We have not adopted a policy that expressly prohibits our directors, officers, security holders or affiliates from having a direct or indirect pecuniary or financial interest in any investment to be acquired or disposed of by us or in any transaction to which we are a party or have an interest. In fact, we may enter into a Business Combination with a target business that is affiliated with our sponsors, our directors or officers, although we do not intend to do so. We do not have a policy that expressly prohibits any such persons from engaging for their own account in business activities of the types conducted by us. Accordingly, such persons or entities may have a conflict between their interests and ours.

43

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**Our Executive Chairman and Chief Executive Officer are parties to certain agreements that limit the types of companies that we can target for a Business Combination, among other restrictions, which could limit our prospects for a Business Combination.**

Each of A. Lorne Weil, our Executive Chairman, and Daniel B. Silvers, our Chief Executive Officer, is party to an employment agreement with Inspired. These employment agreements contain non-competition provisions that provide that neither Mr. Weil nor Mr. Silvers shall directly or indirectly engage in any business which is directly competitive with any business conducted by Inspired and its associated companies that it controls (collectively, the "Inspired Group") during his employment, in any geographic area in which such business was so conducted by the Inspired Group. These agreements are collectively referred to as the non-competition agreements. In light of the non-competition agreements, we will not seek a Business Combination with any company with operations in the businesses described above. In addition, if our Business Combination does not cause Mr. Weil or Mr. Silvers to violate the non-competition agreements, no assurance can be given that the combined company would not in the future engage in competitive activities which would cause Mr. Weil or Mr. Silvers to be in breach of the non-competition agreements. If a court were to conclude that a violation of either or both of the non-competition agreements had occurred, it could extend the term of Mr. Weil's or Mr. Silvers' non-competition restrictions and/or enjoin Mr. Weil or Mr. Silvers from participating in our company, or join us from engaging in aspects of the business which compete with Inspired Group, as applicable. The court could also impose monetary damages against Mr. Weil or Mr. Silvers or us. This could materially harm our business and the trading prices of our securities. Even if ultimately resolved in our

favor, any litigation associated with the non-competition could be time consuming, costly and distract management's focus from locating suitable acquisition candidates and operating our business.

**Our Executive Chairman is party to a certain agreement that will limit his ability to solicit or hire employees of Inspired, which could make us a less attractive buyer to certain target companies.**

In the employment agreement entered into by A. Lorne Weil, our Executive Chairman, with Inspired, there are also provisions preventing him from being able to directly or indirectly solicit or entice away or endeavor to solicit or entice away from the Inspired Group for the purposes of employment or engagement of any person who on the date of the termination of Mr. Weil's employment is employed or engaged by the Inspired Group in a senior management capacity and with whom Mr. Weil worked closely during the period of 12 months prior to the date of termination of Mr. Weil's employment (whether or not such person would commit a breach of his contract of employment by doing so). To the extent a target company may be interested in hiring personnel from the Inspired Group, we might be a less attractive buyer as a result of the non-competition agreements.

**We may engage in a Business Combination with one or more target businesses that have relationships with entities that may be affiliated with our sponsors, strategic investor, officers, directors or existing holders which may raise potential conflicts of interest.**

In light of the involvement of our sponsors, strategic investor, officers and directors with other entities, we may decide to acquire one or more businesses affiliated with our sponsors, strategic investor, officers or directors. Our directors also serve as officers and board members for other entities, including, without limitation, those described in "Item 10. Directors, Executive Officers and Corporate Governance" herein. Such entities may compete with us for Business Combination opportunities. Although we will not be specifically focusing on, or targeting, any transaction with any affiliated entities, we would pursue such a transaction if we determined that such affiliated entity met our criteria for a Business Combination and such transaction was approved by a majority of our disinterested directors. Despite our agreement to obtain an opinion from an independent investment banking firm that is a member of FINRA, or from an independent accounting firm, regarding the fairness to our company from a financial point of view of a Business Combination with one or more domestic or international businesses affiliated with our officers, directors or existing holders, potential conflicts of interest still may exist and, as a result, the terms of the Business Combination may not be as advantageous to our public stockholders as they would be absent any conflicts of interest.

44

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**Since our sponsors, strategic investor, officers and directors will lose their entire investment in us if our Business Combination is not completed, a conflict of interest may arise in determining whether a particular Business Combination target is appropriate for our Business Combination.**

Our initial stockholders hold in the aggregate 5,000,000 founder shares, representing 80.3% of the total outstanding shares as of December 31, 2020. The founder shares will be worthless if we do not complete our Business Combination. In addition, affiliates of our Hydra Sponsor and Matthews Lane Sponsor, our strategic investor and certain members of management hold an aggregate of 6,825,000 private placement warrants and an aggregate of 1,000,001 working capital warrants that will also be worthless if we do not complete a Business Combination. Holders of founder shares have agreed (A) to vote any shares owned by them in favor of any proposed Business Combination and (B) not to redeem any founder shares in connection with a stockholder vote to approve a proposed Business Combination. In addition, we may obtain loans from our sponsors, strategic investor, affiliates of our sponsors or strategic investor or an officer or director, and we may pay our sponsors, strategic investor, officers, directors and any of their respective affiliates' fees and expenses in connection with identifying, investigating and consummating a Business Combination.

The personal and financial interests of our sponsors, strategic investor, their affiliates or our officers and directors may influence their motivation in identifying and selecting a target Business Combination, completing a Business Combination and influencing the operation of the business following the Business Combination. This risk may become more acute at the end of the Combination Period.

**Since our sponsors, strategic investor, officers and directors will not be eligible to be reimbursed for their out-of-pocket expenses from the funds held in the Trust Account if our Business Combination is not completed, a conflict of interest may arise in determining whether a particular Business Combination target is appropriate for our Business Combination.**

At the closing of our Business Combination, our sponsors, strategic investor, officers and directors, or any of their respective affiliates, may be reimbursed for any out-of-pocket expenses incurred in connection with activities on our behalf such as identifying potential target businesses and performing due diligence on suitable Business Combinations from the funds held in the Trust Account. In the event our Business Combination is completed, there is no cap or ceiling on any such reimbursement from the funds held in the Trust Account of out-of-pocket expenses incurred in connection with activities on our behalf. However, our sponsors, strategic investor, officers and directors, or any of their respective affiliates will not be eligible for any such reimbursement from the funds held in the Trust Account if our Business Combination is not completed. These financial interests of our sponsors, strategic investor, officers and directors may influence their motivation in identifying and selecting a target Business Combination and completing a Business Combination. As of December 31, 2020, the aggregate amount of unreimbursed expenses was approximately \$10,000.

#### **Item 1B. Unresolved Staff Comments**

None.

#### **Item 2. Properties**

Our executive office is located at 250 West 57<sup>th</sup> Street, Suite 415, New York, NY 10107. Effective June 30, 2020, the Hydra sponsor agreed to stop charging us the \$10,000 monthly administrative fee that we had agreed to pay for office space, utilities and general office, receptionist and secretarial and administrative support, following our initial public offering. We consider our current office space adequate for our current operations.

#### **Item 3. Legal Proceedings**

We are not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us or any of our officers or directors in their corporate capacity.

#### **Item 4. Mine Safety Disclosures**

Not applicable.

45

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## **PART II**

### **Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities**

#### **Market Information**

Our units, common stock and warrants are traded on the Nasdaq Capital Market under the symbols “LACQU,” “LACQ” and “LACQW,” respectively. Our units commenced public trading on December 1, 2017, and our common stock and warrants commenced public trading on December 28, 2017.

## Holders

On March 1, 2021, there was one holder of record of our units, 17 holders of record of shares of our common stock and nine holders of record of our warrants. This number does not include beneficial owners whose units, shares and/or warrants were held in street name (e.g., all of the public shares). The actual number of holders of our units, common stock and warrants is greater than this number of record holders and includes holders who are beneficial owners, but whose securities are held in street name by brokers or held by other nominees. This number of holders of record also does not include holders whose securities may be held in trust by other entities.

## Dividends

We have not paid any cash dividends on our common stock to date and do not intend to pay cash dividends in the foreseeable future. The payment of cash dividends in the future will be dependent upon our revenues and earnings, if any, capital requirements and general financial condition subsequent to completion of our Business Combination. The payment of any cash dividends subsequent to our Business Combination will be within the discretion of our board of directors at such time. In addition, our board of directors is not currently contemplating and does not anticipate declaring any stock dividends in the foreseeable future. Further, if we incur any indebtedness in connection with our Business Combination, our ability to declare dividends may be limited by restrictive covenants we may agree to in connection therewith.

## Securities Authorized for Issuance under Equity Compensation Plans

None.

## Recent Sales of Unregistered Securities; Use of Proceeds from Registered Offerings

On December 5, 2017, we consummated our Initial Public Offering of 20,000,000 units, with each unit consisting of one share of our common stock, and one-half (1/2) of one warrant, each whole warrant entitling the holder to purchase one share of common stock at a price of \$11.50. The units in the Initial Public Offering were sold at an offering price of \$10.00 per unit, generating total gross proceeds of \$200,000,000. Morgan Stanley & Co., LLC acted as the book running manager and EarlyBirdCapital, Inc. acted as lead manager of the offering. The securities sold in the offering were registered under the Securities Act on registration statement on Form S-1 (No. 333-221330). The SEC declared the registration statement effective on December 1, 2017.

We paid a total of \$4,000,000 in underwriting discounts and commissions and \$548,735 for other costs and expenses related to the Initial Public Offering. In addition, the underwriters agreed to defer \$7,000,000 in underwriting discounts and commissions, and up to this amount will be payable upon consummation of the Business Combination. After deducting the underwriting discounts and commissions (excluding the deferred portion of \$7,000,000 in underwriting discounts and commissions, which will be released from the Trust Account upon consummation of the Business Combination, if consummated) and the estimated offering expenses, the total net proceeds from our Initial Public Offering and the private placement was \$202,276,265, of which \$200,000,000 (or \$10.00 per unit sold in the Initial Public Offering) was placed in the Trust Account.

In connection with special stockholders meetings at which the completion window for a Business Combination was extended, an aggregate of 18,775,732 public shares were redeemed for cash from the trust account, for an aggregate redemption amount of approximately \$196.4 million. As of December 31, 2020, there was approximately \$12,628,170 held in the trust account. In addition, On January 31, 2021, the underwriters agreed to reduce the total deferred underwriting fee that is to be paid to such underwriters upon the consummation of our Business Combination to \$2,000,000, which have the right, under certain situations, to pay in the form of our common stock.

There has been no material change in the planned use of proceeds from our Initial Public Offering as described in our final prospectus dated December 1, 2017 which was filed with the SEC.

## Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

## Item 6. Selected Financial Data

Not required for smaller reporting companies.

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## Item 7. 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 our audited financial statements and the notes related thereto which are included in “Item 8. Financial Statements and Supplementary Data” of this Annual Report on Form 10-K. Certain information contained in the discussion and analysis set forth below includes forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those set forth under “Special Note Regarding Forward-Looking Statements,” “Item 1A. Risk Factors” and elsewhere in this Annual Report on Form 10-K.

### Overview

We are a blank check company incorporated on September 11, 2017 in Delaware and formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, recapitalization, reorganization or similar business combination with one or more target businesses. We intend to effectuate our Business Combination using cash from the proceeds of our Initial Public Offering, the sale of the Private Placement Warrants that occurred simultaneously with the completion of our Initial Public Offering, the sale of the Private Placement Units under the Contingent Forward Purchase Contract, if any (which has been waived in connection with the Business Combination with Ensysce), our capital stock, debt or a combination of cash, stock and debt.

We are incurring significant costs in the pursuit of our acquisition plans. We cannot assure you that our plans to complete a Business Combination will be successful.

### Recent Developments

On November 26, 2019, the Company held a special meeting of stockholders at which our stockholders approved extending our Combination Period deadline from December 5, 2019 to April 5, 2020 (the “First Extension”). Our public stockholders were able to elect to redeem their shares in connection with the First Extension for a pro rata portion of the amount then on deposit in the Trust Account (\$10.00 per share, plus any pro rata interest earned on the funds held in the Trust Account and not previously released to us to pay franchise and income taxes). With respect to public shares not redeemed in connection with the Special Meeting, we agreed to make Contributions of \$0.03 for each public share that was not redeemed by stockholders for each of the four monthly periods covered by the extension (commencing on December 6, 2019 through the end of the First Extension), subject to certain conditions. The number of shares of redeemed by public stockholders in connection with the First Extension was 1,123,749 for an aggregate cash redemption amount of \$11,583,473.

On December 5, 2019, the Company entered into the Expense Advancement Agreement with GTWY Holdings pursuant to which GTWY Holdings committed to provide

\$566,288 to fund Contributions to the Trust Account, representing the amount needed to fund the first monthly Contribution during the First Extension. The Company drew down the full amount under the Expense Advancement Agreement to fund the required Contribution to the Trust Account for the period December 6, 2019 to January 5, 2020 by issuing an unsecured promissory note to GTWY Holdings. The note does not bear interest. If we complete our initial business combination, the amount borrowed under the Expense Advancement Agreement would be repaid out of the proceeds of the Trust Account released to it. Otherwise, amounts borrowed under the Expense Advancement Agreement would be repaid only out of funds held outside the Trust Account. Amounts borrowed pursuant to the Expense Advancement Agreement were deposited to the Trust Account on December 6, 2019. The note was converted into warrants on January 31, 2021 at a price of \$1.00 per warrant and subject to the same terms and conditions as our private placement warrants.

On January 6, 2020, the Company deposited \$566,288 to the Trust Account to fund the required Contribution to the Trust Account for the period January 6, 2020 to February 5, 2020.

On January 15, 2020, we drew down \$1,000,000 under the Expense Advancement Agreement with our sponsors and strategic investor dated December 1, 2017 to fund general corporate purposes in exchange for issuing unsecured promissory notes. The holders had the option to convert the promissory notes into warrants at a price of \$1.00 per warrant subject to the same terms and conditions as private placement warrants. The notes were converted into warrants on June 25, 2020. Notes issued under the Expense Advancement Agreement do not bear interest. If we complete an initial business combination, we would repay amounts borrowed under the Expense Advancement Agreement out of the proceeds of the Trust Account released to it; provided, however, that the sponsors and strategic investor have the option to convert promissory notes into warrants at a price of \$1.00 per warrant subject to the same terms and conditions as our private placement warrants. Otherwise, amounts borrowed under the Expense Advancement Agreement would be repaid only out of funds held outside the Trust Account. The expense advancement agreement was amended to increase the total amount of advances available to us under the agreement by \$125,000 on June 29, 2020 and by an additional \$75,000 on October 26, 2020 and an additional \$100,000 on November 30, 2020, for a total of \$300,000, of which we drew down \$225,000 pursuant to promissory notes issued in October and November 2020, with a resulting balance of \$225,000 under the promissory notes as of December 31, 2020. On February 23, 2021, we entered into the Fourth Expense Advancement Amendment to the Expense Advancement Agreement to increase the total amount of advances available to the Company under the agreement to \$1,460,000. The November 2020 Promissory Notes were amended and restated on February 24, 2021 in order to reflect the incremental increase of the total amount of advances available to the Company thereunder to \$460,000 from \$300,000 and all of such increase was drawn on February 24, 2021.

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47

On each of February 4, 2020 and March 4, 2020, we deposited \$566,288 into the Trust Account to fund the required Contribution to the Trust Account for the remaining monthly periods covered by the Extension.

On March 26, 2020, we held a special meeting pursuant to which our stockholders approved extending the Combination Period from April 5, 2020 to June 30, 2020 (the “Second Extension Date”). In connection with the approval of the extension, stockholders elected to redeem an aggregate of 16,837,678 shares of our common stock. As a result, an aggregate of \$176,283,492 (or approximately \$10.47 per share) was released from our Trust Account to pay such stockholders. Of the amount paid to redeeming stockholders, \$136,283,492 was paid as of March 31, 2020 and the balance of \$40,000,000 was paid on April 1, 2020.

On June 26, 2020, we held a special meeting pursuant to which our stockholders approved extending the Combination Period from June 30, 2020 to December 1, 2020 (the “Third Extension Date”). In connection with the approval of the extension, stockholders elected to redeem an aggregate of 776,290 shares of our common stock. As a result, an aggregate of \$8,099,292 (or approximately \$10.43 per share) was released from our Trust Account to pay such stockholders.

On July 16, 2020, we elected to terminate the Agreement and Plan of Merger, dated December 27, 2019 (the “GTWY Merger Agreement”), with GTWY Holdings, and a related subsidiary, GTWY Merger Sub Corp. Pursuant to its terms, we had the ability to terminate the GTWY Merger Agreement to the extent the business combination had not been completed by July 15, 2020.

On November 24, 2020, our stockholders approved extending the Combination Period from December 1, 2020 to June 30, 2021 (the “Fourth Extension Date”). In connection with the approval of the extension, stockholders elected to redeem an aggregate of 38,015 shares of the Company’s common stock. As a result, an aggregate of \$393,380 (or approximately \$10.34 per share) was released from our Trust Account to pay such stockholders, and we have 6,224,268 shares of common stock outstanding as of March 15, 2021.

#### ***NASDAQ Notice***

On November 30, 2020, we received a notice from the Listing Qualifications Department of The Nasdaq Stock Market LLC stating that we were not in compliance with Listing Rule IM-5101-2 (the “Rule”), which requires that a special purpose acquisition company complete one or more business combinations within 36 months of the effectiveness of the registration statement filed in connection with its initial public offering, and that we were also not in compliance with Nasdaq’s minimum publicly held shares requirement under Listing Rule 5550(a)(4), which requires a listed company’s primary equity security to maintain a minimum of 500,000 publicly held shares.

On January 27, 2021, the Panel granted our request for continued listing of our equity securities on the Nasdaq Capital Market pursuant to an extension, subject to certain milestones, through June 1, 2021. See “*Item 1A. Risk Factors — The Nasdaq may not continue to list our securities, which could limit investors’ ability to make transactions in our securities and subject us to additional trading restrictions*”.

#### ***Merger Agreement***

On January 31, 2021, we entered into a Merger Agreement with Ensysce and Merger Sub, relating to a proposed business combination transaction between us and Ensysce.

Pursuant to the Merger Agreement, Merger Sub will merge with and into Ensysce, with Ensysce surviving such merger as our wholly owned subsidiary and the stockholders of Ensysce becoming our stockholders (the “Merger”).

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48

Ensysce’s issued and outstanding share of common stock as of immediately prior to the closing of the Merger (including shares issuable on conversion of convertible notes of Ensysce) will, at the closing (the “Closing”) of the transactions contemplated by the Merger Agreement (collectively, the “Transaction”), be canceled and converted into the right to receive our common stock, calculated based on an exchange ratio of 0.06585 (the “Exchange Ratio”).

The Transaction will be consummated subject to the deliverables and provisions as further described in the Merger Agreement.

We are incurring significant costs in the pursuit of its acquisition plans. We may be required to seek additional resources in the future to fund general corporate purposes and cannot assure you that our plans to complete the Transactions will be successful.

#### **Restatement and Revision of Previously Issued Financial Statements**

This Management’s Discussion and Analysis of Financial Condition and Results of Operations has been amended and restated to give effect to the restatement and revision of our Original Financial Statements. We are restating our historical financial results to reclassify our Derivative Instruments as derivative liabilities pursuant to ASC 815-40. We

have continued to classify our public warrants as components of equity. The impact of the restatement is reflected in the Management's Discussion and Analysis of Financial Condition and Results of Operations below. Other than as disclosed in the Explanatory Note and with respect to the impact of the restatement, no other information in this Item 7 has been amended and this Item 7 does not reflect any events occurring after the Original Filing. The impact of the restatement is more fully described in Note 2 to our financial statements included in Item 15 of Part IV of this Amendment and Item 9A: Controls and Procedures, both contained herein.

## Results of Operations

Our only activities from inception through December 31, 2020 were organizational activities and those necessary to prepare for the Initial Public Offering, identifying a target for our Business Combination and seeking to complete an initial business combination, including activities in connection with the proposed acquisition of Ensysce and the announced and subsequently terminated acquisition of GTWY Holdings. We do not expect to generate any operating revenues until after the completion of our Business Combination. We generate non-operating income in the form of interest income on marketable securities. We are incurring expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance), as well as for due diligence and transaction expenses in connection with completing a Business Combination.

For year ended December 31, 2020, we had a net income of \$4,310,769, which consists interest income on marketable securities held in the Trust Account of \$719,646, a non-cash change in the fair value of warrant liability of \$1,906,250, change in value of conversion option liability of \$220,000, and the forgiveness of accounts payable of \$3,298,207, offset by operating costs of \$1,368,841 and a provision for income taxes of \$244,493 and the amortization of debt discount on convertible promissory note of \$220,000.

For the year ended December 31, 2019, we had net loss of \$1,067,296, which consists of interest income on marketable securities held in the Trust Account of \$4,249,828 offset by a non-cash change in fair value of warrant liability of \$1,433,250, operating costs of \$3,328,674 and a provision for income taxes of \$555,200.

For the year ended December 31, 2018, we had net income of \$2,053,783, which consists of interest income on marketable securities held in the Trust Account of \$3,626,792, a non-cash change in fair value of warrant liability of \$68,250 and an unrealized gain on marketable securities held in our Trust Account of \$8,397, offset by operating costs of \$1,559,245, and a provision for income taxes of \$553,916. In addition, we received a \$600,005 reimbursement of due diligence expenses that we incurred in connection with evaluating a potential Business Combination that did not materialize.

For the period from September 11, 2017 (inception) through December 31, 2017, we had a net loss of \$1,123,193, which consists of operating costs of \$146,695, a non-cash change in fair value of warrant liability of \$1,092,000, an unrealized loss on marketable securities held in our Trust Account of \$38,251 and a provision for income taxes of \$3,635, offset by interest income on marketable securities held in the Trust Account of \$157,388.

For the three months ended September 30, 2020, we had a net income of \$4,209,573, which consists interest income on marketable securities held in the Trust Account of \$1,840 and a non-cash change in fair value of warrant liability of 3,990,750, offset by operating costs of \$287,254 and a benefit for income taxes of \$504,237.

For the nine months ended September 30, 2020, we had a net income of \$6,889,453, which consists of the forgiveness of previously recorded professional fees of \$3,298,207, a non-cash change in fair value of warrant liability of \$4,410,250 and interest income on marketable securities held in the Trust Account of \$719,353, offset by operating costs of \$1,274,109 and a provision for income taxes of \$264,248.

For the three months ended September 30, 2019, we had net income of \$353,223, which consists of interest income on marketable securities held in the Trust Account of \$1,107,955, offset by a non-cash change in fair value of warrant liability of 136,500, unrealized loss on marketable securities held in our Trust Account of \$19,496 and operating costs of \$584,418 and a provision for income taxes of \$14,318.

For the nine months ended September 30, 2019, we had net income of \$1,889,288, which consists of interest income on marketable securities held in the Trust Account of \$3,497,481, a non-cash change in fair value of warrant liability of \$204,750 and an unrealized gain on marketable securities held in our Trust Account of \$42,475, offset by operating costs of \$1,399,530 and a provision for income taxes of \$455,888.

For the three months ended September 30, 2018, we had net loss of \$1,128,601, which consists of interest income on marketable securities held in the Trust Account of \$969,387, offset by a non-cash change in fair value of warrant liability of \$1,706,250, operating costs of \$848,192, a non-cash change in fair value of marketable securities held in our Trust Account of \$13,426 and a provision for income taxes of \$130,125. In addition, we received a \$600,005 reimbursement of due diligence expenses that we incurred in connection with evaluating a potential Business Combination that did not consummate.

For the nine months ended September 30, 2018, we had a net loss of \$239,175, which consists of interest income on marketable securities held in the Trust Account of \$2,515,625, offset by operating costs of \$1,329,864, a non-cash change in fair value of warrant liability of \$1,638,000, an unrealized loss on marketable securities held in our Trust Account of \$13,915 and a provision for income taxes of \$373,026. In addition, we received a \$600,005 reimbursement of due diligence expenses that we incurred in connection with evaluating a potential Business Combination that did not consummate.

For the three months ended June 30, 2020, we had a net income of \$887,162, which consists of the forgiveness of previously recorded professional fees of \$3,298,207, a non-cash change in fair value of the conversion liability of \$230,000 and interest income on marketable securities held in the Trust Account of \$77,559, offset by a non-cash change in fair value of warrant liability of \$1,764,500, interest expense of \$188,572, operating costs of \$71,672, and a provision for income taxes of \$693,860.

For the six months ended June 30, 2020, we had a net income of \$2,679,880, which consists of the forgiveness of previously recorded professional fees of \$3,298,207, a non-cash change in fair value of warrant liability of \$419,500 and interest income on marketable securities held in the Trust Account of \$717,513, offset by operating costs of \$986,855 and a provision for income taxes of \$768,485.

For the three months ended June 30, 2019, we had net income of \$418,902, which consists of interest income on marketable securities held in the Trust Account of \$1,209,556 and a non-cash change in fair value of marketable securities held in our Trust Account of \$62,498, offset by operating costs of \$625,938 and a provision for income taxes of \$227,214.

For the six months ended June 30, 2019, we had net income of \$1,536,065, which consists of interest income on marketable securities held in the Trust Account of \$2,389,526, a non-cash change in fair value of warrant liability of \$341,250 and a non-cash change in fair value of marketable securities held in our Trust Account of \$61,971, offset by operating costs of \$815,112 and a provision for income taxes of \$441,570.

For the three months ended June 30, 2018, we had net income of \$142,110, which consists of interest income on marketable securities held in the Trust Account of \$855,071 and a non-cash change in fair value of marketable securities held in our Trust Account of \$1,363, offset by operating costs of \$311,538, a non-cash change in fair value of warrant liability of \$273,000 and a provision for income taxes of \$129,786.

For the six months ended June 30, 2018, we had net income of \$889,426, which consists of interest income on marketable securities held in the Trust Account of \$1,546,238 and a non-cash change in fair value of warrant liability of \$68,250, offset by operating costs of \$481,672, an unrealized loss on marketable securities held in our Trust Account of \$489 and a provision for income taxes of \$242,901.

For the three months ended March 31, 2020, we had a net income of \$1,792,718, which consists of interest income on marketable securities held in the Trust Account of \$639,954 and a non-cash change in fair value of warrant liability of \$2,184,000, offset by operating costs of \$915,183, interest expense of \$31,428, loss on conversion liability

of \$10,000 and a provision for income taxes of \$74,625.

For the three months ended March 31, 2019, we had net income of \$1,117,163, which consists of interest income on marketable securities held in the Trust Account of \$1,179,970 and a non-cash change in fair value of warrant liability of \$341,250, offset by operating costs of \$189,174, an unrealized loss on marketable securities held in our Trust Account of \$527 and a provision for income taxes of \$214,356.

For the three months ended March 31, 2018, we had net income of \$747,316, which consists of interest income on marketable securities held in the Trust Account of \$691,167 and a non-cash change in fair value of warrant liability of \$341,250, offset by operating costs of \$170,134, an non-cash change in fair value of marketable securities held in our Trust Account of \$1,852 and a provision for income taxes of \$113,115.

#### Liquidity and Capital Resources

As of December 31, 2017, we had cash and marketable securities held in the Trust Account of \$200,119,137 (including approximately \$119,000 of interest income, net of unrealized losses). As of March 31, 2018, we had cash and marketable securities held in the Trust Account of \$200,747,032 (including approximately \$747,000 of interest income, net of unrealized losses). As of June 30, 2018, we had marketable securities held in the Trust Account of \$201,331,632 (including approximately \$1,332,000 of interest income, net of unrealized losses). As of December 31, 2018, we had marketable securities held in the Trust Account of \$202,915,739 (including approximately \$2,916,000 of interest income and unrealized gains). As of March 31, 2019, we had marketable securities held in the Trust Account of \$203,943,978 (including approximately \$3,944,000 of interest income, net of unrealized losses). As of June 30, 2019, we had marketable securities held in the Trust Account of \$204,888,032 (including approximately \$4,888,000 of interest income, net of unrealized losses). As of September 30, 2019, we had marketable securities held in the Trust Account of \$205,832,491 (including approximately \$5,832,000 of interest income, net of unrealized losses). As of December 31, 2019, we had marketable securities held in the Trust Account of \$195,312,177 (including approximately \$5,983,000 of interest income). As of March 31, 2020, we had marketable securities held in the Trust Account of \$61,327,451 (including \$697,092 of interest income). As of June 30, 2020, we had marketable securities held in the Trust Account of \$13,225,718 (including \$451,414 of interest income). As of September 30, 2020, we had marketable securities held in the Trust Account of \$13,187,558 (including \$413,254 of interest income). As of December 31, 2020, we had marketable securities held in the Trust Account of \$12,628,170 (including approximately \$239,000 of interest income) consisting of money market funds. Interest income on the Trust Account will be used by us to pay franchise and income taxes. Through December 31, 2020, we withdrew \$2,001,144 of interest earned on the Trust Account to pay franchise and income taxes, of which \$326,352 was withdrawn during the year ended December 31, 2020.

We intend to use substantially all of the funds held in the Trust Account, including any amounts representing interest earned on the Trust Account (less deferred underwriting commissions and interest income that is used to pay franchise and income taxes) to complete our Business Combination. To the extent that our capital stock or debt is used, in whole or in part, as consideration to complete our Business Combination, the remaining proceeds held in the Trust Account will be used as working capital to finance the operations of the target business or businesses, make other acquisitions and pursue our growth strategies.

As of December 31, 2017, we had cash of \$2,090,074 held outside the Trust Account. As of March 31, 2018, we had cash of \$1,902,667 held outside the Trust Account. As of June 30, 2018, we had cash of \$1,722,360 held outside the Trust Account. As of September 30, 2018, we had cash of \$1,754,266 held outside the Trust Account. As of March 31, 2019, we had cash of \$1,506,596 held outside the Trust Account. As of June 30, 2019, we had cash of \$1,402,157 held outside the Trust Account. As of September 30, 2019, we had cash of \$1,273,926 held outside the Trust Account. As of December 31, 2019, we had cash of \$1,061,151 held outside the Trust Account. As of March 31, 2020, we had cash of \$167,951 held outside the Trust Account. As of June 30, 2020, we had cash of \$123,883 held outside the Trust Account. As of September 30, 2020, we had cash of \$53,492 held outside the Trust Account. As of December 31, 2020, we had cash of \$49,202 held outside the Trust Account. We intend to use the funds held outside the Trust Account primarily to identify and evaluate target businesses, perform business due diligence on prospective target businesses, travel to and from the offices, plants or similar locations of prospective target businesses or their representatives or owners, review corporate documents and material agreements of prospective target businesses, and structure, negotiate and complete a Business Combination, and we have also used such funds to make Contributions to the Trust Account in connection with the First Extension (see "Recent Developments" above).

For the year ended December 31, 2020, cash used in operating activities was \$864,439. Net income of \$4,310,769 was impacted by interest earned on marketable securities held in the Trust Account of \$719,646, the forgiveness of accounts payable in the amount of \$3,298,207, a non-cash change in fair value of warrant liabilities of \$1,906,250, a change in value of conversion option liability of \$220,000 and amortization of debt discount on convertible promissory note of \$220,000. Changes in operating assets and liabilities provided \$748,895 of cash from operating activities.

For the year ended December 31, 2019, cash used in operating activities was \$1,424,792. Net loss of \$1,067,296 was offset by interest earned on marketable securities held in the Trust Account of \$4,249,828, a deferred tax benefit of \$1,764 and a non-cash change in fair value of warrant liabilities of \$1,433,250. Changes in operating assets and liabilities provided \$2,460,846 of cash from operating activities.

For the year ended December 31, 2018, cash used in operating activities was \$1,238,263. Net income of \$2,053,783 was offset by interest earned on marketable securities held in the Trust Account of \$3,626,792, a non-cash change in fair value of warrant liability of \$68,250 an unrealized gain on marketable securities held in our Trust Account of \$8,397 and a deferred tax provision of \$1,764. Changes in operating assets and liabilities provided \$273,129 of cash from operating activities.

For the period September 11, 2017 (inception) through December 31, 2017, cash used in operating activities was \$251,831, consisting primarily of a net loss of \$1,123,193, interest earned on cash and marketable securities held in the Trust Account and not available for operations of \$157,388, offset by a non-cash change in fair value of warrant liability of \$1,092,000 and an unrealized loss on marketable securities held in our Trust Account of \$38,251. Changes in operating assets and liabilities used \$101,501 of cash from operating activities.

For the nine months ended September 30, 2020, cash used in operating activities was \$468,847. Net income of \$6,889,453 includes interest earned on marketable securities held in the Trust Account of \$719,353, a non-cash change in fair value of warrant liability of \$4,410,250 and the forgiveness of previously recorded professional fees in the amount of \$3,298,207. Changes in operating assets and liabilities provided \$1,069,510 of cash from operating activities.

For the nine months ended September 30, 2019, cash used in operating activities was \$999,036. Net income of \$1,889,288 was impacted by interest earned on marketable securities held in the Trust Account of \$3,497,481, a non-cash change in fair value of warrant liability of \$204,750, a non-cash change in fair value of marketable securities held in our Trust Account of \$42,475 and a deferred tax provision of \$7,156. Changes in operating assets and liabilities provided \$849,226 of cash from operating activities.

For the nine months ended September 30, 2018, cash used in operating activities was \$779,622. Net loss of \$239,175 was mainly offset by interest earned on marketable securities held in the Trust Account of \$2,515,625, a non-cash change in fair value of warrant liability of \$1,638,000 and an unrealized loss on marketable securities held in our Trust Account of \$13,915. Changes in operating assets and liabilities provided \$323,263 of cash from operating activities.

For the six months ended June 30, 2020, cash used in operating activities was \$358,456. Net income of \$2,679,880 includes interest earned on marketable securities held in the Trust Account of \$717,513, a non-cash change in fair value of warrant liability of \$419,500 and the forgiveness of previously recorded professional fees in the amount of \$3,298,207. Changes in operating assets and liabilities provided \$1,396,884 of cash from operating activities.

For the six months ended June 30, 2019, cash used in operating activities was \$726,805. Net income of \$1,536,065 was impacted by interest earned on marketable securities held in the Trust Account of \$2,389,526, a non-cash change in fair value of warrant liability of \$341,250, an unrealized gain on marketable securities held in our Trust Account of \$61,971 and a deferred tax provision of \$11,250. Changes in operating assets and liabilities provided \$518,627 of cash from operating activities.



For the six months ended June 30, 2018, cash used in operating activities was \$668,968. Net income of \$889,426 was mainly offset by interest earned on marketable securities held in the Trust Account of \$1,546,238, a non-cash change in fair value of warrant liability of \$68,250 and an unrealized loss on marketable securities held in our Trust Account of \$489. Changes in operating assets and liabilities provided \$55,605 of cash from operating activities.

For the three months ended March 31, 2020, cash used in operating activities was \$234,388. Net income of \$1,792,718 includes interest earned on marketable securities held in the Trust Account of \$639,954 and a non-cash change in fair value of warrant liability of \$2,184,000 offset by interest expense of \$31,428 and a loss of conversion liability of \$10,000. Changes in operating assets and liabilities provided \$755,420 of cash from operating activities.

For the three months ended March 31, 2019, cash used in operating activities was \$294,366. Net income of \$1,117,163 was affected by interest earned on marketable securities held in the Trust Account of \$1,179,970, a non-cash change in fair value of warrant liability of \$341,250, an unrealized loss on marketable securities held in our Trust Account of \$527 and a deferred tax provision of \$1,874. Changes in operating assets and liabilities provided \$111,038 of cash from operating activities.

For the three months ended March 31, 2018, cash used in operating activities was \$216,827, consisting primarily of interest earned on cash and marketable securities held in the Trust Account of \$691,167, offset by net income of \$747,316, a non-cash change in fair value of warrant liability of \$341,250 and an unrealized loss on marketable securities held in our Trust Account of \$1,852. Changes in operating assets and liabilities provided \$66,422 of cash from operating activities.

On December 5, 2019, the Company entered into the Expense Advancement Agreement with GTWY Holdings pursuant to which GTWY Holdings committed to provide \$566,288 to fund Contributions to the Trust Account, representing the amount needed to fund the first monthly Contribution during the First Extension. The Company drew down the full amount under the Expense Advancement Agreement to fund the required Contribution to the Trust Account for the period December 6, 2019 to January 5, 2020 by issuing an unsecured promissory note to GTWY Holdings (the "GTWY Promissory Note"). The GTWY Promissory Note does not bear interest. Amounts borrowed pursuant to the Expense Advancement Agreement were deposited to the Trust Account on December 6, 2019. On January 31, 2021, we entered into an amendment to the GTWY Promissory Note to permit conversion of all or a portion of the GTWY Promissory Note into warrants at a price of \$1.00 per warrant. In connection with such amendment, GTWY Holdings elected to convert the full principal balance of the GTWY Promissory Note into 566,288 warrants.

On December 1, 2017, HG Vora entered into a Contingent Forward Purchase Contract with us to purchase, in a private placement for gross proceeds of \$62,500,000 to occur concurrently with the consummation of our Business Combination, 6,250,000 Units on the same terms as the sale of Units in the Initial Public Offering at \$10.00 per unit. The funds from the sale of the Private Placement Units may be used as part of the consideration to the sellers in the Business Combination; any excess funds from the Private Placement Units may be used for working capital in the post-transaction company. This commitment is independent of the percentage of stockholders electing to redeem their shares and provides us with an increased minimum funding level for the Business Combination. HG Vora's obligation to purchase our Units under the Contingent Forward Purchase contract is contingent upon, among other things, HG Vora approving the Business Combination, which approval can be withheld for any reason. In connection with previously proposed business combination transaction with GTWY Holdings, an amendment to the Contingent Forward Purchase Contract was effected on December 27, 2019 to provide that the Contingent Forward Purchase Contract would terminate as of, and contingent upon, the closing of the transaction with GTWY Holdings such that the strategic investor would instead purchase 3,000,000 units of GTWY Holdings' equity securities (with each unit consisting of one GTWY Holdings Share and one-half of one GTWY Holdings Warrant) for a purchase price of \$10.00 per unit. In addition, HG Vora waived its rights under the Contingent Forward Purchase Contract to purchase Private Placement Units in connection with the proposed Merger with Ensysce.

In order to fund working capital deficiencies or finance transaction costs in connection with a Business Combination, the Hydra Sponsor, an affiliate of the Matthews Lane Sponsor and HG Vora (the "Funding Parties") loaned an aggregate of \$1,000,000 to the Company, in accordance with unsecured promissory notes issued on January 15, 2020 to the Funding Parties, pursuant to an expense advance agreement dated December 1, 2017 which were subsequently converted by the holders into warrants on June 25, 2020. The expense advancement agreement was amended to increase the total amount of advances available to the Company under the agreement by an additional \$300,000 pursuant to amendments effected through November 30, 2020, of which the Company drew down an aggregate of \$225,000 through December 31, 2020. The agreement was further amended on February 23, 2021 to increase the total amount of advances available to the Company by an additional \$160,000 which was drawn down, on February 24, 2021, resulting in aggregate loans outstanding of \$460,000 at March 10, 2021. The Funding Parties may, but are not obligated to, loan the Company additional funds from time to time or at any time, as may be required ("Working Capital Loans"). Under the expense advancement agreement, Working Capital Loans would either be paid upon completion of a Business Combination, without interest, or, at the holder's discretion, could be converted into warrants at a price of \$1.00 per warrant. The warrants would be identical to the Private Placement Warrants. In the event that a Business Combination does not close, the Company may use a portion of the proceeds held outside the Trust Account to repay the Working Capital Loans, but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. As of December 31, 2020, there were \$225,000 amounts outstanding under the Working Capital Loans (the \$1,000,000 previously loaned by the Funding Parties having been converted into warrants on June 25, 2020).

As of December 31, 2020, we had \$49,202 in our operating bank accounts, \$12,628,170 in securities held in the Trust Account to be used for a Business Combination or to repurchase or redeem its common stock in connection therewith and working capital deficit of \$127,869, which excludes \$93,929 of prepaid income and franchise taxes.

We will need to raise additional capital through loans or additional investments from our sponsors, HG Vora, stockholders, officers, directors, or third parties. Our sponsors and HG Vora may, but are not obligated to, loan us funds, from time to time or at any time, in whatever amount they deem reasonable in their sole discretion, to meet our working capital needs. Accordingly, we may not be able to obtain additional financing. If we are unable to raise additional capital, we may be required to take additional measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing operations, suspending the pursuit of a potential transaction, and reducing overhead expenses. We cannot provide any assurance that new financing will be available to us on commercially acceptable terms, if at all. These conditions raise substantial doubt about our ability to continue as a going concern through June 30, 2021, the date that we will be required to cease all operations, except for the purpose of winding up, if a Business Combination is not consummated. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should we be unable to continue as a going concern.

#### **Off-Balance Sheet Financing Arrangements**

We have no obligations, assets or liabilities, which would be considered off-balance sheet arrangements as of December 31, 2020. We do not participate in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements. We have not entered into any off-balance sheet financing arrangements, established any special purpose entities, guaranteed any debt or commitments of other entities, or purchased any non-financial assets.

#### **Contractual Obligations**

As of December 31, 2020, we do not have any long-term debt, capital lease obligations, operating lease obligations or long-term liabilities, other than an agreement dated December 1, 2017 to pay our Hydra sponsor a monthly fee of up to \$10,000 for office space, utilities and secretarial and administrative support provided to us until the earlier of the completion of the Business Combination and our liquidation. We began incurring these fees on December 1, 2017. Effective September 30, 2020, Hydra Sponsor agreed to stop charging the Company the monthly administrative fee and forgave the \$71,000 outstanding balance due under the agreement.

The underwriters are entitled to underwriting discounts and commissions of 5.5%, of which 2.0% (\$4,000,000) was paid at the closing of the Initial Public Offering, and 3.5% (\$7,000,000) was deferred. The deferred discount will become payable to the underwriters from the amounts held in the Trust Account solely in the event that we complete a Business Combination, subject to the terms of the underwriting agreement. The underwriters are not entitled to any interest accrued on the deferred discount. On November 23, 2020, the underwriters agreed to waive \$250,000 of the deferred fee that is to be paid upon consummation of the Business Combination, as a result of which \$6,750,000 remained payable. On January 31, 2021, the underwriters agreed to reduce the total deferred underwriting fee that is to be paid to such underwriters upon the consummation of our Business Combination to \$2,000,000, which have the right, under certain situations, to pay in the form of our common stock.

## Critical Accounting Policies

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

### *Derivative Instruments*

We account for debt and equity issuances as either equity-classified or liability-classified instruments based on an assessment of the instruments specific terms and applicable authoritative guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 480, Distinguishing Liabilities from Equity (“ASC 480”) and ASC 815, Derivatives and Hedging (“ASC 815”). The assessment considers whether the instruments are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the instruments meet all of the requirements for equity classification under ASC 815, including whether the instruments are indexed to the Company’s own common shares and whether the holders could potentially require “net cash settlement” in a circumstance outside of the Company’s control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of issuance of the instruments and as of each subsequent quarterly period end date while the instruments are outstanding.

For issued or modified instruments that meet all of the criteria for equity classification, the instruments are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified instruments that do not meet all the criteria for equity classification, the instruments are required to be recorded as a liability at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the instruments are recognized as a non-cash gain or loss on the statements of operations.

### *Common Stock Subject to Possible Redemption*

We account for our common stock subject to possible conversion in accordance with the guidance in Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity.” Common stock subject to mandatory redemption is classified as a liability instrument and measured at fair value. Conditionally redeemable common stock (including common stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control) is classified as temporary equity. At all other times, common stock is classified as stockholders’ equity. Our common stock features certain redemption rights that are considered to be outside of our control and subject to occurrence of uncertain future events. Accordingly, common stock subject to possible redemption is presented at redemption value as temporary equity, outside of the stockholders’ equity section of our balance sheets.

### *Net Income (Loss) Per Common Share*

We apply the two-class method in calculating earnings per share. Net income per common share, basic and diluted for redeemable common stock is calculated by dividing the interest income earned on the Trust Account, net of applicable taxes, if any, by the weighted average number of shares of redeemable common stock outstanding for the period. Net loss per common share, basic and diluted for non-redeemable common stock is calculated by dividing net income less income attributable to redeemable common stock, by the weighted average number of shares of non-redeemable common stock outstanding for the period presented.

## Recent Accounting Pronouncements

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

### **Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

Not applicable for smaller reporting companies.

### **Item 8. Financial Statements and Supplementary Data**

This information appears following Item 15 of this Report and is incorporated herein by reference.

### **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

### **Item 9A. Controls and Procedures.**

#### *Disclosure Controls and Procedures*

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

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2020. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that due to a material weakness in internal control over financial reporting, solely due to the events that led to the Company’s restatement of its financial statements to reclassify the Company’s Derivative Instruments as described in the Explanatory Note to this Amendment, as of December 31, 2020, our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were not effective.

In light of this material weakness, we performed additional analysis as deemed necessary to ensure that our financial statements were prepared in accordance with U.S. generally accepted accounting principles. Accordingly, management believes that the financial statements included in this Annual Report on Form 10-K/A present fairly in all material respects our financial position, results of operations and cash flows for the period presented.

As required by SEC rules and regulations implementing Section 404 of the Sarbanes-Oxley Act, our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes in accordance with GAAP. Our internal control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company,
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors, and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect errors or misstatements in our financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate. Management assessed the effectiveness of our internal control over financial reporting at December 31, 2020. In making these assessments, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework (2013). Based on our assessments and those criteria, management concluded that our internal control over financial reporting was not effective as of December 31, 2020 due to a material weakness in our internal control over financial reporting, described below. Notwithstanding this material weakness, management has concluded that our audited financial statements included in this Amendment are fairly stated in all material respects in accordance with GAAP for each of the periods presented herein...

In connection with the restatement described in “Note 2— Restatement of Previously Issued Financial Statements” to the accompanying financial statements included in this Annual Report, management identified a material weakness in our internal control over financial reporting related to the accounting for a significant and unusual transaction related to our Derivative Instruments. This material weakness resulted in a material misstatement of our derivative liabilities, change in fair value of loss on derivative liabilities, additional paid-in capital and retained earnings (accumulated deficit) as of and for the years ended December 31, 2020, 2019 and 2018, as of December 5, 2017; as of and for the period ended September 11, 2017 (inception) to December 31, 2017; and as of and for the periods ended March 31, 2018, June 30, 2018, September 30, 2018, March 31, 2019, June 30, 2019, September 30, 2019, March 31, 2020, June 30, 2020 and September 30, 2020.

To respond to this material weakness, we have devoted, and plan to continue to devote, significant effort and resources to the remediation and improvement of our internal control over financial reporting. While we have processes to identify and appropriately apply applicable accounting requirements, we plan to enhance these processes to better evaluate our research and understanding of the nuances of the complex accounting standards that apply to our financial statements. Our plans at this time include providing enhanced access to accounting literature, research materials and documents and increased communication among our personnel and third-party professionals with whom we consult regarding complex accounting applications. The elements of our remediation plan can only be accomplished over time, and we can offer no assurance that these initiatives will ultimately have the intended effects.

This Annual Report on Form 10-K does not include an attestation report of internal controls from our independent registered public accounting firm due to our status as an emerging growth company under the JOBS Act.

#### Changes in 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 is reasonably likely to materially affect, our internal control over financial reporting. Due solely to the events that led to our restatement of our financial statements, management has identified a material weakness in internal controls related to the accounting for Derivative Instruments, as described in Note 2 to the Notes to our Consolidated Financial Statements. In light of the restatement of our Original Financial Statements included in this Amendment, we plan to enhance our processes to identify and appropriately apply applicable accounting requirements to better evaluate and understand the nuances of the complex accounting standards that apply to our financial statements. Our plans at this time include providing enhanced access to accounting literature, research materials and documents and increased communication among our personnel and third-party professionals with whom we consult regarding complex accounting applications. The elements of our remediation plan can only be accomplished over time, and we can offer no assurance that these initiatives will ultimately have the intended effects.

#### Item 9B. Other Information

None.

### PART III

#### Item 10. Directors, Executive Officers and Corporate Governance

##### Directors and Executive Officers

Our current directors and executive officers as of the date of this Report are as follows:

Name	Age *	Position
A. Lorne Weil	75	Executive Chairman
Daniel B. Silvers	44	Chief Executive Officer and Director
Marc J. Falcone	47	Director
Steven M. Rittvo	72	Director
David L. Weinstein	54	Director
George Peng	50	Chief Financial Officer, Treasurer and Secretary
Eric Carrera	31	Senior Vice President — Finance and Business Development

\* As of March 1, 2021.

**A. Lorne Weil** has served as our Executive Chairman since our formation in September 2017 and has been a principal of Hydra Management, an investment vehicle formed by Mr. Weil, since September 2014. Mr. Weil serves as Executive Chairman of Inspired Entertainment, Inc., a position he has held since December 2016. Previously, Mr. Weil served as Chairman and CEO of Inspired’s predecessor, Hydra Industries Acquisition Corp., since October 2014. Mr. Weil previously served as Chairman of the Board of Scientific Games Corporation (and its predecessor Autotote Corporation) from October 1991 to November 2013. Mr. Weil also served as the Chief Executive Officer of Scientific Games Corporation (and its predecessor Autotote Corporation) from 1992 to 2008 and from November 2010 to November 2013 (Mr. Weil had retired in 2008) and as the President from August 1997 to June 2005. Under Mr. Weil’s stewardship, the company made a number of significant acquisitions and joint ventures, including the privatization of the off-track betting operations of the State of Connecticut, and the acquisitions of Scientific Games Holdings Corp., IGT Online Entertainment Systems, Global Draw and WMS Industries, and the privatization of the Illinois, New Jersey and Italian lotteries. Prior to joining Scientific Games, Mr. Weil was President of Lorne Weil, Inc., a firm he founded which provided strategic planning and corporate development services to technology-based industries, a role he maintained from 1979 to November 1992.

From 1974 to 1979, Mr. Weil was Vice President — Corporate Development at General Instrument Corporation. From 1970 to 1974, Mr. Weil was a manager with the Boston Consulting Group. Mr. Weil received his undergraduate degree from the University of Toronto, an M.S. degree from the London School of Economics and an M.B.A. from Columbia University, where he served for more than 10 years on the Board of Overseers. From 2011 to 2013, Mr. Weil was a director of Avantair Inc. In 2012, Mr. Weil was the sponsor and Chairman of the Board of Andina Acquisition Corp., a Nasdaq-listed blank check company, and currently serves as the Non-Executive Chairman of the Board of the successor entity, Tecnoglass Inc.

We believe Mr. Weil is well-qualified to serve as a member of our board of directors due to his extensive business experience in strategic planning and corporate development, his experience successfully overseeing the IPO of Hydra Industries Acquisition Corp. and its subsequent merger with Inspired Gaming Group, the IPO of Andina and its subsequent merger with Tecnoglass, the contacts he has fostered over the course of his extensive career, as well as his vast operational experience.

**Daniel B. Silvers** has served as Chief Executive Officer and a Director of the Company since our formation in September 2017. Additionally, he has served as Managing Member of Matthews Lane Capital Partners LLC, an investment firm, since June 2015 and also has served as Executive Vice President and Chief Strategy Officer of Inspired Entertainment, Inc., a company involved in the gaming equipment supplier industry, since December 2016. At Inspired, Mr. Silvers is also a member of the Office of the Executive Chairman. He is the former President of Spring Owl Asset Management LLC, an investment management firm, a position he held from March 2009 to June 2015 (including predecessor entities). From April 2009 to October 2010, Mr. Silvers also served as President of Western Liberty Bancorp, an acquisition oriented holding company that acquired and recapitalized a community bank in Las Vegas, Nevada. Mr. Silvers joined a predecessor of Spring Owl from Fortress Investment Group, a leading global alternative asset manager, where he worked from 2005 to 2009. At Fortress, Mr. Silvers' primary focus was to originate and oversee due diligence on and asset management for real estate and gaming investments in Fortress' Drawbridge Special Opportunities Fund. Prior to joining Fortress, Mr. Silvers was a senior member of the real estate, gaming and lodging investment banking group at Bear, Stearns & Co., Inc. Mr. Silvers serves as a director of Avid Technology, Inc., a global media technology provider. Mr. Silvers previously served on the board of directors of Forestar Group, Inc., International Game Technology, bwin.party digital entertainment plc, Universal Health Services, Inc., PICO Holdings, Inc., Ashford Hospitality Prime, Inc. and India Hospitality Corp. Mr. Silvers holds a B.S. in Economics, as well as an M.B.A with a concentration in Finance, from The Wharton School of the University of Pennsylvania.

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55

We believe Mr. Silvers is well-qualified to serve as a member of our board of directors due to his extensive experience in corporate finance, capital allocation, capital markets and public company governance.

**Marc J. Falcone** has served as a member of our board of directors since December 1, 2017. Mr. Falcone has served as the President and Chief Financial Officer of Sightline Payments LLC, a leading digital commerce platform for the gaming industry, since February 2019. Mr. Falcone is also the principal of MF Ventures LLC, a diversified investment platform with investments in companies involved in the hospitality, gaming and leisure industries, including Kentucky Downs located in Franklin, Kentucky, which operates 750 historical horse racing machines. Mr. Falcone served as Executive Vice President, Chief Financial Officer and Treasurer of Red Rock Resorts, Inc. from October 2015 until May 2017 and as Executive Vice President and Chief Financial Officer of Station Casinos LLC from June 2011 until May 2017. Mr. Falcone served as Treasurer of Station Casinos LLC since January 2013 until May 2017. Mr. Falcone also served as Chief Financial Officer of Fertitta Entertainment LLC from October 2010 through May 2016. From June 2008 to October 2010, Mr. Falcone worked at Goldman Sachs & Co. where he focused on restructuring transactions in the hospitality and gaming sectors under that firm's Whitehall division. From May 2006 to June 2008, Mr. Falcone was a senior analyst at Magnetar Capital, LLC (an alternative asset management firm), covering the gaming, lodging, leisure, REIT and airline industries. From May 2002 to June 2006, Mr. Falcone was a Managing Director for Deutsche Bank Securities Inc. covering gaming, lodging and leisure companies and was recognized as one of the industry's top analysts. Prior to joining Deutsche Bank Securities Inc., Mr. Falcone worked for Bear, Stearns & Co. Inc., covering the gaming, lodging and leisure industries. Mr. Falcone holds a bachelor's degree in Real Estate Finance and Hotel Administration from Cornell University.

We believe Mr. Falcone is well-qualified to serve as a member of our board of directors due to his significant experience as an executive officer at a public company in the leisure sector and investment experience with the leisure sector and leisure-related businesses.

**Steven M. Rittvo** has served as a member of our board of directors since December 1, 2017. Since February 2017, Mr. Rittvo serves as Chairman and Chief Executive Officer of Innovation Project Development, a multi-disciplinary development management services company focused on leisure- and residential-related developments. Mr. Rittvo has been with Innovation Project Development since November 2005. In May 1993, Mr. Rittvo co-founded The Innovation Group, Inc., a gaming, hospitality and leisure sector consulting firm headquartered in Denver with offices in New Orleans, Atlantic City, Aspen, Minneapolis and Orlando. Mr. Rittvo served as President of Innovation Group until February 2017. In Mr. Rittvo's various roles with The Innovation Group, he advised and participated in gaming studies for clients ranging from Caesars Entertainment, MGM Mirage, Pinnacle Entertainment, Mandalay Resort Group, Isle of Capri, Harrah's Entertainment, Trump Hotels and Casinos, as well as numerous Native American tribes and government agencies throughout the United States and the World. Mr. Rittvo holds a bachelor's degree in Systems Engineering and a master's degree in Transportation Engineering and Planning from the Polytechnic Institute of New York.

We believe Mr. Rittvo is well-qualified to serve as a member of our board of directors due to his significant experience managing leisure-related developments and advising owners, operators and other stakeholders in the leisure sector and leisure-related businesses.

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56

**David L. Weinstein** has served as a member of the LACQ board of directors since December 1, 2017. Mr. Weinstein is a partner at Belvedere Capital, a real estate investment firm based in New York, and is primarily focused on Belvedere's investment in Industry City, a six million square foot redevelopment project in Sunset Park, Brooklyn. Mr. Weinstein serves as Chief Executive Officer of GreenAcreage Real Estate Corp., a REIT, a position he assumed in August 2020, and also serves as a director of GreenAcreage. Mr. Weinstein was previously a partner at Belvedere Capital from September 2008 until October 2013 and rejoined as a partner in 2016. From February 2015 until August 2016, Mr. Weinstein was a member of the board of directors of Forestar Group, Inc. Mr. Weinstein previously served as President and Chief Executive Officer of MPG Office Trust, Inc., a publicly traded office REIT, from November 2010 until the sale of the Company in October 2013. He was a member of the board of directors of MPG Office Trust, Inc. from August 2008 until October 2013. From April 2007 until August 2008, Mr. Weinstein was a Managing Director of West bridge Investment Group/Westmont Hospitality Group, a real estate investment fund focused on hospitality. From 1996 until January 2007, Mr. Weinstein worked at Goldman, Sachs & Co. in New York, first as a Vice President in the real estate investment banking group (focusing on mergers, asset sales and corporate finance) and then, from 2004, as a Vice President in the Special Situations Group (focused on real estate debt investments). Mr. Weinstein holds a Bachelor of Science degree in Economics, magna cum laude, from The Wharton School of the University of Pennsylvania and a Juris Doctor, cum laude, from the University of Pennsylvania Law School. He is a member of the New York State Bar Association.

We believe Mr. Weinstein is well-qualified to serve as a member of our board of directors due to his real estate banking, investment and management experience, including as a chief executive officer of a publicly traded real estate company, as well as his corporate governance experience through service as a board member of a public company will be valuable to the Company's board of directors.

**George Peng** has served as our Chief Financial Officer, Treasurer and Secretary since our formation in September 2017. Additionally, Mr. Peng has been a Principal of Hydra Management, LLC, an investment vehicle of Mr. Weil's since July 2014 and as Vice President of Finance at Inspired Entertainment, Inc., since January 2017. Previously, he was Chief Financial Officer of Hydra Industries Acquisition Corp., a special-purpose acquisition corporation that acquired Inspired Entertainment, Inc., from August 2015 until January 2017. Before that, Mr. Peng was a consultant to Scientific Games Corporation from May 2013 to April 2014, where he assisted in its integration of the acquisition of WMS Industries. Mr. Peng was focused on the financial and operational impacts of integrating the accounting and finance functions of both companies, including human resource allocation, budgeting, and cost reductions. Prior to consulting to Scientific Games, Mr. Peng was a consultant primarily focused on financial planning and analysis for various industries, including retail and financial services. Previously, he was an Associate in the Investment Banking division of Credit Suisse, focusing on private equity, high

yield, and leveraged lending products. Mr. Peng holds an A.B. in Economics from the University of Michigan, Ann Arbor, as well as an M.B.A. with a concentration in Finance from the Anderson School at UCLA. Mr. Peng is a CFA Charter holder, which he was awarded in 2006.

**Eric Carrera** has served as our Senior Vice President of Finance and Business Development since September 2017. Additionally, Mr. Carrera has served as the Senior Associate of Hydra Management, LLC, an investment vehicle of Mr. Weil, since June 2015 and as Manager of Finance/M&A of Inspired Entertainment, Inc. since January 2017. Mr. Carrera was Senior Vice President at Andina Acquisition Corp. II, a special-purpose acquisition corporation, from November 2015 to March 2018 when it successfully completed its business combination with Lazydays R.V. Center, Inc., a premier RV dealership destination. From June 2011 to February 2015, Mr. Carrera was an international business development associate with Scientific Games Corporation, a supplier of technology-based products, systems and services to gaming markets worldwide. From September 2011 to December 2013, Mr. Carrera acted as an advisor to Andina Acquisition Corp. and was a member of the team that successfully completed a business transaction with Tecnoglass S.A., a Colombian manufacturer of glass and windows. Mr. Carrera received a B.S. from Boston University School of Management and is also a CFA Charter holder.

#### Number and Terms of Office of Officers and Directors

Our Board is presently comprised of five (5) members and is divided into three separate classes of directors. One class of directors is normally elected at each annual meeting of stockholders for a term of three (3) years. Mr. Falcone, our Class I director, was elected at our first annual meeting of stockholders in 2018 for a three-year term expiring at our 2021 annual meeting of stockholders. Messrs. Rittvo and Weinstein, our Class II directors, were each elected at our 2019 Special Meeting for a three-year term expiring at our 2022 annual meeting of stockholders. Messrs. Weil and Silvers were each elected at our 2020 Special Meeting for a three-year term expiring at our 2023 annual meeting of stockholders.

Our officers are appointed by the board of directors and serve at the discretion of the board of directors, rather than for specific terms of office. Our board of directors is authorized to appoint persons to the offices set forth in our bylaws as it deems appropriate. Our bylaws provide that our officers may consist of a Chairman of the Board, Chief Executive Officer, President, Chief Financial Officer, Vice Presidents, Secretary, Treasurer and such other offices as may be determined by the board of directors.

#### Director Independence

Nasdaq listing standards require that a majority of our board of directors be independent. An “independent director” is defined generally as a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship which in the opinion of the company’s board of directors, would interfere with the director’s exercise of independent judgment in carrying out the responsibilities of a director. Our board of directors has determined that Messrs. Falcone, Rittvo and Weinstein are “independent directors” as defined in the Nasdaq listing standards and applicable SEC rules.

#### Committees of the Board of Directors

Our Board has two standing committees: an audit committee and a compensation committee. Our committees are comprised solely of independent directors.

##### *Audit Committee*

The members of our audit committee are Messrs. Falcone, Rittvo and Weinstein. Mr. Falcone currently serves as Chairman of the audit committee. All members of the audit committee qualify as independent directors under applicable rules and regulations of the SEC and Nasdaq.

Each member of the audit committee is financially literate and our board of directors has determined that Mr. Falcone qualifies as an “audit committee financial expert” as defined in applicable SEC rules.

We have adopted an audit committee charter, which details the principal functions of the audit committee, including:

- the appointment, compensation, retention, replacement, and oversight of the work of the independent auditors and any other independent registered public accounting firm engaged by us;
- pre-approving all audit and permitted non-audit services to be provided by the independent auditors or any other registered public accounting firm engaged by us, and establishing pre-approval policies and procedures;
- reviewing and discussing with the independent auditors all relationships the auditors have with us in order to evaluate their continued independence;
- setting clear hiring policies for employees or former employees of the independent auditors;
- setting clear policies for audit partner rotation in compliance with applicable laws and regulations;
- obtaining and reviewing a report, at least annually, from the independent auditors describing (i) the independent auditor’s internal quality-control procedures and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm and any steps taken to deal with such issues;
- reviewing and approving any related party transaction required to be disclosed pursuant to Item 404 of Regulation S-K promulgated by the SEC prior to us entering into such transaction; and
- reviewing with management, the independent auditors, and our legal advisors, as appropriate, any legal, regulatory or compliance matters, including any correspondence with regulators or government agencies and any employee complaints or published reports that raise material issues regarding our financial statements or accounting policies and any significant changes in accounting standards or rules promulgated by the Financial Accounting Standards Board, the SEC or other regulatory authorities.

##### *Compensation Committee*

The members of our compensation committee are Messrs. Falcone, Rittvo and Weinstein. Mr. Weinstein currently serves as Chairman of the compensation committee. All members of the compensation committee qualify as independent directors under applicable rules and regulations of the SEC and Nasdaq.

We have adopted a compensation committee charter, which details the principal functions of the compensation committee, including:

- reviewing and approving the corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluating the performance of the Chief Executive Officer in light of such goals and objectives and determining and approving the compensation of the Chief Executive Officer;

- reviewing and approving the compensation of the other executive officers;
- reviewing executive compensation policies and plans;
- administering equity-based compensation plans;
- reviewing and approving the terms of employment agreements, severance agreements and similar arrangements for executive officers;
- producing a report on executive compensation to be included in the annual proxy statement in accordance with applicable rules and regulations of the SEC in effect from time to time; and
- reviewing, modifying and approving (or, as it deems appropriate, recommending to the board for determination and approval) the compensation for non-employee directors.

It is likely that prior to the consummation of a Business Combination, the compensation committee will only be responsible for the review and recommendation of any compensation arrangements to be entered into in connection with such Business Combination.

The charter also provides that the compensation committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser and will be directly responsible for the appointment, compensation and oversight of the work of any such adviser. However, before engaging or receiving advice from a compensation consultant, external legal counsel or any other adviser, the compensation committee will consider the independence of each such adviser, including the factors required by Nasdaq and the SEC.

#### Director Nominations

We do not have a standing nominating committee. In accordance with Rule 5605(e)(2) of the Nasdaq Rules, a majority of the independent directors may recommend a director nominee for selection by the board of directors. The board of directors believes that the independent directors can satisfactorily carry out the responsibility of properly selecting or approving director nominees without the formation of a standing nominating committee. As there is no standing nominating committee, we do not have a nominating committee charter in place.

The board of directors will also consider director candidates recommended for nomination by our stockholders during such times as they are seeking proposed nominees to stand for election at the next annual meeting of stockholders (or, if applicable, a special meeting of stockholders). Our stockholders that wish to nominate a director for election to the Board should follow the procedures set forth in our bylaws. Stockholder recommendations should be submitted in writing to: Leisure Acquisition Corp., 250 West 57th Street, Suite 415, New York, New York 10107, Attention: Secretary.

We have not formally established any specific, minimum qualifications that must be met or skills that are necessary for directors to possess. In general, in identifying and evaluating nominees for director, the board of directors considers educational background, diversity of professional experience, knowledge of our business, integrity, professional reputation, independence, wisdom, and the ability to represent the best interests of our stockholders.

#### Compensation Committee Interlocks and Insider Participation

None of our officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more officers serving on our board of directors, except that Mr. Weil, our Executive Chairman, is Executive Chairman of Inspired Entertainment, Inc. and Mr. Silvers, our Chief Executive Officer and a member of our board of directors, is an executive officer of Inspired Entertainment, Inc.

#### Code of Ethics

We have adopted a Code of Ethics applicable to our directors, executive officers and employees that complies with the rules and regulations of the Nasdaq. The Code of Ethics codifies the business and ethical principles that govern all aspects of our business. We have previously filed copies of our form Code of Ethics, our form of Audit Committee Charter and our form of Compensation Committee Charter as exhibits to our registration statement in connection with our Initial Public Offering. You may review these documents by accessing our public filings at the SEC's web site at [www.sec.gov](http://www.sec.gov). Copies of our Code of Ethics and our audit committee and compensation committee charters are available, without charge, on our website at [www.leisureacq.com](http://www.leisureacq.com) or upon request from us. We intend to disclose any amendments to or waivers of certain provisions of our Code of Ethics in a Current Report on Form 8-K.

#### Conflicts of Interest

Each of our officers and directors presently has, and any of them in the future may have additional, fiduciary or contractual obligations to other entities pursuant to which such officer or director is or will be required to present a business combination opportunity. Accordingly, if any of our officers or directors becomes aware of a business combination opportunity that is suitable for an entity to which he or she has then-current fiduciary or contractual obligations, he or she will honor his or her fiduciary or contractual obligations to present such opportunity to such entity and not to us. We do not believe, however, that the fiduciary duties or contractual obligations of our officers or directors will materially affect our ability to complete our Business Combination. In addition, our amended and restated certificate of incorporation provides for the waiver of any requirement to present corporate opportunities to us to the extent it would conflict with competing duties owed to other entities. Our amended and restated certificate of incorporation provides that we renounce our interest in any corporate opportunity offered to any director or officer unless such opportunity is expressly offered to such person solely in his or her capacity as a director or officer of our company and such opportunity is one we are legally and contractually permitted to undertake and would otherwise be reasonable for us to pursue.

In addition, our sponsors, officers, directors and director nominees have agreed, pursuant to a written letter agreement, not to participate in the formation of, or become an officer or director of, any other blank check company until we have entered into a definitive agreement regarding our Business Combination or we have failed to complete our Business Combination during the Combination Period. Our management team is not currently involved in any other blank check offering.

Potential investors should also be aware of the following other potential conflicts of interest:

- None of our officers or directors is required to commit his or her full time to our affairs and, accordingly, may have conflicts of interest in allocating his or her time among various business activities.
- In the course of their other business activities, our officers and directors may become aware of investment and business opportunities that may be appropriate for presentation to us as well as the other entities with which they are affiliated. Our management may have conflicts of interest in determining to which entity a particular business opportunity should be presented.

- Our initial stockholders have agreed to waive their redemption rights with respect to any founder shares held by them in connection with the consummation of our Business Combination. Additionally, our initial stockholders have agreed to waive their redemption rights with respect to any founder shares held by them if we fail to consummate our Business Combination during Combination Period. If we do not complete our Business Combination within such applicable time period, the proceeds from our Initial Public Offering and Concurrent Private Placement held in the trust account will be used to fund the redemption of our public shares, any founder shares will be worthless, and the private placement warrants will expire worthless. With certain limited exceptions, the founder shares will not be transferable, assignable or salable by our initial stockholders until 180 days after the completion of our Business Combination. With certain limited exceptions, the private placement warrants and the common stock underlying such warrants, will not be transferable, assignable or salable by the initial purchasers or their permitted transferees until 30 days after the completion of our Business Combination. Since our sponsors, strategic investor and officers and directors may directly or indirectly own common stock and warrants, our officers and directors may have a conflict of interest in determining whether a particular target business is an appropriate business with which to effectuate our Business Combination.
- Our officers and directors may have a conflict of interest with respect to evaluating a particular Business Combination if the retention or resignation of any such officers and directors was included by a target business as a condition to any agreement with respect to our Business Combination. Should one or more member of the management team seek to enter into an employment contract with a target, we would refer such matter of employment to a committee of disinterested directors of our board of directors for consideration.
- Each of A. Lorne Weil, our Executive Chairman, and Daniel B. Silvers, our Chief Executive Officer, is party to an employment agreement with Inspired. These agreements contain non-competition provisions that provide that neither Mr. Weil nor Mr. Silvers shall directly or indirectly engage in any business that is directly competitive with any business conducted by the Inspired Group during his employment, in any geographic area in which such business was so conducted by the Inspired Group. In Mr. Weil's employment agreement with Inspired there are also non-solicitation provisions. In light of the non-competition agreements, we will not seek a Business Combination with any company with operations in the businesses described above. In addition, if our Business Combination does not cause Mr. Weil or Mr. Silvers to violate the non-competition agreements, no assurance can be given that the combined company would not in the future engage in competitive activities that would cause Mr. Weil or Mr. Silvers to be in breach of the non-competition agreements. If a court were to conclude that a violation of either or both of the non-competition agreements had occurred, it could extend the term of Mr. Weil's or Mr. Silvers' non-competition restrictions and/or enjoin Mr. Weil or Mr. Silvers from participating in our company, or enjoin us from engaging in aspects of the business which compete with Inspired Group, as applicable. The court could also impose monetary damages against Mr. Weil or Mr. Silvers or us. This could materially harm our business and the trading prices of our securities. Even if ultimately resolved in our favor, any litigation associated with the non-competition agreements could be time consuming, costly and distract management's focus from locating suitable acquisition candidates and operating our business.
- Our sponsors, strategic investor, officers or directors may have a conflict of interest with respect to evaluating a Business Combination and financing arrangements as we obtained loans from our sponsors or strategic investor or an affiliate of our sponsors or strategic investor or any of our officers or directors to finance transaction costs in connection with an intended Business Combination. Up to \$460,000 of such loans may be convertible into warrants at a price of \$1.00 per warrant at the option of the lender and would be identical to the private placement warrants, including as to exercise price, exercisability and exercise period.

The conflicts described above may not be resolved in our favor.

In general, officers and directors of a corporation incorporated under the laws of the State of Delaware are required to present business opportunities to a corporation if:

- the corporation could financially undertake the opportunity;
- the opportunity is within the corporation's line of business; and
- it would not be fair to our company and its stockholders for the opportunity not to be brought to the attention of the corporation.

Accordingly, as a result of multiple business affiliations, our officers and directors may have similar legal obligations relating to presenting business opportunities meeting the above-listed criteria to multiple entities. Furthermore, our amended and restated certificate of incorporation will provide that the doctrine of corporate opportunity will not apply with respect to any of our officers or directors in circumstances where the application of the doctrine would conflict with any fiduciary duties or contractual obligations they may have.

Below is a table summarizing the entities to which our executive officers and directors currently have fiduciary duties or contractual obligations.

Individual	Entity	Entity's Business	Affiliation
A. Lorne Weil	Hydra Management Inspired Entertainment Tecnoglass	Investment Vehicle Gaming Technology Manufacturer of glass products for use in high end commercial real estate construction	Principal Executive Chairman Non-Executive Chairman
Daniel B. Silvers	Matthews Lane Capital Partners Inspired Entertainment Avid Technology, Inc.	Investment Vehicle Gaming Technology Global Media Technology Provider	Principal Chief Strategy Officer Director
George Peng	Hydra Management Inspired Entertainment	Investment Vehicle Gaming Technology	Principal Vice President Finance
Eric Carrera	Hydra Management Inspired Entertainment	Investment Vehicle Gaming Technology	Senior Associate Manager, Finance & M&A
Marc J. Falcone	ECL Entertainment Sightline Payments LLC MF Ventures LL	Entertainment Gaming Technology Investment Vehicle	Principal Officer Principal
Steven M. Rittvo	Innovation Project Development	Development Management Services	Chairman and Chief Executive Officer
David L. Weinstein	GreenAcreage Real Estate Corp. Belvedere Capital	REIT Real Estate Investment Firm	Chief Executive Officer and Director Partner

Accordingly, a scenario could arise whereby business opportunities may be provided to one of the above-listed entities by our officers or directors instead of us. For example, if any of our officers or directors becomes aware of a business combination opportunity that is suitable for an entity to which he or she has then-current fiduciary or contractual obligations, he or she will honor his or her fiduciary or contractual obligations to present such opportunity to such entity and not to us. We do not believe, however, that the fiduciary duties or contractual obligations of our officers or directors will materially affect our ability to complete our Business Combination. In addition, our amended and restated certificate of incorporation provides for the waiver of any requirement to present corporate opportunities to us to the extent it would conflict with competing duties owed to other entities. Our amended and restated certificate of incorporation provides that we renounce our interest in any corporate opportunity offered to any director or officer unless such opportunity is expressly offered to such person solely in his or her capacity as a director or officer of our company and such opportunity is one we are legally and

We are not prohibited from pursuing a Business Combination with a company that is affiliated with our sponsors, strategic investor, officers or directors. In the event we seek to complete our Business Combination with such a company, we, or a committee of independent directors, would obtain an opinion from an independent investment banking firm which is a member of FINRA, or from an independent accounting firm, that such a Business Combination is fair to our company from a financial point of view.

In the event that we submit our Business Combination to our public stockholders for a vote, our initial stockholders have agreed to vote any founder shares held by them and any public shares purchased during or after the offering in favor of our Business Combination and our officers and directors have also agreed to vote any public shares purchased during or after the offering in favor of our Business Combination.

#### Limitation on Liability and Indemnification of Officers and Directors

Our amended and restated certificate of incorporation provides that our officers and directors will be indemnified by us to the fullest extent authorized by Delaware law, as it now exists or may in the future be amended. In addition, our amended and restated certificate of incorporation provides that our directors will not be personally liable for monetary damages to us or our stockholders for breaches of their fiduciary duty as directors, unless they violated their duty of loyalty to us or our stockholders, acted in bad faith, knowingly or intentionally violated the law, authorized unlawful payments of dividends, unlawful stock purchases or unlawful redemptions, or derived an improper personal benefit from their actions as directors.

We have entered into agreements with our officers and directors to provide contractual indemnification in addition to the indemnification provided for in our amended and restated certificate of incorporation. Our bylaws also permit us to secure insurance on behalf of any officer, director or employee for any liability arising out of his or her actions, regardless of whether Delaware law would permit such indemnification. We have obtained a policy of directors' and officers' liability insurance that insures our officers and directors against the cost of defense, settlement or payment of a judgment in some circumstances and insures us against our obligations to indemnify our officers and directors.

These provisions may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against officers and directors, even though such an action, if successful, might otherwise benefit us and our stockholders. Furthermore, a stockholder's investment may be adversely affected to the extent we pay the costs of settlement and damage awards against officers and directors pursuant to these indemnification provisions.

We believe that these provisions of our amended and restated certificate of incorporation, the directors' and officers' liability insurance and the indemnity agreements are necessary to attract and retain talented and experienced officers and directors.

#### Item 11. Executive Compensation

None of our officers or directors has received any cash (or non-cash) compensation for services rendered to us. Commencing on December 1, 2017, under an administrative services agreement, we agreed to pay our Hydra sponsor a total of up to \$10,000 per month for office space, utilities and secretarial and administrative support. Effective June 30, 2020, our Hydra Sponsor agreed to stop charging the monthly administrative fee and forgave the \$71,000 outstanding balance due under the agreement.

We may pay our sponsors or any of our existing officers or directors, or any entity with which they are affiliated, a finder's fee, consulting fee or other compensation in connection with identifying, investigating and completing our Business Combination. These individuals will also be reimbursed for any out of pocket expenses incurred in connection with activities on our behalf, such as identifying potential target businesses and performing due diligence on suitable Business Combinations. In addition, to facilitate the Company's business interests in identifying potential target businesses, we have reimbursed certain professional networking organization membership fees. Our audit committee reviews on a quarterly basis all payments that were made to our sponsors, strategic investor, officers, directors or our or their affiliates and will determine which fees and expenses and the amount of expenses that will be reimbursed.

After the completion of our Business Combination, directors or members of our management team who remain with us may be paid consulting or management fees from the combined company. All of these fees will be fully disclosed to stockholders, to the extent then known, in the tender offer materials or proxy solicitation materials furnished to our stockholders in connection with a proposed Business Combination. We have not established any limit on the amount of such fees that may be paid by the combined company to our directors or members of management. It is unlikely the amount of such compensation will be known at the time of the proposed Business Combination, because the directors of the post-combination business will be responsible for determining officer and director compensation. Any compensation to be paid to our officers will be determined, or recommended to the board of directors for determination, either by a compensation committee constituted solely by independent directors or by a majority of the independent directors on our board of directors.

We do not intend to take any action to ensure that members of our management team maintain their positions with us after the consummation of our Business Combination, although it is possible that some or all of our officers and directors may negotiate employment or consulting arrangements to remain with us after our Business Combination. The existence or terms of any such employment or consulting arrangements to retain their positions with us may influence our management's motivation in identifying or selecting a target business but we do not believe that the ability of our management to remain with us after the consummation of our Business Combination will be a determining factor in our decision to proceed with any potential Business Combination. We are not party to any agreements with our officers and directors that provide for benefits upon termination of employment.

#### Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

We have no compensation plans under which equity securities are authorized for issuance.

The following table sets forth information available to us at March 1, 2021 with respect to the beneficial ownership of our Common Stock held by:

- each person known by us to be the beneficial owner of more than 5% of our outstanding Common Stock;
- each of our directors and executive officers that beneficially own shares of our Common Stock; and
- all of our directors and executive officers as a group.

Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them.

**Number of  
Shares**



Name and Address of Beneficial Owner <sup>(1)</sup>	Beneficially Owned	Percentage
A. Lorne Weil and affiliated entities <sup>(2)</sup>	1,134,742	18.2%
Daniel B. Silvers and affiliated entities <sup>(3)</sup>	1,128,370	18.1%
Marc J. Falcone	25,000	*
Steven M. Rittvo	25,000	*
David L. Weinstein	25,000	*
George Peng	87,014	1.4%
Eric Carrera	54,701	*
All executive officers and directors as a group (seven individuals)	2,479,827	39.8%
<b>Greater than 5% holders</b>		
HG Vora Capital Management, LLC <sup>(4)</sup>	3,462,500	55.6%

\* Less than one percent.

- (1) This table is based on 6,224,268 shares of common stock outstanding as of March 1, 2021. Beneficial ownership is determined in accordance with the rules of the SEC which generally provide that a person has beneficial ownership of a security if such person possesses sole or shared voting or investment power over that security, including options and warrants that are currently exercisable or exercisable within 60 days. We believe that each person listed above has sole voting and investment power with respect to the shares listed except as described in the footnotes below and subject to applicable community property laws and similar laws. The Company's warrants are not exercisable currently or within 60 days; accordingly, any such holdings of the persons listed are not reflected in this table. Unless otherwise noted, the business address of each of the following entities or individuals is c/o Leisure Acquisition Corp., 250 West 57th Street, Suite 415, New York, New York 10107
- (2) Represents 266,900 shares held of record by Mr. Weil and represents 867,842 shares held of record by Hydra LAC, LLC. Mr. Weil is the managing member of Hydra LAC, LLC. Mr. Weil expressly disclaims beneficial ownership of such shares as to which he does not have a pecuniary interest.
- (3) Represents 887,127 shares held of record by MLCP GLL Funding, LLC, of which Matthews Lane Capital Partners LLC is the manager, and represents 241,243 shares held of record by Matthews Lane Capital Partners LLC. Mr. Silvers is the managing member of Matthews Lane Capital Partners LLC.
- (4) Based on a Schedule 13G/A filed with the SEC on February 14, 2019 and a Form 4 filed with the SEC on January 17, 2018 by HG Vora Capital Management, LLC, the investment manager of HG Vora Special Opportunities Master Fund, Ltd. The business address of HG Vora Capital Management is 330 Madison Avenue, 20th Floor, New York, New York 10017.

Our directors and officers and other initial stockholders and their respective affiliates (including the Sponsors) have agreed to vote any shares owned by them in favor of any proposed Business Combination.

### Item 13. Certain Relationships and Related Transactions, and Director Independence

#### Certain Relationships and Related Transactions

##### Issuance of Founder Shares

On September 11, 2017, we issued an aggregate of 7,187,500 founder shares to our sponsors, the strategic investor and certain members of management or their affiliates for an aggregate purchase price of \$25,000 in cash, or approximately \$0.003 per share. The number of founder shares issued was determined based on the expectation that such founder shares would represent 20% of the outstanding shares upon completion of our Initial Public Offering. In October 2017, our Hydra sponsor transferred 203,957 of its founder shares to certain of our officers and professionals. In October 2017, certain of our initial stockholders transferred 711,250 shares to our strategic investor, with 355,625 shares subject to return to such stockholders if the if certain specified market price levels for our common stock are exceeded following the closing of the Business Combination. In November 2017, Our Hydra sponsor transferred 25,000 founder shares to each of Messrs. Falcone, Rittvo and Weinstein, our independent directors. In December 2017, in connection with the completion of our Initial Public Offering, and on January 16, 2018, following the expiration of the underwriter's over-allotment option, certain of our initial stockholders forfeited 1,437,500 and 750,000 shares, respectively. In each case, our initial stockholders forfeited such founder's shares so as to maintain the ownership of our initial stockholders at 20% of our outstanding shares immediately following the consummation of our Initial Public Offering. The founder shares may not, subject to certain limited exceptions, be transferred, assigned or sold by the holder.

##### Private Placement Warrants

Affiliates of our Hydra Sponsor and Matthews Lane Sponsor, the Strategic Investor and certain members of management purchased an aggregate of 6,825,000 private placement warrants for a purchase price of \$1.00 per whole warrant in the Concurrent Private Placement. As such, these related parties' aggregate interest in this transaction is valued at approximately \$6,825,000. Each private placement warrant entitles the holder to purchase one share of our common stock at \$11.50 per share. The private placement warrants (including the common stock issuable upon exercise thereof) may not, subject to certain limited exceptions, be transferred, assigned or sold by the holder.

#### Warrant Surrender Agreement

On January 31, 2021, in connection with entering into the Merger Agreement, LACQ entered into a Warrant Surrender Agreement, by and among LACQ and our Sponsors, pursuant to which each of our Sponsors agreed to irrevocably forfeit and surrender 250,000 Private Placement Warrants immediately prior to, and contingent upon, the Closing.

#### Contingent Forward Purchase Contract with Strategic Investor

On December 1, 2017, our strategic investor entered into a Contingent Forward Purchase Contract with us to purchase, in a private placement for gross proceeds of approximately \$62,500,000 to occur concurrently with the consummation of the business combination, 6,250,000 units on substantially the same terms as the sale of units in our initial public offering at \$10.00 per unit. On December 27, 2019, in connection with the previously proposed business combination with GTWY Holdings, an amendment to the contingent forward purchase contract was effected to provide that the contingent forward purchase contract would terminate as of, and contingent upon, the closing of the transaction with GTWY Holdings such that the strategic investor would instead purchase 3,000,000 units of GTWY Holdings' equity securities for a purchase price of \$10.00 per unit.

In addition, HG Vora waived its rights under the Contingent Forward Purchase Contract to purchase private placement units in connection with the proposed Merger with Ensysce. The original terms of the contingent forward purchase contract remain operative for a business combination with another target.

#### Administrative Services Agreement

On December 1, 2017, we entered into an administrative services agreement with our Hydra Sponsor under which we agreed to pay our Hydra Sponsor, or its affiliates or assignees, a total of up to \$10,000 per month for office space, utilities and secretarial and administrative support until completion of our business combination. Effective June

30, 2020, our Hydra Sponsor agreed to stop charging the monthly administrative fee and forgave the \$71,000 outstanding balance due under the agreement.

#### Promissory Notes

We entered into promissory notes with our sponsors whereby they agreed to loan us up to an aggregate of \$400,000 to be used for a portion of the expenses of our Initial Public Offering. These loans, which were repaid on the IPO Closing Date, were non-interest bearing, unsecured and due at the earlier of June 30, 2018 or the IPO Closing Date.

#### Expense Advance Agreement

In order to finance transaction costs in connection with an intended business combination, we entered into an Expense Advancement Agreement with our Sponsors and Strategic Investor on December 1, 2017 under which they committed to loan us an aggregate of \$1,000,000 pursuant to drawdowns from time to time in the event that funds held outside of the trust are insufficient to fund our expenses after our IPO and prior to our business combination (including investigating and selecting a target business and other working capital requirements). On January 15, 2020, we issued promissory notes pursuant to drawdowns under the agreement in the aggregate amount of \$1,000,000, which the holders elected to convert on June 25, 2020 in accordance with the terms thereunder into warrants at a price of \$1.00 per warrant. We entered into amendments to our Expense Advancement Agreement with our sponsors and Strategic Investor dated June 29, 2020, October 26, 2020, November 30, 2020 and February 23, 2021 which, in the aggregate increased the total amount of advances available to us under the agreement to \$1,460,000. We issued unsecured promissory notes to such parties on October 26, 2020 and October 27, 2020 which were amended and restated on November 30, 2020 and February 24, 2021. Such promissory notes cover outstanding loans in aggregate amount of \$460,000 as of March 10, 2021. The promissory notes do not bear any interest. The Company expects to repay any such loaned amounts out of the proceeds of the trust account released upon completion of a business combination. Alternatively, the sponsors and Strategic Investor would have the option to convert the outstanding loaned amounts under the promissory notes to warrants at a price of \$1.00 per warrant. In the event the Company does not complete the business combination, it may use a portion of the working capital held outside the trust account to repay such loaned amounts but no proceeds from the trust account would be used for such repayment. Accordingly, if the business combination is not completed, the Company will most likely not be able to repay the loans.

66

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#### Potential Payments after the Business Combination

After our Business Combination, members of our management team who remain with us may be paid consulting, management or other fees from the combined company with any and all amounts being fully disclosed to our stockholders, to the extent then known, in the tender offer or proxy solicitation materials, as applicable, furnished to our stockholders. It is unlikely the amount of such compensation will be known at the time of distribution of such tender offer materials or at the time of a stockholder meeting held to consider our Business Combination, as applicable, as it will be up to the directors of the post-combination business to determine executive and director compensation. In connection with the Business Combination with Ensysce, none of our directors, officers or management team will continue with us, other than two of the directors will be selected by us, which may include persons who are our officers or directors.

#### Registration Rights

The holders of the founder shares, private placement warrants and warrants that may be issued upon conversion of working capital loans (and any shares of common stock issuable upon the exercise of the private placement warrants and warrants that may be issued upon conversion of working capital loans) are entitled to registration rights pursuant to a registration rights agreement entered into by us on the IPO Closing Date, which requires us to register such securities for resale. Each of our sponsors (collectively with their respective affiliates) and strategic investor is entitled to make up to two demands, excluding short form demands, that we register such securities. In addition, the holders have certain “piggy-back” registration rights with respect to registration statements filed subsequent to the completion of our Business Combination and rights to require us to register for resale such securities pursuant to Rule 415 under the Securities Act. However, the registration rights agreement provides that we will not permit any registration statement filed under the Securities Act to become effective until termination of the applicable lock-up period, which occurs (i) in the case of the founder shares, on the earlier of (A) one year after the completion of our Business Combination or earlier if, subsequent to our Business Combination, the last sale price of the common stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within any 30 trading day period commencing at least 150 days after our Business Combination, or (B) the date following the completion of our Business Combination on which we complete a liquidation, merger, stock exchange or other similar transaction that results in all of our stockholders having the right to exchange their shares of common stock for cash, securities or other property, and (ii) in the case of the private placement warrants and the respective common stock underlying such warrants, 30 days after the completion of our Business Combination. We will bear the expenses incurred in connection with the filing of any such registration statements.

#### Director Independence

Nasdaq listing standards require that a majority of our board of directors be independent. An “independent director” is defined generally as a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship which in the opinion of the company’s board of directors, would interfere with the director’s exercise of independent judgment in carrying out the responsibilities of a director. Our board of directors has determined that Messrs. Falcone, Rittvo and Weinstein are “independent directors” as defined in the Nasdaq listing standards and applicable SEC rules. Our independent directors have regularly scheduled meetings at which only independent directors are present.

67

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#### Item 14. Principal Accountant Fees and Services

The following is a summary of fees paid or to be paid to Marcum LLP, or Marcum, for services rendered for 2020 and 2019.

*Audit Fees.* Audit fees consist of fees billed for professional services rendered for the audit of our year-end financial statements and services that are normally provided by Marcum in connection with regulatory filings. The aggregate fees billed by Marcum for professional services rendered for the audit of our annual financial statements, review of the financial information included in our Forms 10-Q for the respective periods and other required filings with the SEC and review of proxy and other registration statements for the year ended December 31, 2020 and 2019 totaled \$80,845 and \$53,684, respectively. The above amounts include interim procedures and audit fees, as well as attendance at audit committee meetings.

*Audit-Related Fees.* Audit-related services consist of fees billed for assurance and related services that are reasonably related to performance of the audit or review of our financial statements and are not reported under “Audit Fees.” These services include attest services that are not required by statute or regulation and consultations concerning financial accounting and reporting standards. We paid Marcum \$0 and \$4,161 for consultations concerning financial accounting and reporting standards for the year ended December 31, 2020 and 2019.

*Tax Fees.* We did not pay Marcum for tax planning and tax advice for the year ended December 31, 2020 and 2019.

*All Other Fees.* We did not pay Marcum for other services for the year ended December 31, 2020 and 2019.

#### Pre-Approval Policy

Our audit committee was formed upon the consummation of our Initial Public Offering. As a result, the audit committee did not pre-approve all of the foregoing services, although any services rendered prior to the formation of our audit committee were approved by our board of directors. Since the formation of our audit committee, and on a going-forward basis, the audit committee has and will pre-approve all auditing services and permitted non-audit services to be performed for us by our auditors, including the fees and terms thereof (subject to the de minimis exceptions for non-audit services described in the Exchange Act which are approved by the audit committee prior to the completion of the audit).

#### Item 15. Exhibits, Financial Statement Schedules

The following documents are filed as part of this Report:

- (1) The financial statements listed in the Index to the Financial Statements on page F-1.
- (2) No financial statement schedules have been filed as part of this Report because they are not applicable, not required or because the information is otherwise included in the Financial Statements or notes thereto.
- (3) Exhibits listed on page 69.

68

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**LEISURE ACQUISITION CORP.**  
**INDEX TO FINANCIAL STATEMENTS**

<a href="#">Report of Independent Registered Public Accounting Firm</a>	F-2
Financial Statements (As Restated):	
<a href="#">Balance Sheets</a>	F-3
<a href="#">Statements of Operations</a>	F-4
<a href="#">Statements of Changes in Stockholders' (Deficit) Equity</a>	F-5
<a href="#">Statements of Cash Flows</a>	F-6
<a href="#">Notes to Financial Statements</a>	F-7 to F-28

F-1

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Stockholders and Board of Directors of  
Leisure Acquisition Corp.

#### Opinion on the Financial Statements

We have audited the accompanying balance sheets of Leisure Acquisition Corp. (the "Company") as of December 31, 2020 and 2019, the related statements of operations, changes in stockholders' equity and cash flows for each of the years ended December 31, 2020 and 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years ended December 31, 2020 and 2019, in conformity with accounting principles generally accepted in the United States of America.

#### Restatement of the Financial Statements

As discussed in Note 2 to the financial statements, the accompanying financial statements as of December 31, 2020, and 2019 have been restated.

#### Explanatory Paragraph – Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company's business plan is dependent on the completion of a business combination and the Company's cash and working capital as of December 31, 2020 are not sufficient to complete its planned activities. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

#### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (the "PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2017.

West Palm Beach, FL

March 15, 2021, except for the effects of the restatements discussed in Note 2 and Contingent Forward Purchase Contract in Note 7, as to which the date is June 7, 2021.

F-2

**LEISURE ACQUISITION CORP.**  
**BALANCE SHEETS**  
**(As Restated)**

	December 31,	
	2020	2019
<b>ASSETS</b>		
Current assets		
Cash	\$ 49,202	\$ 1,061,151
Prepaid expenses	157,483	—
Prepaid income taxes	19,779	138,571
Total Current Assets	226,464	1,199,722
Cash and marketable securities held in Trust Account	12,628,170	195,312,177
<b>TOTAL ASSETS</b>	<b>\$ 12,854,634</b>	<b>\$ 196,511,899</b>
<b>LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 260,404	\$ 2,771,025
Total Current Liabilities	260,404	2,771,025
Promissory note	566,288	566,288
Convertible promissory notes - related party	225,000	—
Warrant liability	6,260,000	7,166,250
Deferred underwriting fee payable	6,750,000	7,000,000
<b>TOTAL LIABILITIES</b>	<b>14,061,692</b>	<b>17,503,563</b>
<b>Commitments</b>		
Common stock subject to possible redemption, 0 and 16,808,829 shares at redemption value at December 31, 2020 and 2019, respectively	—	174,008,335
<b>Stockholders' (Deficit) Equity</b>		
Preferred stock, \$0.0001 par value; 1,000,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.0001 par value; 100,000,000 shares authorized; 6,224,268 and 7,067,422 shares issued and outstanding (excluding 0 and 16,808,829 shares subject to possible redemption) at December 31, 2020 and 2019, respectively	622	707
Additional paid-in capital	—	5,136,000
Accumulated Deficit	(1,207,680)	(136,706)
<b>Total Stockholders' (Deficit) Equity</b>	<b>(1,207,058)</b>	<b>5,000,001</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY</b>	<b>\$ 12,854,634</b>	<b>\$ 196,511,899</b>

*The accompanying notes are an integral part of the financial statements.*

F-3

**LEISURE ACQUISITION CORP.**  
**STATEMENTS OF OPERATIONS**  
**(As Restated)**

	Year Ended December 31,	
	2020	2019
Operating costs	\$ 1,368,841	\$ 3,328,674
<b>Loss from operations</b>	<b>(1,368,841)</b>	<b>(3,328,674)</b>
Other income (expense):		
Interest income	719,646	4,249,828
Amortization of debt discount on convertible promissory note	(220,000)	—
Change in fair value of conversion option liability	220,000	—
Change in fair value of warrant liability	1,906,250	(1,433,250)
Forgiveness of accounts payable	3,298,207	—
Other income, net	5,924,103	2,816,578
Income (loss) before provision for income taxes	4,555,262	(512,096)
Provision for income taxes	(244,493)	(555,200)
<b>Net income (loss)</b>	<b>\$ 4,310,769</b>	<b>\$ (1,067,296)</b>

Basic and diluted weighted average shares outstanding, Common stock subject to possible redemption	3,949,616	18,270,950
<b>Basic and diluted net income per share, Common stock subject to possible redemption</b>	<b>\$ 0.00</b>	<b>\$ 0.17</b>
Basic and diluted weighted average shares outstanding, Common stock	6,642,759	6,621,293
<b>Basic and diluted net income (loss) per share, Common stock</b>	<b>\$ 0.65</b>	<b>\$ (0.63)</b>

The accompanying notes are an integral part of the financial statements.

F-4

**LEISURE ACQUISITION CORP.**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(As Restated)

	Common Stock		Additional Paid in Capital	Retained Earnings/ (Accumulated Deficit)	Total Stockholders' Equity (Deficit)
	Shares	Amount			
<b>Balance – January 1, 2019</b>	6,064,800	\$ 660	\$ 4,068,751	\$ 930,590	\$ 5,000,001
Change in value of common stock subject to possible redemption	463,342	47	1,067,249	—	1,067,296
Net income (loss)	—	—	—	(1,067,296)	(1,067,296)
<b>Balance – December 31, 2019</b>	7,067,422	707	5,136,000	(136,706)	5,000,001
Change in value of common stock subject to possible redemption	(843,154)	(85)	(5,136,000)	(5,631,743)	(10,767,828)
Waiver of a portion of deferred underwriting fee	—	—	—	250,000	250,000
Net income	—	—	—	4,310,769	4,310,769
<b>Balance – December 31, 2020</b>	6,224,268	\$ 622	\$ —	\$ (1,207,680)	\$ (1,207,058)

The accompanying notes are an integral part of the financial statements.

F-5

**LEISURE ACQUISITION CORP.**  
**STATEMENTS OF CASH FLOWS**  
(As Restated)

	Year Ended December 31, 2020	Year Ended December 31, 2019
<b>Cash Flows from Operating Activities:</b>		
Net income (loss)	\$ 4,310,769	\$ (1,067,296)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Interest earned on marketable securities held in Trust Account	(719,646)	(4,249,828)
Forgiveness of accounts payable	(3,298,207)	—
Change in fair value of warrant liability	(1,906,250)	1,433,250
Amortization of debt discount on convertible promissory note	220,000	—
Change in fair value of conversion option liability	(220,000)	—
Deferred tax benefit	—	(1,764)
Changes in operating assets and liabilities:		
Prepaid expenses	(157,483)	87,083
Prepaid income taxes	118,792	31,964
Accounts payable and accrued expenses	787,586	2,341,799
<b>Net cash used in operating activities</b>	<b>(864,439)</b>	<b>(1,424,792)</b>
<b>Cash Flows from Investing Activities:</b>		
Investment of cash in Trust Account	(1,698,862)	(566,288)
Cash withdrawn from Trust Account for redemption of common stock	184,776,163	11,583,473
Cash withdrawn from Trust Account for franchise taxes and income taxes	326,352	836,205
<b>Net cash provided by investing activities</b>	<b>183,403,653</b>	<b>11,853,390</b>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from promissory note	—	566,268
Proceeds from convertible promissory notes – related parties	1,225,000	—
Redemption of common stock	(184,776,163)	(11,583,473)
Payment of offering costs	—	(8,640)
<b>Net cash used in financing activities</b>	<b>(183,551,163)</b>	<b>(11,025,845)</b>
<b>Net Change in Cash</b>	<b>(1,011,949)</b>	<b>(597,247)</b>
Cash – Beginning	1,061,151	1,658,398

<b>Cash – Ending</b>	<b>\$ 49,202</b>	<b>\$ 1,061,151</b>
<b>Supplementary cash flow information:</b>		
Cash paid for income taxes	\$ 125,701	\$ 525,000
<b>Non-Cash investing and financing activities:</b>		
Change in value of common stock subject to possible redemption	\$ 10,767,828	\$ (1,067,296)
Waiver of a portion of deferred underwriting fee payable	\$ 250,000	\$ —

The accompanying notes are an integral part of the financial statements.

F-6

**LEISURE ACQUISITION CORP.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. — DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS**

Leisure Acquisition Corp. (the “Company”) is a blank check company incorporated in Delaware on September 11, 2017. The Company was formed for the purpose of acquiring, through a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, recapitalization, exchangeable share transaction or other similar business transaction, with one or more operating businesses or assets (a “Business Combination”).

At December 31, 2020, the Company had not yet commenced operations. All activity through December 31, 2020 relates to the Company’s formation, its initial public offering (“Initial Public Offering”), which is described below, identifying a target company for a Business Combination, activities in connection with the proposed acquisition of Ensysce Biosciences, Inc., a Delaware corporation (“Ensysce”) (see Note 12) and activities in connection with the previously proposed business combination with GTWY Holdings Limited, a Canadian corporation (“GTWY Holdings”), which was terminated on July 16, 2020.

The registration statement for the Company’s Initial Public Offering was declared effective on December 1, 2017. On December 5, 2017, the Company consummated the Initial Public Offering of 20,000,000 units (“Units” and, with respect to the common stock included in the Units, the “Public Shares”), generating gross proceeds of \$200,000,000, which is described in Note 4.

Simultaneously with the closing of the Initial Public Offering, the Company consummated the sale of 6,825,000 warrants (the “Private Placement Warrants”) at a price of \$1.00 per warrant in a private placement to Hydra LAC, LLC, an affiliate of Hydra Management, LLC (the “Hydra Sponsor”), MLCP GLL Funding LLC, an affiliate of Matthews Lane Capital Partners, LLC (the “Matthews Lane Sponsor,” and, together with the Hydra Sponsor, the “Sponsors”), HG Vora Special Opportunities Master Fund, Ltd. (“HG Vora”) and certain members of the Company’s management team, generating gross proceeds of \$6,825,000, which is described in Note 5.

Following the closing of the Initial Public Offering on December 5, 2017, an amount of \$200,000,000 (\$10.00 per Unit) from the net proceeds of the sale of the Units in the Initial Public Offering and the Private Placement Warrants was placed in a trust account (the “Trust Account”) and invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act of 1940, as amended (the “Investment Company Act”), with a maturity of 180 days or less or in any open-ended investment company that holds itself out as a money market fund selected by the Company meeting the conditions of Rule 2a-7 of the Investment Company Act, as determined by the Company, until the earlier of: (i) the consummation of a Business Combination or (ii) the distribution of the Trust Account, as described below.

Transaction costs amounted to \$1,548,735, consisting of \$4,000,000 of underwriting fees, \$7,000,000 of deferred underwriting fees and \$548,735 of Initial Public Offering costs.

The Company’s management has broad discretion with respect to the specific application of the net proceeds of the Initial Public Offering and Private Placement Warrants, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination. The Company’s initial Business Combination must be with one or more target businesses that together have a fair market value equal to at least 80% of the balance in the Trust Account (excluding deferred underwriting commissions and franchise and income taxes payable on the income earned on the Trust Account) at the time of the signing of an agreement to enter into a Business Combination. The Company will only complete a Business Combination if the post-Business Combination company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target sufficient for it not to be required to register as an investment company under the Investment Company Act. There is no assurance that the Company will be able to successfully effect a Business Combination.

F-7

The Company will provide its stockholders with the opportunity to redeem all or a portion of their Public Shares upon the completion of a Business Combination either (i) in connection with a stockholder meeting called to approve the Business Combination or (ii) by means of a tender offer. The decision as to whether the Company will seek stockholder approval of a Business Combination or conduct a tender offer will be made by the Company, solely in its discretion. The stockholders will be entitled to redeem their shares for a pro rata portion of the amount then on deposit in the Trust Account (\$10.00 per share, plus any deposits made to the Trust Account in connection with extension payments and any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company to pay franchise and income taxes). The per share amount to be distributed to stockholders who redeem their shares will not be reduced by the deferred underwriting commissions the Company will pay to the underwriters (see Note 8).

The Company will proceed with a Business Combination if the Company has net tangible assets of at least \$5,000,001 upon consummation of a Business Combination and, if the Company seeks stockholder approval, a majority of the outstanding shares voted are voted in favor of the Business Combination. If a stockholder vote is not required by law and the Company does not decide to hold a stockholder vote for business or other legal reasons, the Company will, pursuant to its Second Amended and Restated Certificate of Incorporation, conduct the redemptions pursuant to the tender offer rules of the Securities and Exchange Commission (“SEC”), and file tender offer documents with the SEC prior to completing a Business Combination. If, however, a stockholder approval of the transaction is required by law, or the Company decides to obtain stockholder approval for business or other legal reasons, the Company will offer to redeem shares in conjunction with a proxy solicitation pursuant to the proxy rules and not pursuant to the tender offer rules. If the Company seeks stockholder approval in connection with a Business Combination, the Sponsors and the Company’s other initial stockholders (collectively, the “Initial Stockholders”) have agreed to vote their Founder Shares (as defined in Note 6) and any Public Shares held by them in favor of approving a Business Combination. Additionally, each public stockholder may elect to redeem their Public Shares irrespective of whether they vote for or against the proposed transaction.

Notwithstanding the foregoing, the Company’s Second Amended and Restated Certificate of Incorporation provides that a public stockholder, together with any affiliate of such stockholder or any other person with whom such stockholder is acting in concert or as a “group” (as defined under Section 13 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), will be restricted from redeeming its shares with respect to an aggregate of 20% or more of the common stock sold in the Initial Public Offering.

The Company has until June 30, 2021 to consummate a Business Combination (the “Combination Period”). If the Company is unable to complete a Business Combination within the Combination Period, the Company will (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but no more

than ten business days thereafter, redeem 100% of the outstanding Public Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest earned and not previously released to pay franchise and income taxes (less up to \$75,000 of interest to pay dissolution expenses), divided by the number of then outstanding Public Shares, which redemption will completely extinguish public stockholders' rights as stockholders (including the right to receive further liquidation distributions, if any), subject to applicable law, and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the remaining stockholders and the Company's board of directors, proceed to commence a voluntary liquidation and thereby a formal dissolution of the Company, subject in each case to its obligations to provide for claims of creditors and the requirements of applicable law. The underwriters have agreed to waive their rights to the deferred underwriting commission held in the Trust Account in the event the Company does not complete a Business Combination within the Combination Period and, in such event, such amounts will be included with the funds held in the Trust Account that will be available to fund the redemption of the Company's Public Shares. In the event of such distribution, it is possible that the per share value of the assets remaining available for distribution (including Trust Account assets) will be less than the \$10.00 per Unit in the Initial Public Offering.

On November 26, 2019, the Company held a special meeting pursuant to which the Company's stockholders approved extending the Combination Period from December 5, 2019 to April 5, 2020 (the "Initial Extension Date"). In connection with the approval of the extension, stockholders elected to redeem an aggregate of 1,123,749 shares of the Company's common stock. As a result, an aggregate of \$11,583,473 (or approximately \$10.31 per share) was released from the Company's Trust Account to pay such stockholders.

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F-8

The Company agreed to contribute (the "Contribution") \$0.03 for each share of the Company's common stock that was not redeemed in connection with the extension for each of the four monthly periods covered by the extension (commencing on December 6, 2019 through the Initial Extension Date), subject to certain conditions.

On each of December 5, 2019, January 3, 2020, February 4, 2020 and March 4, 2020, the Company made a Contribution of \$0.03 for each of the public shares outstanding, for an aggregate Contribution of \$2,265,150, which amounts were deposited into the Trust Account.

On December 5, 2019, the Company entered into an expense advancement agreement with GTWY Holdings (the "GTWY Expense Advance Agreement"), pursuant to which GTWY Holdings committed to provide \$566,288 to fund contributions to the Trust Account. The Company drew down the full amount under the GTWY Expense Advance Agreement to fund the required Contribution to the Trust Account for the period December 6, 2019 to January 5, 2020 by issuing an unsecured promissory note to GTWY Holdings. The note was converted into warrants on January 31, 2021 (see Note 7).

On January 15, 2020, the Company drew down \$1,000,000 under the expense advancement agreement with the Company's Sponsors and strategic investor dated December 1, 2017 in exchange for issuing unsecured promissory notes to fund its working capital requirements and to fund required Contributions to the Trust Account. The holders had the option to convert the promissory notes into warrants at a price of \$1.00 per warrant subject to the same terms and conditions as private placement warrants. The notes were converted into warrants to purchase 1,000,001 shares of the Company's common stock at an exercise price of \$1.50 per share on June 25, 2020 (see Note 6).

On March 26, 2020, the Company held a special meeting pursuant to which the Company's stockholders approved extending the Combination Period from April 5, 2020 to June 30, 2020 (the "Second Extension Date"). In connection with the approval of the extension, stockholders elected to redeem an aggregate of 16,837,678 shares of the Company's common stock. As a result, an aggregate of \$176,283,492 (or approximately \$10.47 per share) was released from the Company's Trust Account to pay such stockholders. Of the amount paid to redeeming stockholders, \$136,283,492 was paid as of March 31, 2020 and the balance of \$40,000,000 was paid on April 1, 2020.

On June 26, 2020, the Company held a special meeting pursuant to which the Company's stockholders approved extending the Combination Period from June 30, 2020 to December 1, 2020 (the "Third Extension Date"). In connection with the approval of the extension, stockholders elected to redeem an aggregate of 776,290 shares of the Company's common stock. As a result, an aggregate of \$8,099,292 (or approximately \$10.43 per share) was released from the Company's Trust Account to pay such stockholders.

On November 24, 2020, the Company's stockholders approved extending the Combination Period from December 1, 2020 to June 30, 2021 (the "Fourth Extension Date"). In connection with the approval of the extension, stockholders elected to redeem an aggregate of 38,015 shares of the Company's common stock. As a result, an aggregate of \$393,380 (or approximately \$10.34 per share) was released from the Company's Trust Account to pay such stockholders.

The Initial Stockholders have agreed to (i) waive their redemption rights with respect to their Founder Shares in connection with the completion of a Business Combination, (ii) to waive their rights to liquidating distributions from the Trust Account with respect to their Founder Shares if the Company fails to complete a Business Combination within the Combination Period and (iii) not to propose an amendment to the Company's Second Amended and Restated Certificate of Incorporation that would affect the substance or timing of the Company's obligation to redeem 100% of its Public Shares if the Company does not complete a Business Combination, unless the Company provides the public stockholders with the opportunity to redeem their shares in conjunction with any such amendment.

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F-9

In order to protect the amounts held in the Trust Account, the Sponsors have agreed to be liable to the Company if and to the extent any claims by a vendor for services rendered or products sold to the Company, or a prospective target business with which the Company has discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account to below the lesser of (i) \$10.00 per Public Share or (ii) such lesser amount per share held in the Trust Account as of the date of the liquidation of the Trust Account due to reductions in the value of the trust assets. This liability will not apply with respect to any claims by a third party who executed a waiver of any right, title, interest or claim of any kind in or to any monies held in the Trust Account or to any claims under the Company's indemnity of the underwriters of the Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"). Moreover, in the event that an executed waiver is deemed to be unenforceable against a third party, the Sponsors will not be responsible to the extent of any liability for such third-party claims. The Company will seek to reduce the possibility that the Sponsors will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers, prospective target businesses or other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

#### **Nasdaq Notifications**

On November 30, 2020, the Company received a notice from the Listing Qualifications Department of The Nasdaq Stock Market LLC stating that the Company was not in compliance with Listing Rule IM-5101-2 (the "Rule"), which requires that a special purpose acquisition company complete one or more business combinations within 36 months of the effectiveness of the registration statement filed in connection with its initial public offering. Since the Company's registration statement became effective on December 1, 2017, it was required to complete an initial business combination by no later than December 1, 2020. The Rule also provides that failure to comply with this requirement will result in the Listing Qualifications Department issuing a Staff Delisting Determination under Rule 5810 to delist the Company's securities. In addition, the Nasdaq Notice states that the Company was not in compliance with Nasdaq's minimum publicly held shares requirement under Listing Rule 5550(a)(4), which requires a listed company's primary equity security to maintain a minimum of 500,000 publicly held shares.

The Listing Qualifications Department has advised the Company that its securities would be subject to delisting unless the Company timely requests a hearing before an independent Hearings Panel (the "Panel"). Accordingly, the Company intends to timely request a hearing. The hearing request will stay any suspension or delisting action pending the completion of the hearing and the expiration of any additional extension period granted by the Panel following the hearing.



On January 27, 2021, the Panel granted the Company's request for continued listing of the Company's equity securities on the Nasdaq Capital Market pursuant to an extension, subject to certain milestones, through June 1, 2021 (see Note 12). See Item 1A. Risk Factors— The Nasdaq may not continue to list our securities, which could limit investors' ability to make transactions in our securities and subject us to additional trading restrictions.

### Risks and Uncertainties

Management continues to evaluate the impact of the COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company's financial position, results of its operations and/or search for a target company, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### Liquidity and Going Concern

As of December 31, 2020, the Company had \$49,202 in its operating bank accounts, \$12,628,170 in securities held in the Trust Account to be used for a Business Combination or to repurchase or redeem its common stock in connection therewith and working capital deficit of \$127,869, which excludes \$93,929 of prepaid income and franchise taxes.

As of December 31, 2020, the Company had \$75,000 available for drawdown under the Company's expense advancement agreement with the Company's Sponsors and HG Vora (see "Related Party Loans" in Note 6).

F-10

The Company will need to raise additional capital through loans or additional investments from its Sponsors, HG Vora, stockholders, officers, directors, or third parties. The Company's Sponsors and HG Vora may, but are not obligated to, loan the Company funds, from time to time or at any time, in whatever amount they deem reasonable in their sole discretion, to meet the Company's working capital needs. Accordingly, the Company may not be able to obtain additional financing. If the Company is unable to raise additional capital, it may be required to take additional measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing operations, suspending the pursuit of a potential transaction, and reducing overhead expenses. The Company cannot provide any assurance that new financing will be available to it on commercially acceptable terms, if at all. These conditions raise substantial doubt about the Company's ability to continue as a going concern through June 30, 2021, the date that the Company will be required to cease all operations, except for the purpose of winding up, if a Business Combination is not consummated. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

### NOTE 2. — RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The Company previously accounted for its outstanding Private Placement Warrants issued in connection with its Initial Public Offering and its working capital warrants issued on conversion of its convertible promissory notes (collectively, the "Private Warrants") as components of equity instead of as derivative liabilities. In addition, the Company did not account for its convertible promissory notes as a derivative liability (together with the Private Warrants, the "Derivative Instruments"). The Warrant Agreement governing the Private Warrants (the "Warrant Agreement") includes a provision that provides for potential changes to the settlement amounts dependent upon the characteristics of the holder of the warrant. In addition, the Warrant Agreement includes a provision that in the event of a tender offer or exchange offer made to and accepted under circumstances in which, upon completion of such tender offer, the maker thereof, together with members of any group of which such maker is a part own beneficially more than 50% of the outstanding shares of more than 50% of the Company's common stock, all holders of the Private Warrants and Public Warrants would be entitled to receive cash for their Warrants (the "tender offer provision").

On April 12, 2021, the Acting Director of the Division of Corporation Finance and Acting Chief Accountant of the Securities and Exchange Commission together issued a statement regarding the accounting and reporting considerations for warrants issued by special purpose acquisition companies entitled "Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies ("SPACs")" (the "SEC Statement"). Specifically, the SEC Statement focused on potential changes to the settlement amounts dependent upon the characteristics of the holder of the warrant and provisions related to certain tender offers following a business combination, which terms are similar to those contained in the Warrant Agreement, although the Company does not believe the portion of the SEC Statement referring to the tender offer are applicable to the Company's warrants because the Company has only a single class of Common Stock.

In further consideration of the SEC Statement, the Company's management further evaluated the warrants under Accounting Standards Codification ("ASC") Subtopic 815-40, Contracts in Entity's Own Equity. ASC Section 815-40-15 addresses equity versus liability treatment and classification of equity-linked financial instruments, including warrants, and states that a warrant may be classified as a component of equity only if, among other things, the warrant is indexed to the issuer's common stock. Under ASC Section 815-40-15, a warrant is not indexed to the issuer's common stock if the terms of the warrant require an adjustment to the exercise price upon a specified event and that event is not an input to the fair value of the warrant. Based on management's evaluation, the Company's audit committee, in consultation with management, concluded that the Company's Private Placement Warrants are not indexed to the Company's common stock in the manner contemplated by ASC Section 815-40-15 because the holder of the instrument is not an input into the pricing of a fixed-for-fixed option on equity shares. In addition, based on management's evaluation, the Company's audit committee, in consultation with management, concluded that the Private Warrants fail the "classified in stockholders' equity" criteria as contemplated by ASC Section 815-40-25, but that the Public Warrants could continue to be classified as stockholder's equity.

As a result of the above, the Company should have classified the Derivative Instruments as derivative liabilities in its previously issued financial statements. Under this accounting treatment, the Company is required to measure the fair value of the Derivative Instruments at the end of each reporting period and recognize changes in the fair value from the prior period in the Company's operating results for the current period.

The change in the Company's accounting to treat its outstanding Private Warrants and its convertible promissory notes as derivative liabilities did not have any effect on the Company's previously reported investments held in trust, cash flows or cash.

F-11

The table below summarizes the effects of the restatement on the financial statements for all periods being restated:

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Restated</u>
<b>Balance sheet as of December 5, 2017 (audited)</b>			
Total Liabilities	\$ 7,206,932	\$ 4,572,750	\$ 11,779,682
Common Stock Subject to Possible Redemption	190,296,100	(4,572,750)	185,723,350
Common Stock	672	46	718
Additional Paid-in Capital	5,004,493	(46)	5,004,447
Accumulated Deficit	(5,161)	—	(5,161)
Total Stockholders' Equity	5,000,004	—	5,000,004



Number of shares subject to redemption	19,029,610	(457,275)	18,572,335
<b>Balance sheet as of December 31, 2017 (audited)</b>			
Total Liabilities	\$ 7,156,239	\$ 5,664,750	\$ 12,820,989
Common Stock Subject to Possible Redemption	190,270,071	(5,664,750)	184,605,321
Common Stock	673	57	730
Additional Paid-in Capital	5,030,521	1,091,943	6,122,464
Accumulated Deficit	(31,193)	(1,092,000)	(1,123,193)
Total Stockholders' Equity	5,000,001	—	5,000,001
Number of shares subject to redemption	19,015,680	(566,138)	18,449,542
<b>Balance sheet as of March 31, 2018 (unaudited)</b>			
Total Liabilities	\$ 7,197,431	\$ 5,323,500	\$ 12,520,931
Common Stock Subject to Possible Redemption	190,676,137	(5,323,500)	185,352,637
Common Stock	599	53	652
Additional Paid-in Capital	4,624,529	750,697	5,375,226
(Accumulated Deficit) / Retained Earnings	374,873	(750,750)	(375,877)
Total Stockholders' Equity	5,000,001	—	5,000,001
Number of shares subject to redemption	19,010,039	(530,743)	18,479,296
<b>Balance sheet as of June 30, 2018 (unaudited)</b>			
Total Liabilities	\$ 7,135,244	\$ 5,596,500	\$ 12,731,744
Common Stock Subject to Possible Redemption	191,091,247	(5,596,500)	185,494,747
Common Stock	601	56	657
Additional Paid-in Capital	4,209,417	1,023,694	5,233,111
(Accumulated Deficit) / Retained Earnings	789,983	(1,023,750)	(233,767)
Total Stockholders' Equity	5,000,001	—	5,000,001
Number of shares subject to redemption	18,989,851	(556,157)	18,433,694
<b>Balance sheet as of September 30, 2018 (unaudited)</b>			
Total Liabilities	\$ 7,359,152	\$ 7,302,750	\$ 14,661,902
Common Stock Subject to Possible Redemption	191,668,896	(7,302,750)	184,366,146
Common Stock	603	72	675
Additional Paid-in Capital	3,631,766	2,729,928	6,361,694
(Accumulated Deficit) / Retained Earnings	1,367,632	(2,730,000)	(1,362,368)
Total Stockholders' Equity	5,000,001	—	5,000,001
Number of shares subject to redemption	18,974,158	(722,932)	18,251,226

F-12

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Restated</u>
<b>Balance sheet as of December 31, 2018 (audited)</b>			
Total Liabilities	\$ 7,439,650	\$ 5,733,000	\$ 13,172,650
Common Stock Subject to Possible Redemption	192,392,104	(5,733,000)	186,659,104
Common Stock	604	56	660
Additional Paid-in Capital	2,908,557	1,160,194	4,068,751
Retained Earnings	2,090,840	(1,160,250)	930,590
Total Stockholders' Equity	5,000,001	—	5,000,001
Number of shares subject to redemption	18,960,928	(565,008)	18,395,920
<b>Balance sheet as of March 31, 2019 (unaudited)</b>			
Total Liabilities	\$ 7,387,249	\$ 5,391,750	\$ 12,778,999
Common Stock Subject to Possible Redemption	193,168,017	(5,391,750)	187,776,267
Common Stock	605	53	658
Additional Paid-in Capital	2,132,643	818,947	2,951,590
Retained Earnings	2,866,753	(819,000)	2,047,753
Total Stockholders' Equity	5,000,001	—	5,000,001
Number of shares subject to redemption	18,952,136	(528,996)	18,423,140
<b>Balance sheet as of June 30, 2019 (unaudited)</b>			
Total Liabilities	\$ 7,770,352	\$ 5,391,750	\$ 13,162,102
Common Stock Subject to Possible Redemption	193,586,919	(5,391,750)	188,195,169
Common Stock	610	53	663
Additional Paid-in Capital	1,713,736	818,947	2,532,683
Retained Earnings	3,285,655	(819,000)	2,466,655
Total Stockholders' Equity	5,000,001	—	5,000,001
Number of shares subject to redemption	18,899,782	(526,394)	18,373,388
<b>Balance sheet as of September 30, 2019 (unaudited)</b>			

Total Liabilities	\$	8,134,091	\$	5,528,250	\$	13,662,341
Common Stock Subject to Possible Redemption		194,076,642		(5,528,250)		188,548,392
Common Stock		614		54		668
Additional Paid-in Capital		1,224,009		955,446		2,179,455
Retained Earnings		3,775,378		(955,500)		2,819,878
Total Stockholders' Equity		5,000,001		—		5,000,001
Number of shares subject to redemption		18,860,476		(537,238)		18,323,238
<b>Balance sheet as of December 30, 2019 (audited)</b>						
Total Liabilities	\$	10,337,313	\$	7,166,250	\$	17,503,563
Common Stock Subject to Possible Redemption		181,174,585		(7,166,250)		174,008,335
Common Stock		638		69		707
Additional Paid-in Capital		2,542,569		2,593,431		5,136,000
(Accumulated Deficit) / Retained Earnings		2,456,794		(2,593,500)		(136,706)
Total Stockholders' Equity		5,000,001		—		5,000,001
Number of shares subject to redemption		17,501,073		(692,244)		16,808,829

F-13

		<u>As Previously Reported</u>	<u>Adjustments</u>		<u>As Restated</u>	
<b>Balance sheet as of March 31, 2020 (unaudited)</b>						
Total Liabilities	\$	52,060,483	\$	5,023,678	\$	57,084,161
Common Stock Subject to Possible Redemption		4,541,236		(4,541,236)		—
Common Stock		660		43		703
Additional Paid-in Capital		2,892,404		(31,557)		2,860,847
Retained Earnings		2,106,940		(450,928)		1,656,012
Total Stockholders' Equity		5,000,004		(482,442)		4,517,562
Number of shares subject to redemption		433,788		(433,788)		—
<b>Balance sheet as of June 30, 2020 (unaudited)</b>						
Total Liabilities	\$	8,359,869	\$	7,746,750	\$	16,106,619
Common Stock Subject to Possible Redemption		52,179		(52,179)		—
Common Stock		626		(4)		622
Additional Paid-in Capital		282,203		(282,203)		0.00
(Accumulated Deficit) / Retained Earnings		4,717,174		(7,412,364)		(2,695,190)
Total Stockholders' Equity		5,000,003		(7,694,571)		(2,694,568)
Number of shares subject to redemption		5,156		(5,156)		—
<b>Balance sheet as of September 30, 2020 (unaudited)</b>						
Total Liabilities	\$	8,018,370	\$	3,756,000	\$	11,774,370
Common Stock Subject to Possible Redemption		270,999		(270,999)		—
Common Stock		624		(2)		622
Additional Paid-in Capital		63,385		(63,385)		—
(Accumulated Deficit) / Retained Earnings		4,935,997		(3,421,614)		1,514,383
Total Stockholders' Equity		5,000,006		(3,485,001)		1,515,005
Number of shares subject to redemption		26,189		(26,189)		—
<b>Balance sheet as of December 30, 2020 (audited)</b>						
Total Liabilities	\$	7,801,692	\$	6,260,000	\$	14,061,692
Common Stock Subject to Possible Redemption		52,935		(52,935)		—
Common Stock		622		—		622
Additional Paid-in Capital		—		—		—
(Accumulated Deficit) / Retained Earnings		4,999,385		(6,207,065)		(1,207,680)
Total Stockholders' Equity		5,000,007		(6,207,065)		(1,207,058)
Number of shares subject to redemption		5,094		(5,094)		—
<b>Statement of Operations for the period from September 11, 2017 (inception) to December 31, 2017 (audited)</b>						
Net loss	\$	(31,193)	\$	(1,092,000)	\$	(1,123,193)
Basic and diluted weighted average shares outstanding, Common stock subject to possible redemption		—		18,572,335		18,572,335
Basic and diluted net income per share, Common stock subject to possible redemption		—		0.00		0.00
Basic and diluted weighted average shares outstanding, Common stock		6,184,506		107,109		6,291,615
Basic and diluted net loss per share, Common Stock		(0.01)		(0.18)		(0.19)
<b>Statement of Operations for the three months ended March 31, 2018 (unaudited)</b>						
Net income (loss)	\$	406,066	\$	341,250	\$	747,316
Basic and diluted weighted average shares outstanding, Common stock subject to possible redemption		—		18,449,542		18,449,542

Basic and diluted net income (loss) per share, Common stock subject to possible redemption	—	0.03	0.03
Basic and diluted weighted average shares outstanding, Common stock	5,984,320	566,138	6,550,458
Basic and diluted net (loss) income per share, Common Stock	(0.02)	0.05	0.03

F-14

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Restated</u>
<b>Statement of Operations for the three months ended June 30, 2018 (unaudited)</b>			
Net income	\$ 415,110	\$ (273,000)	\$ 142,110
Basic and diluted weighted average shares outstanding, Common stock subject to possible redemption	—	18,479,296	18,479,296
Basic and diluted net income per share, Common stock subject to possible redemption	—	0.04	0.04
Basic and diluted weighted average shares outstanding, Common stock	5,989,961	530,743	6,520,704
Basic and diluted net loss per share, Common Stock	(0.05)	(0.04)	(0.09)
<b>Statement of Operations for the six months ended June 30, 2018 (unaudited)</b>			
Net income	\$ 821,176	\$ 68,250	\$ 889,426
Basic and diluted weighted average shares outstanding, Common stock subject to possible redemption	—	18,464,501	18,464,501
Basic and diluted net income (loss) per share, Common stock subject to possible redemption	—	0.08	0.08
Basic and diluted weighted average shares outstanding, Common stock	5,981,156	548,343	6,535,499
Basic and diluted net loss per share, Common Stock	(0.10)	0.02	(0.08)
<b>Statement of Operations for the three months ended September 30, 2018 (unaudited)</b>			
Net income (loss)	\$ 577,649	\$ (1,706,250)	\$ (1,128,601)
Basic and diluted weighted average shares outstanding, Common stock subject to possible redemption	—	18,433,694	18,433,694
Basic and diluted net income per share, Common stock subject to possible redemption	—	0.05	0.05
Basic and diluted weighted average shares outstanding, Common stock	6,010,149	566,157	6,566,306
Basic and diluted net loss per share, Common Stock	(0.05)	(0.25)	(0.30)
<b>Statement of Operations for the nine months ended September 30, 2018 (unaudited)</b>			
Net income (loss)	\$ 1,398,825	\$ (1,638,000)	\$ (239,175)
Basic and diluted weighted average shares outstanding, Common stock subject to possible redemption	—	18,454,119	18,454,119
Basic and diluted net income (loss) per share, Common stock subject to possible redemption	—	0.15	0.12
Basic and diluted weighted average shares outstanding, Common stock	5,994,905	550,976	6,545,881
Basic and diluted net loss per share, Common Stock	(0.14)	(0.24)	(0.38)
<b>Statement of Operations for the year ended December 31, 2018 (audited)</b>			
Net income	\$ 2,122,033	\$ (68,250)	\$ 2,053,783
Basic and diluted weighted average shares outstanding, Common stock subject to possible redemption	—	18,402,979	18,402,979
Basic and diluted net income per share, Common stock subject to possible redemption	—	0.19	0.19
Basic and diluted weighted average shares outstanding, Common stock	6,002,703	549,318	6,597,021
Basic and diluted net (loss) income per share, Common Stock	(0.22)	0.01	(0.21)

F-15

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Restated</u>
<b>Statement of Operations for the three months ended March 31, 2019 (unaudited)</b>			
Net income	\$ 775,913	\$ 341,250	\$ 1,117,163
Basic and diluted weighted average shares outstanding, Common stock subject to possible redemption	—	18,935,920	18,395,920
Basic and diluted net income (loss) per share, Common stock subject to possible redemption	—	0.06	0.06
Basic and diluted weighted average shares outstanding, Common stock	6,039,072	565,008	6,604,080
Basic and diluted net (loss) income per share, Common Stock	(0.04)	0.05	0.01
<b>Statement of Operations for the three months ended June 30, 2019 (unaudited)</b>			
Net income	\$ 418,902	\$ —	\$ 418,902
Basic and diluted weighted average shares outstanding, Common stock subject to possible redemption	—	18,123,140	18,423,140

Basic and diluted net income (loss) per share, Common stock subject to possible redemption	—	0.05	0.05
Basic and diluted weighted average shares outstanding, Common stock	6,047,864	528,996	6,576,860
Basic and diluted net loss per share, Common Stock	(0.09)	0.01	(0.08)

#### Statement of Operations for the six months ended June 30, 2019 (unaudited)

Net income	\$	1,194,815	\$	341,250	\$	1,536,065
Basic and diluted weighted average shares outstanding, Common stock subject to possible redemption	—		18,409,605		18,409,605	
Basic and diluted net income (loss) per share, Common stock subject to possible redemption	—		0.10		0.10	
Basic and diluted weighted average shares outstanding, Common stock	6,043,492		546,903		6,590,395	
Basic and diluted net (loss) income per share, Common Stock	(0.10)		0.06		(0.04)	

#### Statement of Operations for the three months ended September 30, 2019 (unaudited)

Net income	\$	489,723	\$	(136,500)	\$	353,223
Basic and diluted weighted average shares outstanding, Common stock subject to possible redemption	—		18,373,388		18,373,388	
Basic and diluted net income (loss) per share, Common stock subject to possible redemption	—		0.05		0.05	
Basic and diluted weighted average shares outstanding, Common stock	6,100,218		526,394		6,626,612	
Basic and diluted net loss per share, Common Stock	(0.08)		(0.01)		(0.09)	

#### Statement of Operations for the nine months ended September 30, 2019 (unaudited)

Net income (loss)	\$	1,684,538	\$	204,750	\$	1,889,288
Basic and diluted weighted average shares outstanding, Common stock subject to possible redemption	—		18,397,400		18,397,400	
Basic and diluted net income (loss) per share, Common stock subject to possible redemption	—		0.15		0.15	
Basic and diluted weighted average shares outstanding, Common stock	6,062,609		539,991		6,602,600	
Basic and diluted net (loss) income per share, Common Stock	(0.18)		0.05		(0.13)	

F-16

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Restated</u>			
<b>Statement of Operations for the year ended December 31, 2019 (audited)</b>						
Net income (loss)	\$	365,954	\$	(1,433,250)	\$	(1,067,296)
Basic and diluted weighted average shares outstanding, Common stock subject to possible redemption	—		18,270,950		18,270,950	
Basic and diluted net income (loss) per share, Common stock subject to possible redemption	—		0.17		0.17	
Basic and diluted weighted average shares outstanding, Common stock	6,081,996		539,297		6,621,293	
Basic and diluted net loss per share, Common Stock	(0.47)		(0.16)		(0.63)	

#### Statement of Operations for the three months ended March 31, 2020 (unaudited)

Net income (loss)	\$	(349,854)	\$	2,142,572	\$	1,792,718
Basic and diluted weighted average shares outstanding, Common stock subject to possible redemption	—		15,885,267		15,885,267	
Basic and diluted net income (loss) per share, Common stock subject to possible redemption	—		0.01		0.01	
Basic and diluted weighted average shares outstanding, Common stock	6,375,178		690,659		7,065,837	
Basic and diluted net (loss) income per share, Common Stock	(0.07)		0.31		0.24	

#### Statement of Operations for the three months ended June 30, 2020 (unaudited)

Net income	\$	2,610,234	\$	(1,723,072)	\$	887,162
Basic and diluted weighted average shares outstanding, Common stock subject to possible redemption	—		—		—	
Basic and diluted net income (loss) per share, Common stock subject to possible redemption	—		—		—	
Basic and diluted weighted average shares outstanding, Common stock	6,604,785		399,665		7,004,450	
Basic and diluted net (loss) income per share, Common Stock	0.40		(0.27)		0.13	

#### Statement of Operations for the six months ended June 30, 2020 (unaudited)

Net income	\$	2,260,380	\$	419,500	\$	2,679,880
Basic and diluted weighted average shares outstanding, Common stock subject to possible redemption	—		7,942,633		7,942,633	
Basic and diluted net income (loss) per share, Common stock subject to possible redemption	—		0.00		0.00	
Basic and diluted weighted average shares outstanding, Common stock	6,489,982		545,162		7,035,144	
Basic and diluted net income per share, Common Stock	0.35		0.03		0.38	

#### Statement of Operations for the three months ended September 30, 2020 (unaudited)

Net income	\$	218,823	\$	3,990,750	\$	4,209,573
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Basic and diluted weighted average shares outstanding, Common stock subject to possible redemption	—	—	—
Basic and diluted net income (loss) per share, Common stock subject to possible redemption	—	—	—
Basic and diluted weighted average shares outstanding, Common stock	6,257,127	5,156	6,262,283
Basic and diluted net income per share, Common Stock	0.03	0.64	0.67

F-17

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Restated</u>
<b>Statement of Operations for the nine months ended September 30, 2020 (unaudited)</b>			
Net income	\$ 2,479,203	\$ 4,410,250	\$ 6,889,453
Basic and diluted weighted average shares outstanding, Common stock subject to possible redemption	—	5,275,764	5,275,764
Basic and diluted net income (loss) per share, Common stock subject to possible redemption	—	0.00	0.00
Basic and diluted weighted average shares outstanding, Common stock	6,411,797	363,846	6,775,643
Basic and diluted net income per share, Common Stock	0.39	0.63	1.02
<b>Statement of Operations for the year ended December 31, 2020 (audited)</b>			
Net income	\$ 2,404,519	\$ 1,906,250	\$ 4,310,769
Basic and diluted weighted average shares outstanding, Common stock subject to possible redemption	4,457,537	(507,921)	3,949,616
Basic and diluted net income (loss) per share, Common stock subject to possible redemption	0.00	—	0.00
Basic and diluted weighted average shares outstanding, Common stock	6,367,631	275,128	6,642,759
Basic and diluted net loss per share, Common Stock	0.38	0.27	0.65
<b>Cash Flow Statement for the period from September 11, 2017 (inception) to December 31, 2017 (audited)</b>			
Net loss	\$ (31,193)	\$ (1,092,000)	\$ (1,123,193)
Initial classification of warrant liability	—	4,572,750	4,572,750
Change in fair value of warrant liability	—	1,092,000	1,092,000
Initial classification of common stock subject to redemption	190,296,100	(4,572,750)	185,723,350
Change in value of common stock subject to redemption	(26,029)	(1,092,000)	(1,118,029)
<b>Cash Flow Statement for the three months ended March 31, 2018 (unaudited)</b>			
Net income	\$ 406,066	\$ 341,250	\$ 747,316
Change in fair value of warrant liability	—	(341,250)	(341,250)
Change in value of common stock subject to redemption	406,066	341,250	747,316
<b>Cash Flow Statement for the six months ended June 30, 2018 (unaudited)</b>			
Net income	\$ 821,176	\$ 68,250	\$ 889,426
Change in fair value of warrant liability	—	(68,250)	(68,250)
Change in value of common stock subject to redemption	821,176	68,250	889,426
<b>Cash Flow Statement for the nine months ended September 30, 2018 (unaudited)</b>			
Net income (loss)	\$ 1,398,825	\$ (1,638,000)	\$ (239,175)
Change in fair value of warrant liability	—	1,638,000	1,638,000
Change in value of common stock subject to redemption	1,398,825	(1,638,000)	(239,175)
<b>Cash Flow Statement for the year ended December 31, 2018 (audited)</b>			
Net income	\$ 2,122,033	\$ (68,250)	\$ 2,053,783
Change in fair value of warrant liability	—	68,250	68,250
Change in value of common stock subject to redemption	2,122,033	(68,250)	2,053,783
<b>Cash Flow Statement for the three months ended March 31, 2019 (unaudited)</b>			
Net income	\$ 775,913	\$ 341,250	\$ 1,117,163
Change in fair value of warrant liability	—	(341,250)	(341,250)
Change in value of common stock subject to redemption	775,913	341,250	1,117,163

F-18

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Restated</u>
<b>Cash Flow Statement for the six months ended June 30, 2019 (unaudited)</b>			
Net income	\$ 1,194,815	\$ 341,250	\$ 1,536,065
Change in fair value of warrant liability	—	(341,250)	(341,250)
Change in value of common stock subject to redemption	1,194,815	341,250	1,536,065

**Cash Flow Statement for the nine months ended September 30, 2019  
(unaudited)**

Net income (loss)	\$	1,684,538	\$	204,750	\$	1,889,288
Change in fair value of warrant liability		—		(204,750)		(204,750)
Change in value of common stock subject to redemption		1,684,538		204,750		1,889,288

**Cash Flow Statement for the year ended December 31, 2019 (audited)**

Net income (loss)	\$	365,954	\$	(1,433,250)	\$	(1,067,296)
Change in fair value of warrant liability		—		1,433,250		1,433,250
Change in value of common stock subject to redemption		365,954		(1,433,250)		(1,067,296)

**Cash Flow Statement for the three months ended March 31, 2020  
(unaudited)**

Net (loss) income	\$	(349,854)	\$	2,142,572	\$	1,792,718
Change in fair value of warrant liability		—		(2,184,000)		(2,184,000)
Amortization of debt discount on convertible promissory note		—		31,428		31,428
Change in value of conversion option liability		—		10,000		10,000
Change in value of common stock subject to redemption		(349,857)		(4,191,379)		(4,541,236)

**Cash Flow Statement for the six months ended June 30, 2020 (unaudited)**

Net income	\$	2,260,380	\$	419,500	\$	2,679,880
Change in fair value of warrant liability		—		(419,500)		(419,500)
Amortization of debt discount on convertible promissory note		—		220,000		220,000
Change in value of conversion option liability		—		(220,000)		(220,000)
Change in value of common stock subject to redemption		3,260,378		(3,312,557)		(52,179)
Issuance of warrants in connection with conversion of promissory note – related party		1,000,000		(1,000,000)		—

**Cash Flow Statement for the nine months ended September 30, 2020  
(unaudited)**

Net income	\$	2,479,203	\$	4,410,250	\$	6,889,453
Change in fair value of warrant liability		—		(4,410,250)		(4,410,250)
Amortization of debt discount on convertible promissory note		—		220,000		220,000
Change in value of conversion option liability		—		(220,000)		(220,000)
Change in value of common stock subject to redemption		3,479,198		(3,750,197)		(270,999)
Issuance of warrants in connection with conversion of promissory note – related party		1,000,000		(1,000,000)		—

**Cash Flow Statement for the year ended December 31, 2020 (audited)**

Net income	\$	2,404,519	\$	1,906,250	\$	4,310,769
Change in fair value of warrant liability		—		(1,906,250)		(1,906,250)
Amortization of debt discount on convertible promissory note		—		220,000		220,000
Change in value of conversion option liability		—		(220,000)		(220,000)
Change in value of common stock subject to redemption		3,654,513		3,707,448		(52,935)
Issuance of warrants in connection with conversion of promissory note – related party		1,000,000		(1,000,000)		—

F-19

**NOTE 3. — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*****Basis of Presentation***

The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and pursuant to the rules and regulations of the SEC.

***Use of Estimates***

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

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

***Cash and Cash Equivalents***

The Company considers all short-term investments with an original maturity of three months or less, when purchased, to be cash equivalents. The Company did not have any cash equivalents as of December 31, 2020 and 2019.

***Marketable Securities Held in Trust Account***

At December 31, 2020 and 2019, the assets held in the Trust Account were substantially held in a money market fund that invests primarily in U.S. Treasury Bills. During the year ended December 31, 2020 and 2019, the Company withdrew \$326,352 and \$836,205 of interest income from the Trust Account to pay franchise and income taxes.

***Derivative Instruments***

The Company accounts for debt and equity issuances as either equity-classified or liability-classified instruments based on an assessment of the instruments specific terms and applicable authoritative guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 480, Distinguishing Liabilities from Equity (“ASC 480”) and ASC 815, Derivatives and Hedging (“ASC 815”). The assessment considers whether the instruments are freestanding financial instruments



pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the instruments meet all of the requirements for equity classification under ASC 815, including whether the instruments are indexed to the Company's own common shares and whether the holders could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of issuance of the instruments and as of each subsequent quarterly period end date while the instruments are outstanding.

For issued or modified instruments that meet all of the criteria for equity classification, the instruments are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified instruments that do not meet all the criteria for equity classification, the instruments are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the instruments are recognized as a non-cash change in fair value of warrant liability on the statements of operations.

#### **Common Stock Subject to Possible Redemption**

The Company accounts for its common stock subject to possible redemption in accordance with the guidance in Accounting Standards Codification ("ASC") Topic 480 "Distinguishing Liabilities from Equity." Common stock subject to mandatory redemption is classified as a liability instrument and is measured at fair value. Conditionally redeemable common stock (including common stock that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) is classified as temporary equity. At all other times, common stock is classified as stockholders' equity. The Company's common stock features certain redemption rights that are considered to be outside of the Company's control and subject to occurrence of uncertain future events. Accordingly, common stock subject to possible redemption is presented at redemption value as temporary equity, outside of the stockholders' equity section of the Company's balance sheets.

F-20

#### **Income Taxes**

The Company complies with the accounting and reporting requirements of Accounting Standards Codification ("ASC") Topic 740 "Income Taxes," which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

ASC Topic 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of December 31, 2020 and 2019. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

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

#### **Net Income (Loss) Per Common Share**

Net income (loss) per share is computed by dividing net income by the weighted-average number of shares of common stock outstanding during the period, excluding shares of common stock subject to forfeiture. The Company has not considered the effect of the warrants sold in the Initial Public Offering and private placement to purchase an aggregate of 17,825,001 shares in the calculation of diluted loss per share, since the inclusion of such warrants would be anti-dilutive.

The Company's statement of operations includes a presentation of income (loss) per share for common shares subject to possible redemption in a manner similar to the two-class method of income (loss) per share. Net income (loss) per common share, basic and diluted, for Common stock subject to possible redemption is calculated by dividing the proportionate share of income or loss on marketable securities held by the Trust Account, net of applicable franchise and income taxes, by the weighted average number of Common stock subject to possible redemption outstanding since original issuance.

Net loss per share, basic and diluted, for non-redeemable common stock is calculated by dividing the net income (loss), adjusted for income or loss on marketable securities attributable to Common stock subject to possible redemption, by the weighted average number of non-redeemable common stock outstanding for the period.

Non-redeemable common stock includes Founder Shares and non-redeemable shares of common stock as these shares do not have any redemption features. Non-redeemable common stock participates in the income or loss on marketable securities based on non-redeemable shares' proportionate interest.

The following table reflects the calculation of basic and diluted net income (loss) per common share (in dollars, except per share amounts):

	<b>For the year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Common stock subject to possible redemption</b>		
Numerator: Earnings attributable to Common stock subject to possible redemption		
Interest earned on marketable securities held in Trust Account	\$ —	\$ 3,784,472
Less: interest available to be withdrawn for payment of taxes	—	(672,550)
Net income	\$ —	\$ 3,111,922
Denominator: Weighted Average Common stock subject to possible redemption		
Basic and diluted weighted average shares outstanding	3,949,616	18,270,950
Basic and diluted net income per share	\$ 0.00	\$ 0.17
<b>Non-Redeemable Common Stock</b>		
Numerator: Net Income (Loss) minus Net Earnings		
Net loss	\$ 4,310,769	\$ (1,067,296)
Less: Net income allocable to Common stock subject to possible redemption	—	(3,239,823)
Non-Redeemable Net Income (Loss)	\$ 4,309,136	\$ (4,307,119)
Denominator: Weighted Average Non-Redeemable Common Stock		
Basic and diluted weighted average shares outstanding	6,642,759	6,621,293
Basic and diluted net income (loss) per share	\$ 0.65	\$ (0.63)

F-21

### ***Concentration of Credit Risk***

Financial instruments that potentially subject the Company to concentration of credit risk consist of a cash account in a financial institution, which, at times may exceed the federal depository insurance coverage of \$250,000. The Company has not experienced losses on this account and management believes the Company is not exposed to significant risks on such account.

### ***Fair Value of Financial Instruments***

The fair value of the Company's assets and liabilities, which qualify as financial instruments under ASC Topic 820, "Fair Value Measurement" ("ASC 820"), approximates the carrying amounts represented in the accompanying balance sheets, primarily due to their short-term nature, except for the Derivative Instruments (see Note 6 and 11).

### ***Recent Accounting Standards***

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

### **NOTE 4. — INITIAL PUBLIC OFFERING**

Pursuant to the Initial Public Offering, the Company sold 20,000,000 Units at a purchase price of \$10.00 per Unit. Each Unit consists of one share of common stock, and one-half of one warrant ("Public Warrant"). Each whole Public Warrant entitles the holder to purchase one share of common stock at an exercise price of \$1.50 (see Note 8).

### **NOTE 5. — PRIVATE PLACEMENT**

Simultaneously with the closing of the Initial Public Offering, affiliates of the Hydra Sponsor and Matthews Lane Sponsor, HG Vora and certain members of management purchased an aggregate of 6,825,000 Private Placement Warrants at \$1.00 per Private Placement Warrant, for an aggregate purchase price of \$6,825,000. Each Private Placement Warrant entitles the holder to purchase one share of common stock at an exercise price of \$11.50. The proceeds from the Private Placement Warrants were added to the proceeds from the Initial Public Offering held in the Trust Account. If the Company does not complete a Business Combination within the Combination Period, the proceeds of the sale of the Private Placement Warrants will be used to fund the redemption of the Public Shares (subject to the requirements of applicable law) and the Private Placement Warrants will expire worthless. There will be no redemption rights or liquidating distributions from the Trust Account with respect to the Private Placement Warrants.

The Private Placement Warrants are identical to the Public Warrants underlying the Units sold in the Initial Public Offering, except that the Private Placement Warrants and the common stock issuable upon the exercise of the Private Placement Warrants are not transferable, assignable or salable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants are exercisable on a cashless basis and are non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

### **NOTE 6. — RELATED PARTY TRANSACTIONS**

#### ***Founder Shares***

On September 11, 2017, the Company issued an aggregate of 7,187,500 shares of common stock to the Initial Stockholders ("Founder Shares") for an aggregate purchase price of \$25,000. On December 5, 2017, certain of the Initial Stockholders surrendered and returned to the Company, for nil consideration, an aggregate of 1,437,500 Founder Shares, which were cancelled, leaving an aggregate of 5,750,000 Founder Shares outstanding. The 5,750,000 Founder Shares included an aggregate of up to 750,000 shares subject to forfeiture by the Initial Stockholders to the extent that the underwriters' over-allotment was not exercised in full or in part, so that the Initial Stockholders would own 20% of the Company's issued and outstanding shares after the Initial Public Offering. The underwriters' election to exercise their over-allotment option expired unexercised on January 15, 2018 and, as a result, 750,000 Founder Shares were forfeited, resulting in 5,000,000 Founder Shares outstanding.

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F-22

The Initial Stockholders have agreed, subject to certain exceptions, not to transfer, assign or sell any of the Founder Shares until the earlier of (i) one year after the date of the completion of a Business Combination, or (ii) the date on which the last sales price of the Company's common stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations and recapitalizations) for any 20 trading days within any 30-trading day period commencing 150 days after a Business Combination, or earlier, in each case, if subsequent to a Business Combination, the Company completes a subsequent liquidation, merger, stock exchange, or other similar transaction which results in all of the Company's stockholders having the right to exchange their common stock for cash, securities or other property.

#### ***Administrative Services Agreement***

The Company entered into an agreement whereby, commencing on December 1, 2017 through the earlier of the completion of a Business Combination or the Company's liquidation, the Company would pay Hydra Sponsor a monthly fee of up to \$10,000 for office space, utilities and secretarial and administrative support. For the year ended December 31, 2020 and 2019, the Company incurred \$60,000 and \$120,000, respectively, in fees for these services. Effective June 30, 2020, Hydra Sponsor agreed to stop charging the Company the monthly administrative fee and forgave the \$71,000 outstanding balance due.

#### ***Related Party Loans***

In order to fund working capital deficiencies or finance transaction costs in connection with a Business Combination, the Hydra Sponsor, an affiliate of the Matthews Lane Sponsor and HG Vora (the "Funding Parties") loaned an aggregate of \$1,000,000 to the Company, in accordance with unsecured promissory notes issued on January 15, 2020 to the Funding Parties, pursuant to an expense advancement agreement dated December 1, 2017 which were subsequently converted by the holders into warrants on June 25, 2020. The expense advancement agreement was amended to increase the total amount of advances available to the Company under the agreement by an additional \$300,000, of which the Company drew down \$225,000 pursuant to promissory notes issued in October and November 2020 and \$75,000 remained available for drawdown as of December 31, 2020 which was drawn down on February 1, 2021. On February 23, 2021, the expense advancement agreement was further amended to increase the loan commitment amount by an additional \$160,000 which was drawn down on February 24, 2021 (see Note 12). The Funding Parties may, but are not obligated to, loan the Company additional funds from time to time or at any time, as may be required ("Working Capital Loans"). Under the expense advancement agreement, the Working Capital Loans would either be paid upon completion of a Business Combination, without interest, or, at the holder's discretion could be converted into warrants at a price of \$1.00 per warrant. The warrants would be identical to the Private Placement Warrants. In the event that a Business Combination does not close, the Company may use a portion of the proceeds held outside the Trust Account to repay the Working Capital Loans, but no proceeds held in the Trust Account would be used to repay the Working Capital Loans.

As of December 31, 2020, there was \$225,000 outstanding under the Working Capital Loans (the \$1,000,000 previously loaned by the Funding Parties having been



converted into warrants on June 25, 2020). The outstanding amount was \$460,000 as of March 10, 2021 (see Note 12).

The Company assessed the provisions of the Working Capital Loans under ASC 815-15 (see Note 2). The derivative component of the obligation is initially valued and classified as a derivative liability with an offset to loss on conversion option liability. The conversion option was valued using a Modified Black Scholes Option Pricing Model, which is considered to be a Level 3 fair value measurement (see Note 11). The Modified Black Scholes Option Pricing Model's primary unobservable input utilized in determining the fair value of the conversion option is the probability of consummation of the Business Combination. The probability assigned to the consummation of the Business Combination was 85% which was determined based on the observed success rates of business combinations for special purpose acquisition companies. The Company's management evaluated the conversion option amounts outstanding as of December 31, 2020 and concluded that the amounts were immaterial.

The following table presents the change in the fair value of conversion option:

Fair value as of January 1, 2020	\$	—
Initial measurement		220,000
Change in fair value		10,000
Elimination of conversion option upon conversion of promissory note on June 25, 2020		(230,000)
Fair value as of December 31, 2020	\$	—

F-23

## NOTE 7. — COMMITMENTS

### *Forgiveness of Accounts Payable*

During the year ended December 31, 2020, two of the Company's service providers forgave certain amounts due to them in connection with previously provided services. As a result, the Company recorded a forgiveness of accounts payable in the amount of \$3,298,207.

### *GTWY Holdings Promissory Note*

On December 5, 2019, the Company entered into the GTWY Expense Advancement Agreement, pursuant to which GTWY Holdings committed to provide \$566,288 to fund contributions to the Trust Account. The Company drew down the full amount under the GTWY Expense Advancement Agreement to fund the required Contribution to the Trust Account for the period December 6, 2019 to January 5, 2020 by issuing an unsecured promissory note that was non-interest bearing to GTWY Holdings (the "Gateway Promissory Note"). The Gateway Promissory Note provided for repayment out of the proceeds of the Trust Account released to the Company if the Company completes an initial Business Combination and, otherwise, out of funds held by the Company outside the Trust Account. At December 31, 2020, there was \$566,268 outstanding under the note. On January 31, 2021, the Company and GTWY Holdings entered into an amendment to the Gateway Promissory Note to permit conversion of the promissory note into warrants at a price of \$1.00 per warrant. In connection with such amendment, GTWY Holdings elected to convert the full principal balance of the Gateway Promissory Note into 566,288 warrants (see Note 10).

### *Registration Rights*

Pursuant to a registration rights agreement entered into on December 1, 2017, the holders of the Founder Shares, Private Placement Warrants (and their underlying securities), Private Placement Units (and their underlying securities) (as defined below) and any warrants that may be issued upon conversion of the Working Capital Loans (and their underlying securities) are entitled to registration rights. The holders of these securities are entitled to make up to two demands, excluding short form demands, that the Company register such securities. In addition, the holders have certain "piggy-back" registration rights with respect to registration statements filed subsequent to the completion of a Business Combination and rights to require the Company to register for resale such securities pursuant to Rule 415 under the Securities Act. However, the registration rights agreement provides that the Company will not permit any registration statement filed under the Securities Act to become effective until termination of the applicable lock-up period. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

### *Underwriters Agreement*

The underwriters of the Initial Public Offering are entitled to a deferred fee of three and one-half percent (3.5%) of the gross proceeds of the Initial Public Offering, or \$7,000,000. Up to \$0.05 per Unit (or up to \$1,000,000) of the deferred fee may be paid to third parties (who are members of FINRA) that assist the Company in consummating its initial Business Combination. The election to make such payments to third parties will be solely at the discretion of the Company's management team, and such third parties will be selected by the management team in their sole and absolute discretion. The deferred fee will be paid in cash upon the closing of a Business Combination from the amounts held in the Trust Account, subject to the terms of the underwriting agreement. On November 23, 2020, the underwriters agreed to waive \$250,000 of the deferred fee which had been held in the Trust Account and was to be paid upon consummation of the Business Combination, resulting in an aggregate of \$6,750,000 deferred underwriting fee payable as of December 31, 2020 (see Note 12). The Company recorded the waiver of the deferred fee as a credit to retained earnings in the accompanying statement of stockholders' equity.

### *Contingent Forward Purchase Contract*

On December 1, 2017, the strategic investor entered into a contingent forward purchase contract (the "Contingent Forward Purchase Contract") with the Company to purchase, in a private placement for gross proceeds of \$62,500,000 to occur concurrently with the consummation of the Business Combination, 6,250,000 Units on substantially the same terms as the sale of Units in the Initial Public Offering at \$10.00 per Unit. In connection with previously proposed business combination transaction with GTWY Holdings, an amendment to the Contingent Forward Purchase Contract was effected on December 27, 2019 to provide that the Contingent Forward Purchase Contract would terminate as of, and contingent upon, the closing of the transaction with GTWY Holdings such that the strategic investor would instead purchase 3,000,000 units of GTWY Holdings' equity securities (with each unit consisting of one GTWY Holdings Share and one-half of one GTWY Holdings Warrant) for a purchase price of \$10.00 per unit. The Contingent Forward Purchase Contract was waived by the strategic investor in the connection with the proposed Business Combination with Ensysce.

F-24

### *Service Provider Agreement*

From time to time the Company has entered into and may enter into agreements with various services providers and advisors, including investment banks, to help us identify targets, negotiate terms of potential Business Combinations, consummate a Business Combination and/or provide other services. In connection with these agreements, the Company may be required to pay such service providers and advisors fees in connection with their services to the extent that certain conditions, including the closing of a potential Business Combination, are met. If a Business Combination does not occur, the Company would not expect to be required to pay these contingent fees. There can be no assurance that the Company will complete a Business Combination.

## NOTE 8 — STOCKHOLDERS' EQUITY

**Preferred Stock** — The Company is authorized to issue 1,000,000 shares of preferred stock with a par value of \$0.0001 per share with such designation, rights and

preferences as may be determined from time to time by the Company's Board of Directors. As of December 31, 2020 and 2019, there were no shares of preferred stock issued or outstanding.

**Common Stock** — The Company is authorized to issue 100,000,000 shares of common stock with a par value of \$0.0001 per share. Holders of the Company's common stock are entitled to one vote for each share. The underwriters' election to exercise their over-allotment option expired unexercised on January 15, 2018 and, as a result, 750,000 Founder Shares were forfeited. At December 31, 2020 and 2019, there were 6,224,268 and 7,067,422 shares of common stock issued and outstanding, respectively, excluding 0 and 16,808,829 shares of common stock subject to possible redemption, respectively.

**Warrants** — Public Warrants may only be exercised for a whole number of shares. No fractional shares will be issued upon exercise of the Public Warrants. The Public Warrants will become exercisable on the later of (a) 30 days after the completion of a Business Combination and (b) 12 months from the closing of the Initial Public Offering; provided in each case that the Company has an effective registration statement under the Securities Act covering the shares of common stock issuable upon exercise of the Public Warrants and a current prospectus relating to them is available. The Company has agreed that as soon as practicable, but in no event later than 15 business days after the closing of a Business Combination, the Company will use its best efforts to file with the SEC a registration statement for the registration, under the Securities Act, of the shares of common stock issuable upon exercise of the Public Warrants. The Company will use its best efforts to cause the same to become effective and to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration of the Public Warrants in accordance with the provisions of the warrant agreement. If any such registration statement has not been declared effective by the 60<sup>th</sup> business day following the closing of the Business Combination, holders of the Public Warrants shall have the right, during the period beginning on the 61<sup>st</sup> business day after the closing of the Business Combination and ending upon such registration statement being declared effective by the SEC, and during any other period when the Company shall fail to have maintained an effective registration statement covering the shares of common stock issuable upon exercise of the Public Warrants, to exercise such Public Warrants on a "cashless basis." Notwithstanding the above, if the Company's common stock is at the time of any exercise of a Public Warrant not listed on a national securities exchange such that it satisfies the definition of a "covered security" under Section 18(b)(1) of the Securities Act, the Company may, at its option, require holders of Public Warrants who exercise their warrants to do so on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act and, in the event the Company so elects, the Company will not be required to file or maintain in effect a registration statement, but will be required to use its best efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available. The Public Warrants will expire five years after the completion of a Business Combination or earlier upon redemption or liquidation.

The Company may redeem the Public Warrants:

- in whole and not in part;
- at a price of \$0.01 per warrant;
- at any time during the exercise period;
- upon a minimum of 30 days' prior written notice of redemption;
- if, and only if, the last sale price of the Company's common stock equals or exceeds \$18.00 per share for any 20 trading days within a 30-trading day period ending on the third business day prior to the date on which the Company sends the notice of redemption to the warrant holders; and
- if, and only if, there is a current registration statement in effect with respect to the shares of common stock underlying such warrants.

F-25

If the Company calls the Public Warrants for redemption, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a "cashless basis," as described in the warrant agreement.

The exercise price and number of shares of common stock issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a stock dividend, or recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for issuance of common stock at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the warrants. If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of warrants will not receive any of such funds with respect to their warrants, nor will they receive any distribution from the Company's assets held outside of the Trust Account with the respect to such warrants. Accordingly, the warrants may expire worthless.

#### NOTE 9 — INCOME TAXES

The Company did not have any deferred tax assets or liabilities at December 31, 2020 and 2019.

The provision for income taxes consists of the following:

	<b>Year Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Federal:		
Current	\$ 244,493	\$ 556,964
Deferred	—	(1,764)
State and Local:		
Current	—	—
Deferred	—	—
Change in valuation allowance	—	—
Income tax provision	<u>\$ 244,493</u>	<u>\$ 555,200</u>

As of December 31, 2020 and 2019, the Company did not have any of U.S. federal and state net operating loss carryovers available to offset future taxable income.

In assessing the realization of the deferred tax assets, management considers whether it is more likely than not that some portion of all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences representing net future deductible amounts become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. After consideration of all of the information available, management determined that a valuation allowance was not required for the years ended December 31, 2020 and 2019.

A reconciliation of the federal income tax rate to the Company's effective tax rate is as follows:

	<b>As of December 31, 2020</b>	
	<b>2020</b>	<b>2019</b>
Statutory federal income tax rate	21.0%	21.0%
True-ups	(6.9)%	(1.2)%
Change in fair value of warrant liability	(8.8)%	(58.8)%

Business Combination expenses	0.0%	69.4%
Income tax provision	5.3%	(108.4)%

F-26

For the year ended December 31, 2020, the effective tax rate differs from the statutory tax rate primarily due to the reversal of previously recorded permanent differences for transactional expenses incurred in connection with the now terminated GTWY Holdings acquisition, as well as permanent differences attributable to the change in the fair value of the warrants. For the year ended December 31, 2019, the effective tax rate differs from the statutory tax rate due to the permanent differences recorded for transactional expenses incurred with the GTWY Holdings acquisition.

The Company files income tax returns in the U.S. federal jurisdiction and is subject to examination by the various taxing authorities. The Company's tax returns for the year ended December 31, 2020 and 2019 remain open and subject to examination. The Company considers New York to be a significant state tax jurisdiction.

#### NOTE 10 — FAIR VALUE MEASUREMENTS

The Company follows the guidance in ASC 820 for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually.

The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.

Level 3: Unobservable inputs based on our assessment of the assumptions that market participants would use in pricing the asset or liability.

The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis at December 31, 2020 and 2019, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

Description	Level	December 31, 2020	December 31, 2019
<b>Assets:</b>			
Marketable securities held in Trust Account	1	\$ 12,628,170	\$ 195,312,177
<b>Liabilities:</b>			
Warrant Liability – Private Warrants	3	6,260,000	7,166,250

The Private Warrants are accounted for as liabilities in accordance with ASC 815-40 and are presented within warrant liabilities on the accompanying balance sheets. The warrant liabilities are measured at fair value at inception and on a recurring basis, with changes in fair value presented within change in fair value of warrant liabilities in the statements of operations.

The Private Warrants were valued using a Modified Black Scholes Option Pricing Model, which is considered to be a Level 3 fair value measurement. The Modified Black Scholes model's primary unobservable input utilized in determining the fair value of the Private Placement Warrants is the probability of consummation of the Business Combination. The probability assigned to the consummation of the Business Combination was determined based on the observed success rates of business combinations for special purpose acquisition companies.

The key inputs into the Black Scholes Option Pricing Model for the Private Warrants were as follows:

Input	December 31, 2020	December 31, 2019
Risk-free interest rate	0.36%	1.69%
Expected Term (years)	5.0	5.0
Probability of Business Combination	30.0%	90.0%
Expected volatility	19.7%	13.5%
Exercise price	\$ 11.50	\$ 11.50
Stock Price	\$ 12.43	\$ 10.42
Annual dividend yield	0.00%	0.00%

The following table presents the changes in the fair value of warrant liabilities:

	Private Placement
Fair value as of December 31, 2018	5,733,000
Change in fair value	1,433,250
Fair value as of December 31, 2019	7,166,250
Change in fair value	(906,250)
Fair value as of December 31, 2020	\$ 6,260,000

F-27

#### NOTE 11. — SUBSEQUENT EVENTS

The Company evaluates subsequent events and transactions that occur after the balance sheet date up to the date that the financial statements were issued. Based upon this review, other than as described below and as described in Note 2, the Company did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

On January 27, 2021, the Panel granted the Company's request for continued listing of the Company's equity securities on the Nasdaq Capital Market pursuant to an extension, subject to certain milestones, through June 1, 2021 so that the Company may seek to complete an initial business combination and regain compliance with the listing rules. If the Company does not regain compliance with the Rule by the required date, Nasdaq would delist the Company's equity securities from the Nasdaq Capital Market.

On January 31, 2021, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement"), by and among the Company, Ensysce, and EB Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of the Company ("Merger Sub"), relating to a proposed business combination transaction between the Company and Ensysce.

Pursuant to the Merger Agreement, Merger Sub will merge with and into Ensysce, with Ensysce surviving such merger as a wholly owned subsidiary of the Company and the stockholders of Ensysce becoming stockholders of the Company (the "Merger").

Ensysce's issued and outstanding share capital as of immediately prior to the Merger Effective Time will, at the closing (the "Closing") of the transactions contemplated by the Merger Agreement (collectively, the "Transaction"), be canceled and converted into the right to receive the Company's common stock, par value \$ 0.0001 per share (the "LACQ Common Stock") calculated based on an exchange ratio of 0.06585 (the "Exchange Ratio").

The Transaction will be consummated subject to the deliverables and provisions as further described in the Merger Agreement.

On January 31, 2021, the underwriters of the Company's initial public offering agreed to reduce the total deferred underwriting fee that is to be paid to such underwriters upon the consummation of the Company's initial business combination to \$2,000,000, which may under certain situations be payable in the form of LACQ Common Stock.

On January 31, 2021, the Company and GTWY Holdings entered into an amendment to the Gateway Promissory Note to permit conversion of all or a portion of the promissory note into warrants at a price of \$1.00 per warrant. In connection with such amendment, GTWY Holdings elected to convert the full principal balance of the Gateway Promissory Note into 566,288 warrants.

On February 23, 2021, the Company entered into a fourth amendment to the Company's Expense Advancement Agreement with its sponsors and strategic investor to increase the total amount of advances available to the Company under the agreement by \$160,000. The promissory notes covering the prior loan balance in the aggregate amount of \$300,000 was amended and restated on February 24, 2021 in order to reflect the incremental increase of the total amount of advances available to the Company thereunder to \$460,000 and all of which increase was drawn on February 24, 2021.

(3) Exhibits.

No.	Description of Exhibit
2.1†	<a href="#">Agreement and Plan of Merger, dated January 31, 2021, by and among Leisure Acquisition Corp., Ensysce Biosciences, Inc. and EB Merger Sub, Inc. (incorporated by reference to Exhibit 2.1 filed with the Company's Current Report on Form 8-K on February 2, 2021)</a>
3.1(a)	<a href="#">Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 filed with the Company's Current Report on Form 8-K on December 5, 2017)</a>
3.1(b)	<a href="#">Amendment to Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 filed with the Company's Current Report on Form 8-K on December 9, 2019)</a>
3.1(c)	<a href="#">Amendment No. 2 to Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 filed with the Company's Current Report on Form 8-K on March 31, 2020)</a>
3.1(d)	<a href="#">Amendment No. 3 to Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 filed with the Company's Current Report on Form 8-K on June 30, 2020)</a>
3.1(e)	<a href="#">Amendment No. 4 to Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 filed with the Company's Current Report on Form 8-K on November 30, 2020)</a>
3.2	<a href="#">Bylaws (incorporated by reference to Exhibit 3.3 filed with the Company's Registration Statement on Form S-1 (File No.333-221330) initially filed on November 3, 2017)</a>
4.1	<a href="#">Specimen Unit Certificate (incorporated by reference to Exhibit 4.1 filed with the Company's Registration Statement on Form S-1 (File No.333-221330) initially filed on November 3, 2017)</a>
4.2	<a href="#">Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.2 filed with the Company's Registration Statement on Form S-1 (File No.333-221330) initially filed on November 3, 2017)</a>
4.3	<a href="#">Specimen Warrant Certificate (incorporated by reference to Exhibit 4.3 filed with the Company's Registration Statement on Form S-1 (File No.333-221330) initially filed on November 3, 2017)</a>
4.4	<a href="#">Warrant Agreement, dated December 1, 2017, between the Company and Continental Stock Transfer &amp; Trust Company (incorporated by reference to Exhibit 4.1 filed with the Company's Current Report on Form 8-K on December 5, 2017)</a>
4.5***	<a href="#">Description of Registrant's Securities (incorporated by reference to Exhibit 4.5 filed with the Company's Annual Report on Form 10-K on March 15, 2021)</a>
10.1(a)	<a href="#">Investment Management Trust Agreement, dated December 1, 2017, between the Company and Continental Stock Transfer &amp; Trust Company (incorporated by reference to Exhibit 10.1 filed with the Company's Current Report on Form 8-K on December 5, 2017)</a>
10.1(b)	<a href="#">Amendment to Investment Management Trust Agreement, dated December 5, 2019 (incorporated by reference to Exhibit 10.1(b) filed with the Company's Annual Report on Form 10-K on March 10, 2020)</a>
10.1(c)	<a href="#">Amendment No. 2 to Investment Management Trust Agreement, dated March 26, 2020 (incorporated by reference to Exhibit 3.1 filed with the Company's Current Report on Form 8-K on March 31, 2020)</a>
10.1(d)	<a href="#">Amendment No. 3 to Investment Management Trust Agreement, dated June 29, 2020 (incorporated by reference to Exhibit 10.1 filed with the Company's Current Report on Form 8-K on June 30, 2020)</a>
10.1(e)	<a href="#">Amendment No. 4 to Investment Management Trust Agreement, dated November 30, 2020 (incorporated by reference to Exhibit 10.1 filed with the Company's Current Report on Form 8-K on November 30, 2020)</a>
10.2	<a href="#">Registration Rights Agreement, dated December 1, 2017, among the Company and certain security holders (incorporated by reference to Exhibit 10.2 filed with the Company's Current Report on Form 8-K on December 5, 2017)</a>
10.3	<a href="#">Warrant Purchase Agreement, dated December 1, 2017, between the Company and certain security holders (incorporated by reference to Exhibit 10.3 filed with the Company's Current Report on Form 8-K on December 5, 2017)</a>
10.4	<a href="#">Administrative Services Agreement, dated December 1, 2017, between the Company and Hydra Management, LLC (incorporated by reference to Exhibit 10.4 filed with the Company's Current Report on Form 8-K on December 5, 2017)</a>
10.5(a)	<a href="#">Expense Advancement Agreement, dated December 1, 2017, between the Company, HG Vora Special Opportunities Master Fund, Ltd., Hydra Management, LLC and Matthews Lane Capital Partners LLC (incorporated by reference to Exhibit 10.5 filed with the Company's Current Report on Form 8-K on December 5, 2017)</a>
10.5(c)	<a href="#">Amendment to Expense Advancement Agreement, dated June 29, 2020 (incorporated by reference to Exhibit 10.2 filed with the Company's Current Report on Form 8-K on June 30, 2020)</a>
10.5(b)	<a href="#">Amendment to Expense Advancement Agreement, dated October 26, 2020 (incorporated by reference to Exhibit 10.1 filed with the Company's Current Report on Form 8-K on October 29, 2020)</a>
10.5(d)	<a href="#">Amendment No. 3 to Expense Advancement Agreement, dated November 30, 2020 (incorporated by reference to Exhibit 10.2 filed with the Company's Current Report on Form 8-K on November 30, 2020)</a>

- 10.5(e) [Amendment No. 4 to Expense Advancement Agreement, dated February 23, 2021 \(incorporated by reference to Exhibit 10.1 filed with the Company's Current Report on Form 8-K on February 25, 2021\)](#)
- 10.5(f) [Form of Amended and Restated Promissory Note relating to Expense Advancement Agreement \(5\) \(incorporated by reference to Exhibit 10.1 filed with the Company's Current Report on Form 8-K on February 25, 2021\)](#)

69

- 10.6(a) [Letter Agreement, dated December 1, 2017, among the Company, its officers, directors and security holders \(incorporated by reference to Exhibit 10.6 filed with the Company's Current Report on Form 8-K on December 5, 2017\)](#)
- 10.6(b) [Amendment to Letter Agreement, dated December 5, 2019 \(incorporated by reference to Exhibit 10.6\(b\) filed with the Company's Annual Report on Form 10-K on March 10, 2020\).](#)
- 10.7 [Contingent Forward Purchase Contract, dated December 1, 2017, between the Company and HG Vora Special Opportunities Master Fund, Ltd \(incorporated by reference to Exhibit 10.7 filed with the Company's Current Report on Form 8-K on December 5, 2017\)](#)
- 10.8 [Form of Director and Officer Indemnity Agreement \(incorporated by reference to Exhibit 10.8 filed with the Company's Registration Statement on Form S-1 \(File No.333-221330\) initially filed on November 3, 2017\)](#)
- 10.9 [Securities Subscription Agreement, dated September 11, 2017, between the Registrant and HG Vora Special Opportunities Master Fund, Ltd \(incorporated by reference to Exhibit 10.4 filed with the Company's Registration Statement on Form S-1 \(File No.333-221330\) initially filed on November 3, 2017\)](#)
- 10.10 [Securities Subscription Agreement, dated September 11, 2017, between the Registrant and Hydra Management, LLC \(incorporated by reference to Exhibit 10.5 filed with the Company's Registration Statement on Form S-1 \(File No.333-221330\) initially filed on November 3, 2017\)](#)
- 10.11 [Securities Subscription Agreement, dated September 11, 2017, between the Registrant and Matthews Lane Capital Partners LLC \(incorporated by reference to Exhibit 10.6 filed with the Company's Registration Statement on Form S-1 \(File No.333-221330\) initially filed on November 3, 2017\)](#)
- 10.12(a) [Expense Advance Agreement, dated December 5, 2019, between the Company and GTWY Holdings Limited \(incorporated by reference to Exhibit 10.12 filed with the Company's Annual Report on Form 10-K on March 10, 2020\).](#)
- 10.12(b) [Amendment to GTWY Holdings Limited Promissory Note, dated January 31, 2021 \(incorporated by reference to Exhibit 10.3 filed with the Company's Current Report on Form 8-K on February 2, 2021\)](#)
- 10.13 [Fee Waiver Letter, dated November 23, 2020 \(incorporated by reference to Exhibit 10.3 filed with the Company's Current Report on Form 8-K on November 30, 2020\)](#)
- 10.14 [Fee Waiver Letter, dated January 31, 2021 \(incorporated by reference to Exhibit 10.2 filed with the Company's Current Report on Form 8-K on February 2, 2021\)](#)
- 10.15 [Warrant Surrender Agreement, among MLCP GLL Funding LLC, Hydra LAC, LLC, and Leisure Acquisition Corp., dated January 31, 2021 \(incorporated by reference to Exhibit 10.1 filed with the Company's Current Report on Form 8-K on February 2, 2021\)](#)
- 31.1\* [Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14\(a\) and 15\(d\)-14\(a\), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 31.2\* [Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14\(a\) and 15\(d\)-14\(a\), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 32.1\*\* [Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 32.2\*\* [Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 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

\* Filed herewith.

\*\* Furnished.

\*\*\* Previously filed

† Certain schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(b)(2). LACQ agrees to furnish supplementally a copy of all omitted schedules to the Securities and Exchange Commission upon its request.

#### Item 16. Form 10-K Summary

None.

70

#### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

June 7, 2021

**LEISURE ACQUISITION CORP.**

By: /s/ Daniel B. Silvers

Name: Daniel B. Silvers

Title: Chief Executive Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints A. Lorne Weil and Daniel B. Silvers and each or any one of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the United States Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Position	Date
<u>/s/ A. Lorne Weil</u>		

<u>A. Lorne Weil</u>	Executive Chairman	June 7, 2021
<u>/s/ Daniel B. Silvers</u> Daniel B. Silvers	Chief Executive Officer and Director (Principal Executive Officer)	June 7, 2021
<u>/s/ George Peng</u> George Peng	Chief Financial Officer, Treasurer and Secretary (Principal Financial and Accounting Officer)	June 7, 2021
<u>/s/ Marc J. Falcone</u> Marc J. Falcone	Director	June 7, 2021
<u>/s/ Steven M. Rittvo</u> Steven M. Rittvo	Director	June 7, 2021
<u>/s/ David L. Weinstein</u> David L. Weinstein	Director	June 7, 2021

## CERTIFICATIONS

I, Daniel B. Silvers, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of Leisure Acquisition Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 7, 2021

By: s/ Daniel B. Silvers

Daniel B. Silvers  
Chief Executive Officer  
(Principal Executive Officer)

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## CERTIFICATIONS

I, George Peng, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of Leisure Acquisition Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 7, 2021

By: /s/ George Peng

George Peng  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

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

In connection with the Annual Report of Leisure Acquisition Corp. (the "Company") on Form 10-K/A for the year ended December 31, 2020, as filed with the Securities and Exchange Commission (the "Report"), I, Daniel B. Silvers, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: June 7, 2021

By: */s/ Daniel B. Silvers*

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Daniel B. Silvers  
Chief Executive Officer  
(Principal Executive Officer)

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

In connection with the Annual Report of Leisure Acquisition Corp. (the "Company") on Form 10-K/A for the year ended December 31, 2020, as filed with the Securities and Exchange Commission (the "Report"), I, George Peng, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: June 7, 2021

By: /s/ George Peng

George Peng  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

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