Risk Factors Comparison 2024-04-01 to 2023-03-17 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

A description ~~An investment in our securities involves a high degree~~ of **the** ~~risk~~ **risks and uncertainties associated with our business and industry is set forth below** . **You** ~~Careful consideration~~ should **carefully consider** ~~be given to all of~~ the risks **and uncertainties** described below, together with **all of** the other information ~~contained~~ in this Annual Report ~~on Form 10- K~~ , **including our audited consolidated financial statements and notes thereto and the " Management' s Discussion and Analysis of Financial Condition and Results of Operations " section of this Annual Report** before ~~making a decision~~ **deciding whether** to ~~invest in~~ **purchase shares of** our ~~securities~~ **Common Stock** . If any of the following ~~events occur~~ **risks are realized** , our business, financial condition ~~and~~ **,** operating results ~~may~~ **and prospects could** be materially **and** adversely affected. In that event, the ~~trading~~ price of our ~~securities~~ **Common Stock** could decline, **perhaps significantly** ~~and our stockholders could lose all or part of their investment~~ . **Additional risks and uncertainties not presently known** ~~RISKS RELATED TO CARMELL' S BUSINESS AND INDUSTRY Unless the context otherwise requires, all references in this subsection~~ to ~~the " Company, " " we, " " us " or " our~~ - **or** ~~" refer to the~~ **that we currently deem immaterial also may impair our** business ~~of Carmell prior~~ **operation. The following risks and uncertainties include risks related** to **our business following** the ~~consummation~~ **completion** of the Business Combination ~~,~~ **. Summary of Risk Factors The following is a summary of principal risks to** which **our** ~~will be the~~ business **, operations and financial performance are subject. Each** of ~~the~~ **these** ~~New Carmell~~ **risks is more fully described in the individual risk factors immediately** following ~~the consummation~~ **this summary. • We have limited experience as a commercial company, and we may not be successful in commercializing our marketed products, our current product candidates or any future product candidates, if and when approved, and we may be unable to generate meaningful product revenue. • Our commercial success depends upon attaining and maintaining significant market acceptance** of **our current products, product candidates and future product candidates, if approved, among physicians, patients, healthcare payors and treatment centers. • Certain of** the **products we process are derived from human tissue and, therefore, have the potential for disease transmission. • If we cannot successfully address quality issues that may arise with our products, our brand reputation could suffer, and our** ~~Business~~ **business , financial condition,** ~~Combination. Risks Related to the Development~~ and **results** ~~Regulatory Approval~~ of ~~our~~ **operations could be adversely impacted. •** Product ~~Candidates~~ **liability lawsuits against us could cause us to incur substantial liabilities and limit the commercialization of any products that we may develop. •** Our product candidates are at an early stage of development and may not be successfully developed or commercialized. **• The results of preclinical studies or earlier clinical trials are not necessarily predictive of future results. Our research and development products, including those in clinical trials and those that may advance into clinical trials, may not have favorable results in later clinical trials or receive regulatory approval. • If the FDA or any other regulatory authorities outside of the United States change the classification of a product candidate, we may be subject to additional regulations or requirements. • Additional time may be required to obtain regulatory approval for our research and development products because of their status as combination products. • We have conducted and may in the future conduct clinical trials for current or future product candidates outside the U. S., and the FDA and comparable foreign regulatory authorities may not accept data from such trials. • We rely on patents and patent applications and various regulatory exclusivities to protect some of our product candidates, and our ability to compete may be limited or eliminated if we are not able to protect our products. • We cannot be certain we will be able to obtain patent protection to protect our product candidates and technology. • If we fail to comply with our obligations in the agreements under which we may license intellectual property rights from third parties or otherwise experience disruptions to our business relationships with our licensors, we could lose rights that are important to our business. • Our intellectual property may not be sufficient to protect our products from competition, which may negatively affect our business as well as limit our partnership or acquisition appeal. • Our future success is dependent, in part, on the performance and continued service of our officers and directors. • We may require additional capital to support our growth plans, and such capital may not be available on terms acceptable to us, if at all. This could hamper our growth and adversely affect our business. • Our independent registered public accounting firm has expressed substantial doubt about our ability to continue as a going concern. • We may become involved in litigation that may materially adversely affect us. • We face substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than we do. • The current economic downturn may harm our business and results of operations. • We will need to grow the size of our organization in the future, and we may experience difficulties in managing this growth. • We expect the price of our Common Stock may be volatile and may fluctuate substantially. Risks Related to Our Business and Operations We have limited experience as a commercial company and the marketing and sale of our cosmetic products and, if approved, our product candidates, may be unsuccessful. Due to our limited history and experience as a commercial company, we face significant risks and uncertainties relating to the commercialization of our cosmetic products and, if approved, our product candidates. In order to successfully commercialize our products or any of our product candidates that may be approved, we must build on our marketing, sales, distribution, managerial and other capabilities or make arrangements with third parties to perform these services. We may face challenges that will inhibit our efforts, including:: • the inability to recruit, train and retain adequate numbers of effective sales and marketing personnel; • the inability to supply the market with our products, including manufacturing or distribution challenges; and • unforeseen costs and expenses associated with**

creating an independent sales and marketing organization. If we are unable to accomplish our commercialization objectives and manage these challenges, we will not be able to generate operating revenue from our cosmetic products and, if approved, our product candidates. The cosmetics industry is highly competitive, and if we are unable to compete effectively, our results will suffer. We face vigorous competition from companies throughout the world, including large multinational consumer products companies that have many cosmetics brands under ownership and standalone beauty and skincare brands, including those that may target the latest trends or specific distribution channels. Competition in the cosmetics industry is based on the introduction of new products, pricing of products, quality of products and packaging, brand awareness, perceived value and quality, innovation, in- store presence and visibility, promotional activities, advertising, editorials, e- commerce and mobile- commerce initiatives and other activities. We must compete with a high volume of new product introductions as well as existing products by diverse companies across several different distribution channels. Many of the multinational consumer companies that we compete with have greater financial, technical or marketing resources, longer operating histories, greater brand recognition or larger customer bases than we do and may be able to respond more effectively to changing business and economic conditions than we can. We also expect to encounter increased competition as we enter new markets and as we attempt to penetrate existing markets with new products. Our competitors may attempt to gain market share by offering products at prices at or below the prices at which our products are typically offered, including through the use of large percentage discounts. Competitive pricing may require us to reduce our prices, which would decrease our profitability or result in lost sales. Our competitors may be better able to withstand these price reductions and lost sales. In addition, our competitors may develop products that are safer, more effective, and more widely used and may be more successful than us in manufacturing and marketing their products. It is difficult to predict the timing and scale of our competitors' activities or whether new competitors will emerge in the cosmetics industry. Technological breakthroughs, including new and enhanced technologies that increase competition in the online retail market, new product offerings by competitors and the strength and success of our competitors' marketing programs may further impede our growth and the implementation of our business strategy. Our ability to compete depends on the continued strength of our brand and products, the success of marketing, innovation and execution strategies, the continued diversity of product offerings, the successful management of new product introductions and innovations, strong operational execution, including in order fulfillment, and success in entering new markets and expanding our business in existing geographies. If we are unable to continue to compete effectively, it could have a material adverse effect on our business, financial condition and results of operations. Our new product introductions may not be as successful as we anticipate. The cosmetics industry is driven in part by skincare and haircare trends, which may shift quickly. Our continued success depends on our ability to anticipate, gauge and react in a timely and cost- effective manner to changes in consumer preferences for skincare and haircare products, consumer attitudes toward our industry and brand and where and how consumers shop for and use these products. With the launch of our first skincare product and the anticipated launch of our remaining nine skincare products during the summer of 2024, we must continually establish and enhance the recognition of our brand, maintain a favorable mix of products that are acceptable to the market, develop our approach as to how and where we market and sell our products and work to develop, produce and market new products. We have an established process for the development, evaluation and validation of our new product concepts. Nonetheless, each new product launch involves risks, as well as the possibility of unexpected results. For example, the acceptance of new product launches and sales to our consumers may not be as high as we anticipate, due to lack of acceptance of the products themselves or their price, or limited effectiveness of our marketing strategies. In addition, our ability to launch new products may be limited by our ability to timely manufacture, distribute and ship new products. In the future, we may also experience a decrease in sales of our existing products as a result of newly launched products. Any of these occurrences could delay or impede our ability to achieve our sales objectives, which could have a material adverse effect on our business, financial condition and results of operations. Acceptance of our formulations or products in the marketplace is uncertain and failure to achieve market acceptance will prevent or delay our ability to generate revenue. Our future financial performance will depend, at least in part, upon the introduction and consumer acceptance of our products. Even if approved for marketing by the necessary regulatory authorities, our formulations or products may not achieve market acceptance. The degree of market acceptance will depend upon a number of factors, including: • receipt of any necessary regulatory approval of marketing claims for the uses that we are developing; • establishment and demonstration of the advantages, safety and efficacy of our formulations, products and technologies; • our ability to attract corporate partners to assist in commercializing our proposed products; and • our ability to market our products and, if approved, our product candidates and any future product candidates. Further, any loss of confidence on the part of consumers in our products or product candidates or in the ingredients used in or with such products or product candidates could materially harm the image of our brand and cause consumers to choose other products. Allegations regarding any of the above, even if untrue, may require us to expend significant time and resources investigating and responding to such allegations and could, from time to time result in a recall or market withdrawal of a product from any or all of the markets in which the affected product was distributed. See " Our products may cause or contribute to undesirable side effects that we are required to report to the FDA, and if we fail to do so, we would be subject to sanctions that could harm our reputation, business, financial condition and results of operations " below. Consumers or those within the medical community in general may be unwilling to accept, utilize or recommend any of our products, proposed formulations or, if approved, product candidates. If we are unable to obtain maintain the confidence of consumers or those who may otherwise utilize or recommend our products or product candidates or, if required, obtain regulatory approval for, or commercialize and market, our proposed formulations or product candidates when planned, we may not achieve market acceptance or

generate any revenue. Our BHA and THA product candidates, if approved, may become subject to unfavorable pricing regulations or third- party coverage and reimbursement policies, which would harm our business. In the United States and in other countries, patients who are provided medical treatment for their conditions generally rely on third- party payors to reimburse all or part of the costs associated with their treatment. We believe our success depends in part on obtaining and maintaining coverage and adequate reimbursement for our product candidates, if approved, and the extent to which patients will be willing to pay out- of- pocket for such products. There is significant uncertainty related to the insurance coverage and reimbursement of newly approved products and coverage may be more limited than the purposes for which the product is approved by the FDA or comparable foreign regulatory authorities. In the United States, the principal decisions about reimbursement for new products are typically made by CMS, an agency within the U. S. Department of Health and Human Services. CMS decides whether and to what extent a new product will be covered and reimbursed under Medicare and private payors tend to follow CMS to a substantial degree. Factors payors consider in determining reimbursement are based on whether the product is: • a covered benefit under its health plan; • safe, effective and medically necessary; • appropriate for the specific patient; • cost- effective; and neither experimental nor investigational. There can be no assurance that any of our product candidates, if approved for sale in the United States or in other countries, will be considered medically reasonable and necessary and / or cost- effective by third- party payors, that coverage or an adequate level of reimbursement will be available or that reimbursement policies and practices in the United States and in foreign countries where our products are sold will not adversely affect our ability to sell our product candidates profitably, even if they are approved for sale. We are unable to predict what changes will be made to the reimbursement methodologies used by third- party payers in the future. As a result of the continuing evaluation and assessment of these expected payments, our estimates for expected payments could change. We cannot be sure that reimbursement will be available for any product that we commercialize and, if reimbursement is available, the level of such reimbursement. Reimbursement may impact the demand for, or the price of, any product candidates for which we obtain marketing approval. Adequate third- party reimbursement might not be available to enable us to maintain price levels sufficient to realize an appropriate return on investment in our products and future product development. If reimbursement is not available or is available only at limited levels, our ability to successfully commercialize any product candidates for which we obtain marketing approval may be adversely affected. In addition, in some foreign countries, the proposed pricing for a drug must be approved before it may be lawfully marketed. The requirements governing drug pricing vary widely from country to country. For example, the European Union provides options for its Member States to restrict the range of medicinal products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. To obtain reimbursement or pricing approval, some of these countries may require the completion of clinical trials that compare the cost effectiveness of a particular product candidate to currently available therapies. A Member State may approve a specific price for the medicinal product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical products will allow favorable reimbursement and pricing arrangements for any of our product candidates. Historically, products launched in the European Union do not follow price structures of the U. S. and generally prices tend to be significantly lower. Certain of the products we process are derived from human tissue and therefore have the potential for disease transmission. The utilization of human tissue creates the potential for transmission of communicable disease, including, without limitation, human immunodeficiency virus, viral hepatitis, syphilis and other viral, fungal or bacterial pathogens. We are required to comply with federal and state regulations intended to prevent communicable disease transmission. We maintain strict quality controls designed in accordance with GMP to ensure the safe procurement and processing of our tissue, including terminal sterilization of our products. These controls are intended to prevent the transmission of communicable disease. However, risks exist with any human tissue implantation. In addition, negative publicity concerning disease transmission from other companies' improperly processed donated tissue could have a negative impact on the demand for our products and adversely affect our business, financial condition and results of operations. In the course of conducting our business, we must adequately address quality issues that may arise with our products, as well as defects in third- party components included in our products, as any quality issues or defects may negatively impact consumer use of our products. Although we have established internal procedures to minimize risks that may arise from quality issues, we may not be able to eliminate or mitigate occurrences of these issues and associated liabilities. If the quality of our products does not meet the expectations of our consumers or the cosmetics market generally, then our brand reputation could suffer and our business could be adversely impacted. We must also ensure any promotional claims made for our products conform with government regulations. Our products may cause or contribute to undesirable side effects that we are required to report to the FDA, and if we fail to do so, we would be subject to sanctions that could harm our reputation, business, financial condition and results of operations. The discovery of serious safety issues with our products, or a recall of our products either voluntarily or at the direction of the FDA or another governmental authority, could have a negative impact on us. The FDA regulates our cosmetic products. In the United States, FDA regulations govern, among other things, the activities that we perform, including product development, product testing, product labeling, product storage, manufacturing, advertising, promotion, product sales, reporting of certain product adverse events and failures, and distribution. The FDA has the authority to require the recall or recommend the market withdrawal, as applicable, of commercialized products in the event of that a product has a reasonable probability of causing a serious adverse health risk due to adulteration or misbranding. Companies may also choose to voluntarily recall a product if any material deficiency or regulatory violation is discovered. A government- mandated or voluntary recall could occur as a result of

an unacceptable risk to health, component failures, malfunctions, manufacturing defects, labeling or design deficiencies, packaging defects or other deficiencies or failures to comply with applicable regulations. Product defects or other errors may occur in the future. Depending on the corrective action we take to redress a product' s deficiencies or defects, the FDA may require, or we may decide, that we will need to obtain new approvals, clearances or certifications for the product before we may market or distribute the corrected product. Seeking such approvals, clearances or certifications may delay our ability to replace the recalled products in a timely manner. Moreover, if we do not adequately address problems associated with our products, we may face additional regulatory enforcement action, including warning letters or untitled letters ; fines, injunctions or civil penalties ; suspension or withdrawal of approvals or clearances ; seizures or recalls of products ; total or partial suspension of production or distribution ; administrative or judicially imposed sanctions ; the FDA' s refusal to grant pending or future clearances or approvals for products ; clinical holds ; refusal to permit the import or export of products ; and criminal prosecution. Companies are required to maintain certain records of recalls and corrective actions, even if they are not reportable to the FDA. We may initiate voluntary withdrawals or corrections for our products in the future that we determine do not require notification to the FDA. If the FDA disagrees with our determinations, it could require that we report those actions as recalls and we may be subject to enforcement action. A future recall announcement could harm our reputation with consumers, potentially lead to product liability claims against us and negatively affect sales. Our success depends largely upon consumer satisfaction with the aesthetic results of our products. In order to generate repeat business from consumers, our consumers must be satisfied with the aesthetic results of our cosmetic products. Our products are cosmetic in nature and the success of the results are highly subjective. Accordingly, cosmetics consumers' perception of their aesthetic results may greatly vary even if our products and systems associated therewith are shown to be objectively successful. If cosmetics consumers are not satisfied with the aesthetic benefits of our products or feel that they are too expensive for the aesthetic results obtained, our reputation and future sales could suffer. Product liability lawsuits could divert our resources, result in substantial liabilities and reduce the commercial potential of our products. Our business exposes us to the risk of product liability claims that are inherent to the development, clinical validation studies and testing to demonstrate aesthetic improvement and marketing of aesthetic, skincare and haircare products. These lawsuits may divert our management from pursuing our business strategy and may be costly to defend. In addition, if we are held liable in any of these lawsuits, we may incur substantial liabilities and may be forced to limit or forgo further commercialization of those products. Although we maintain general liability insurance in an amount that we believe is reasonably adequate to insulate us from potential claims, this insurance may not fully cover potential liabilities. In addition, our inability to obtain or maintain sufficient insurance coverage at an acceptable cost or to otherwise protect against potential product liability claims could prevent or inhibit the commercial production and sale of our products, which could adversely affect our business. In addition, our business exposes us to the risk of product liability claims that are inherent in the manufacturing, processing and marketing of human tissue products. We may be subject to such claims if our products cause, or appear to have caused, an injury. Claims may be made by patients, healthcare providers or others selling our products. Product liability claims can be expensive to defend (regardless of merit), divert our management' s attention, result in substantial damage awards against us, harm our reputation, and generate adverse publicity, which could result in the withdrawal of, or reduced acceptance of, our products in the market. To be commercially successful, we must educate physicians, where appropriate, how and when our products are proper alternatives to existing treatments and that our products should be used in their procedures. We believe physicians will only use our products if they determine, based on their independent medical judgment and experience, clinical data, and published peer- reviewed journal articles, that the use of our products in a particular procedure is a favorable alternative to other treatments. Physicians may be hesitant to change their existing medical treatment practices for the following reasons, among others: • their lack of experience with advanced therapeutics, such as our products; • lack of evidence supporting additional patient benefits of advanced therapeutics, such as our products, over conventional methods in certain therapeutic applications; • perceived liability risks generally associated with the use of new products and procedures; and • limited availability of reimbursement from third- party payers. If we do not manage inventory in an effective and efficient manner, it could adversely affect our results of operations. Many factors affect the efficient use and planning of inventory of certain components and other materials used in our manufacturing processes to manufacture our marketed products, such as effectiveness of predicting demand, effectiveness of preparing manufacturing to meet demand, efficiently meeting product demand requirements and expiration of materials in inventory. We may be unable to manage our inventory efficiently, keep inventory within expected budget goals, keep inventory on hand or manage it efficiently, control expired inventory or keep sufficient inventory of materials to meet product demand due to our dependence on third- party suppliers. Finally, we cannot provide assurances that we can keep inventory costs within our target levels. Failure to do so may harm our long- term growth prospects. The price and sale of our BHA and THA products may be limited by health insurance coverage and government regulation. Maintaining and growing sales of our BHA and THA products will depend in large part on the availability of adequate coverage and the extent to which third- party payers, including health insurance companies, health maintenance organizations, and government health administration authorities such as the military, Medicare and Medicaid, private insurance plans and managed care programs will pay for the cost of the products and related treatment. Many private payers in the U. S. use coverage decisions and payment amounts determined by CMS, as guidelines in setting their coverage and reimbursement policies. Future action by CMS or other government agencies, including the imposition of coverage and reimbursement limitations, may diminish payments to physicians, outpatient centers and / or hospitals for covered services. Additionally, payers may require us to conduct post- marketing studies in order to demonstrate the cost- effectiveness of our products and current and future product candidates to such payers'

satisfaction. Such studies might require us to commit a significant amount of management time and financial and other resources. Our products and future products might not ultimately be considered cost- effective. As a result, we cannot be certain that the procedures performed with our products will be reimbursed at a cost- effective level or reimbursed at all. Furthermore, the healthcare industry in the U. S. has experienced a trend toward cost containment as government and private insurers seek to control healthcare costs by imposing lower payment rates and negotiating reduced contract rates with service providers. Increasingly, third- party payers have attempted to control costs by challenging the prices charged for medical products. Therefore, we cannot be certain that our products will be reimbursed at a cost- effective level. Nor can we be certain that third- party payers using a methodology that sets amounts based on the type of procedure performed, such as those utilized in many privately managed care systems and by Medicare, will view the cost of our products as justified so as to incorporate such costs into the overall cost of the procedure. We will need substantial additional funding. If we are unable to raise capital when needed, we could be forced to delay, reduce or eliminate our product development programs or commercialization efforts. We expect to devote substantial financial resources to our ongoing and planned activities, particularly in order to develop and commercialize our cosmetic products going forward, and to make significant investments to support our business growth. We expect our expenses to increase substantially in connection with our ongoing activities, particularly as we launch our new skincare products throughout 2024. We also expect to incur significant commercialization expenses related to product manufacturing, sales, marketing and distribution. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations. To obtain such funding, we may need to engage in equity, equity- linked or debt financings, including for possible use in acquisitions. If we raise additional funds through future issuances of equity, equity- linked or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our Common Stock. Given current uncertainty in the capital markets and other factors, such funding may not be available on terms favorable to us or at all. Any additional debt financing that we secure in the future could involve offering additional security interests and undertaking restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. Additionally, if we seek to access additional capital or increase our borrowing, there can be no assurance that debt or equity financing may be available to us on favorable terms, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business, results of operations and financial condition may be harmed. In addition, disputes may also arise between us and our investors or lenders. Such disputes may result in expensive arbitration, litigation or other dispute resolution, which may not be resolved in our favor and may adversely impact our financial condition. For example, on the closing of the Business Combination, the Company repaid $ 2, 649, 874 to the Holders, which represented the original principal amount of the Convertible Notes (as defined in Note 8 to the accompanying consolidated financial statements) plus accrued interest at a rate of 25 %, which the Company believes is the maximum rate permissible under New York State usury laws. In addition, the Company issued Puritan 25, 000 shares of freely tradeable Common Stock. Following the closing of the Business Combination, both Holders have provided notice to the Company demanding additional payment of principal and interest on the Convertible Notes, in approximate amount of $ 600, 000 per each Holder at the closing of the Business Combination with additional interest thereon. In the case of Puritan, following the Business Combination, Puritan alleged that the Business Combination constituted a " Fundamental Transaction " under the terms of the Convertible Note Warrants, resulting in a purported right for Puritan to require the Company to repurchase such Convertible Note Warrants at a purchase price equal to the Black- Scholes Value of the unexercised portion of such Convertible Note Warrants as of the closing of the Business Combination. Puritan calculated the cash amount of such repurchase to be $ 1, 914, 123. The Company believes that this calculation is inaccurate. In the case of the other Holder, that Holder demanded to be provided its share of the Convertible Note Warrants. Puritan has also asserted damages in connection with the timing of the issuance to it of 25, 000 shares of freely tradeable Common Stock. The Company believes that it provided freely tradeable shares to Puritan at the same time as other public shareholders. Puritan' s total claims inclusive of the amounts paid at Closing Date exceed $ 4, 050, 000 in connection with a loan for which the Company received $ 1, 000, 000. Management of the Company believes that its obligations under the Convertible Notes and Convertible Note Warrants have been satisfied and that no additional payments are due to the Holders, and the Company has conveyed its position to the Holders. There can be no assurance that these or similar matters will not result in expensive arbitration, litigation or other dispute resolution, including but not limited to in the litigation filed by Puritan, which may not be resolved in our favor and may adversely impact our financial condition. Our financial condition, results of operations and cash flow may be adversely affected by changing economic conditions, including interest rates and inflation. In recent years, the U. S. market has experienced cyclical or episodic downturns, and worldwide economic conditions remain uncertain and volatile, as a result of current geopolitical conditions including the Israel- Hamas War, the ongoing Russia- Ukraine War and conflict between China and Taiwan, instability in the U. S. and global banking systems, increased inflation, the downgrading of the U. S.' s credit rating and the possibility of a recession. A decline in economic conditions, such as recession, economic downturn, and / or inflationary conditions in the U. S. could an adversely and negatively impact our financial condition, results of operations and cash flow. Risks Related to the Legal and Regulatory Matters Our product candidates ~~are~~ **may not be successfully developed or commercialized. Following the closing of the AxoBio Acquisition, we have reprioritized further development and ceased clinical studies of our product candidates so that we can focus on the near- term commercialization of our cosmetic skincare and haircare**

product lines. Prior to such delay, our product candidates were in the early stage of development and will require substantial further capital expenditures, development, testing and regulatory approval prior to **any future** commercialization. The development and regulatory approval process takes many years, and it is not likely that our product candidates, technologies or processes, even if ~~successfully developed and~~ **we decide to pursue regulatory** ~~approved~~ **approval** ~~by the FDA~~ , **s** would be commercially available ~~for five or more~~ **over the next several** years. Of the large number of product candidates in development, only a small percentage successfully complete the FDA regulatory approval process and are commercialized. Accordingly, even if **, in the future,** we are able to obtain the requisite financing to fund our development programs, we cannot assure you that our product candidates will be successfully developed or commercialized, if approved. Our failure to develop, manufacture or receive regulatory approval for or successfully commercialize any of our product candidates, could **materially impair** ~~result in the failure of~~ our business and **future growth** ~~a loss of all of your investment in our company~~ . Any product candidates advanced into clinical development are subject to extensive regulation, which can be costly and time consuming, cause unanticipated delays or prevent the receipt of the required approvals to commercialize such product candidates, if approved. The clinical development, manufacturing, labeling, storage, record- keeping, advertising, promotion, import, export, marketing and distribution of our product candidates and commercialization, if approved, are subject to extensive regulation by the FDA in the U. S. and by comparable health authorities in foreign markets. In the U. S., we may not market our product candidates until we receive approval of our ~~Biologics License Application (“~~ BLA ~~”)~~ from the FDA. The process of obtaining regulatory approval is expensive, often takes many years and can vary substantially based upon the type, complexity and novelty of the product candidate involved. In addition to the significant clinical testing requirements, our ability to obtain marketing approval for these product candidates depends on obtaining the final results of required non- clinical testing, including characterization of the manufactured components of our product candidates and validation of our manufacturing processes. The FDA may determine that our product manufacturing processes, testing procedures or facilities are insufficient to justify approval. Approval policies or regulations may change and the FDA has substantial discretion in the approval process, including the ability to delay, limit or deny approval of a product candidate for many reasons. Despite the time and expense invested in clinical development of product candidates, regulatory approval is never guaranteed. • The FDA or comparable foreign regulatory authorities may disagree with the design or implementation of clinical trials; • we may be unable to demonstrate to the satisfaction of the FDA that a product candidate is safe and effective for any indication; • the FDA may not accept clinical data from trials which are conducted by individual investigators or in countries where the standard of care is potentially different from the U. S.; • the results of clinical trials may not meet the level of statistical significance required by the FDA for approval; • we may be unable to demonstrate that a product candidate’ s clinical and other benefits outweigh its safety risks; • the FDA may disagree with our interpretation of data from preclinical studies or clinical trials; • the FDA may fail to approve the manufacturing processes or facilities of third- party manufacturers with which we or our collaborators contract for clinical and commercial supplies; or • the approval policies or regulations of the FDA may significantly change in a manner rendering our preclinical studies or clinical data insufficient for approval. With respect to foreign markets, approval procedures vary among countries and, in addition to the aforementioned risks, can involve additional product testing, administrative review periods and agreements with pricing authorities. Any delay in obtaining, or inability to obtain, applicable regulatory approvals could prevent us from commercializing our product candidates. Specifically, Carmell ~~™~~ plans to submit for a CE Mark approval in the European Union, which may or may not be successful. The new Medical Devices Regulation ~~19~~ (Regulation (EU) 2017 / 745) in the European Union (“ EU MDR ”) became applicable in the European Union on May 26, 2021 and may make approval times longer and standards more difficult to pass, given the new Regulation imposes more stringent requirements in respect of device safety and clinical evaluation. Any delay in obtaining, or inability to obtain, applicable regulatory approvals could prevent us from commercializing our product candidates, if approved. In addition, our Notified Body is experiencing significant EU MDR- related delays, which has significantly limited our ability to interact and work with our Notified Body. It is not known when these delays will be resolved, and this could significantly delay any potential EU CE Mark approvals. Delays in the commencement of clinical trials could result in increased costs and delay our ability to pursue regulatory approval. The commencement of clinical trials can be delayed for a variety of reasons, including delays in: • obtaining regulatory clearance to commence a clinical trial; • identifying, recruiting and training suitable clinical investigators; • reaching agreement on acceptable terms with prospective clinical research organizations, and trial sites, the terms of which can be subject to extensive negotiation, may be subject to modification from time to time and may vary significantly among different clinical research organizations and trial sites; • obtaining sufficient quantities of a product candidate for use in clinical trials; • obtaining an IRB or ethics committee approval to conduct a clinical trial at a prospective site; **and** • identifying, recruiting and enrolling patients to participate in a clinical trial; retaining patients who have initiated a clinical trial but may withdraw due to adverse events from the therapy, insufficient efficacy, fatigue with the clinical trial process or other issues ~~; and • uncertainties or delays as a result of the ongoing COVID- 19 pandemic and the efforts to mitigate it~~ . Any delays in the commencement of clinical trials will delay our ability to pursue regulatory approval for our product candidates. In addition, many of the factors that cause, or lead to, a delay in the commencement of clinical trials may also ultimately lead to the denial of regulatory approval of a product candidate. Suspensions or delays in the completion of clinical testing could result in increased costs to us and delay or prevent our ability to complete development of that product candidate or generate product ~~revenues~~ **revenue** from commercialization if approved. Once a clinical trial has begun, patient recruitment and enrollment may be slower than we anticipate. Clinical trials may also be delayed as a result of ambiguous or negative interim results or difficulties in obtaining sufficient quantities of product manufactured in accordance with regulatory requirements. Further, a clinical trial may be modified, suspended or terminated by us, an IRB, an ethics committee or a data safety monitoring committee overseeing the clinical trial, any clinical trial site with respect to that site, or the FDA or other regulatory authorities due to a number of factors, including: • failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols; • inspection of the clinical trial

operations or clinical trial site by the FDA or other regulatory authorities resulting in the imposition of a clinical hold; • stopping rules contained in the protocol; • unforeseen safety issues or any determination that the clinical trial presents unacceptable health risks; • lack of adequate funding to continue the clinical trial; • changes in regulatory requirements; and / or • advances in medicine and science. In addition, FDA may not agree that information submitted to our IND is sufficient to support our planned clinical development and may impose a clinical hold. The FDA may require us to conduct additional preclinical studies or make other changes, which could delay development of our product candidates. For example, for our ~~Bone Healing Accelerant (“~~ BHA ~~”)~~ program, **the** FDA has indicated that we must resolve certain chemistry, manufacturing, and controls ~~(“ CMC ”)~~ comments from the ~~Agency~~ **FDA** prior to submitting protocols to initiate clinical studies intended to provide the primary evidence of effectiveness to support a marketing authorization. Our inability to resolve these comments from the ~~Agency~~ **FDA** , or to provide the information needed to support initiation of pivotal trials, could impact our ability to advance our lead candidate through the regulatory approval process. Additionally, changes in the current regulatory requirements and guidance also may occur, and we may need to amend clinical trial protocols to reflect these changes. Amendments may require us to resubmit clinical trial protocols to IRBs for re- examination, which may impact the costs, timing and the likelihood of a successful completion of a clinical trial. If we experience delays in the completion of, or if we must suspend or terminate, any clinical trial of any product candidate, our ability to obtain regulatory approval for that product candidate will be delayed and the commercial prospects, if any, for the product candidate may suffer as a result. In addition, many of these factors may also ultimately lead to the denial of regulatory approval of a product candidate ~~. 20 We may expend our limited resources to pursue a particular product candidate or multiple product candidates and indications and fail to capitalize on product candidates or indications for which there may be a greater likelihood of success. Because we have limited financial and managerial resources, we are primarily focused on one lead clinical stage program, our BHA candidate, and one additional candidate, our Tissue Healing Accelerant (“ THA ”), for which we have not yet initiated any clinical studies. As a result, we may forego or delay pursuit of opportunities with other product candidates or, for other indications for which there may be a greater likelihood of success or may prove to have greater commercial potential. Notwithstanding our investment to date and anticipated future expenditures, we may never successfully develop, any marketed treatments using these products. Research programs to identify new product candidates or pursue alternative indications for current product candidates require substantial technical, financial and administrative support. Also, pursuing more than one program at a time, may cause the company to deplete the necessary resources to finalize the necessary work on the lead program, BHA, for severe tibia fractures. As all of the programs that Carmell envisions pursuing are costly, time consuming and have inherent regulatory risks, pursing more than one program at any time may dilute the Company’ s resources, both human and financial. Our research and development activities could be affected or delayed as a result of possible restrictions on animal testing. Certain laws and regulations require us to test our product candidates on animals before initiating clinical trials involving humans. Animal testing activities have been the subject of controversy and adverse publicity. Animal rights groups and other organizations and individuals have attempted to stop animal testing activities by pressing for legislation and regulation in these areas and by disrupting these activities through protests and other means. To the extent the activities of these groups are successful, our research and development activities may be interrupted, delayed or become more expensive. We may find it difficult to enroll patients in our clinical trials which could delay or prevent the start of clinical trials for our product candidate. Identifying and qualifying patients to participate in clinical trials of our lead product candidate, BHA, is essential to our success. The timing of our clinical trials depends in part on the rate at which we can recruit patients to participate in clinical trials of our product candidates, and we may experience delays in our clinical trials if we encounter difficulties in enrollment. If we experience delays in our clinical trials, the timeline for obtaining regulatory approval of our product candidate will most likely be delayed. Many factors may affect our ability to identify, enroll and maintain qualified patients, including the following: • eligibility criteria of our ongoing and planned clinical trials with specific characteristics appropriate for inclusion in our clinical trials; • design of the clinical trial; • size and nature of the patient population; • patients’ perceptions as to risks and benefits of the product candidate under study and the participation in a clinical trial generally in relation to other available therapies; • the availability and efficacy of competing therapies and clinical trials; • pendency of other trials underway in the same patient population; • willingness of physicians to participate in our planned clinical trials; • severity of the disease or intended use under investigation; • proximity of patients to clinical sites; • patients who do not complete the trials for personal reasons; • issues with Contract Research Organizations (“ CROs ”), clinical trial investigators, IRBs, and / or with other vendors that may be involved in our clinical trials; and • difficulties as a result of the ongoing COVID- 19 pandemic and the efforts to mitigate it. 21 We may not be able to initiate or continue to support clinical trials of our product candidates, for one or more applications, or any future product candidates if we are unable to locate and enroll a sufficient number of eligible participants in these trials as required by the FDA or other regulatory authorities. For example, we plan to pursue a clinical study of BHA in different anatomical locations, evaluating different fractures and fusion sites (such as foot / ankle fusion), as we anticipate that it may be difficult to locate and enroll patients with tibial fractures, who are the target patient population of our planned HEAL II study. Even if we are able to enroll a sufficient number of patients in our clinical trials, if the pace of enrollment is slower than we expect, the development costs for our product candidate may increase and the completion of our trials may be delayed or our trials could become too expensive to complete. If we experience delays in the completion of, or termination of, any clinical trials of our product candidate, the commercial prospects of our product candidates could be harmed, and our ability to generate product revenue from any of our product candidate, if approved, could be delayed or prevented. In addition, any delays in completing our clinical trials would likely increase our overall costs, impair product candidate development and jeopardize our ability to obtain regulatory approval relative to our current plans. Any of these occurrences may harm our business, financial condition, and prospects significantly. The results of preclinical studies or earlier clinical trials are not necessarily predictive of future results. Our lead product candidate in clinical trials, and any other product candidates that may advance into clinical trials, may not have favorable results in later clinical trials or receive regulatory approval. Success in~~

preclinical studies and early clinical trials does not ensure that later clinical trials will generate adequate data to demonstrate the efficacy and safety of a product candidate. A number of companies in the pharmaceutical and biotechnology industries, including those with greater resources and experience than us, have suffered significant setbacks in clinical trials, even after seeing promising results in earlier preclinical studies or clinical trials. Despite the results reported in earlier preclinical studies or clinical trials for our product candidate, we do not know whether the clinical trials we may conduct will demonstrate adequate efficacy and safety to result in regulatory approval to market our product candidate for a particular indication, in any particular jurisdiction. Efficacy data from prospectively designed trials may differ significantly from those obtained from retrospective subgroup analyses. We have only conducted one early- stage clinical trial with our BHA candidate, and this initial clinical trial was not powered for statistical significance. If later- stage clinical trials do not produce favorable results, our ability to achieve regulatory approval for our product candidate may be adversely impacted. Even if we believe that we have adequate data to support an application for regulatory approval to market our current product candidate or any future product candidates, the FDA or other regulatory authorities may not agree and may require that we conduct additional preclinical testing or clinical trials. Our product candidates or future product candidates may cause undesirable side effects or have other properties that could halt their clinical development, prevent their regulatory approval, limit their commercial potential, or result in significant negative consequences. Adverse events or other undesirable side effects caused by our product candidates or future product candidates could cause us or regulatory authorities to interrupt, delay, or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by regulatory authorities. Side effects related to a drug or biologic could affect patient recruitment, the ability of enrolled patients to complete the study, and / or result in potential product liability claims. Moreover, even though we believe our product candidates may have a favorable tolerability profile when compared to currently approved products, regulatory authorities may not agree. For example, in the single clinical trial we have completed with BHA, we reported a lower rate of infections among patients in the treatment group than in the control group. However, FDA noted that the rates of infection in the control group observed during our trial were much higher than what has been observed in clinical practice and published literature, and we will need to closely monitor infection rates during our planned clinical trials of BHA. Additionally, if one or more of our product candidates receives marketing approval, and we or others later identify undesirable side effects or adverse events caused by such products or the severity and prevalence is greater than anticipated, a number of potentially significant negative consequences could result. Regulatory authorities may withdraw approvals of such products or impose restrictions on distribution. They may require additional warnings or contraindications on the product label that could diminish the usage or otherwise limit the commercial success of the product. We may be required to change the way the product is administered, conduct additional clinical trials or post- approval studies. We may be forced to suspend marketing of the product or required to create a Risk Evaluation and Mitigation Strategy (" REMS "). In addition, our reputation may suffer. Any of these events could prevent us from achieving or maintaining market acceptance of the particular product candidate, if approved, and could significantly harm our business, results of operations, and prospects. 22 Fast track designation by the FDA or any future designations may not lead to a faster development, regulatory review or approval process and it does not increase the likelihood that any of our product candidates will receive marketing approval. We have received fast track designation for BHA to accelerate bone healing when used as an adjunct for treating acute Gustilo- Anderson Type IIIA or IIIB open tibia fractures that have been stabilized with mechanical fixation after appropriate wound management. We may, in the future, apply for additional fast track designations or other expedited programs from the FDA (such as breakthrough therapy or accelerated approval). Designation for these programs is within the discretion of the FDA. Accordingly, even if we believe a product candidate meets the criteria for such designation, the FDA may disagree. In any event, the receipt of a designation may not result in a faster development process, review or approval compared to products considered for approval under conventional FDA procedures and, in any event, does not assure ultimate approval by the FDA. In addition, even though our BHA product candidate has received fast track designation, the FDA may later decide that it no longer meets the criteria for designation and revoke it. If we apply for designation to additional accelerated programs or fast track designation for future product candidates, the FDA might not grant the designation. Any of the above could adversely affect our business, financial condition and results of operations. If the FDA or any other regulatory authorities outside of the United States change the classification of a product candidate, we may be subject to additional regulations or requirements. Our lead product candidate, BHA, has been classified by the FDA as a biologic / device combination product, containing the Company' s core technology of PBM plus ß Tri- Calcium Phosphate (" ß- TCP "). Although ß- TCP has previously been cleared by the FDA as a standalone medical device, our product candidate containing ß- TCP, BHA, has been assigned to the Center for Biologics Evaluation and Research (" CBER ") as the lead agency center for review and regulation, and we plan to complete studies to support a BLA as the basis for marketing authorization. If the FDA determines that BHA or another product candidate should be classified as a different type of product, we may be subject to additional regulations and requirements. In the European Union, we intend to pursue a CE Mark for BHA under the EU MDR with an anticipated label as a bone void filler. We have not sought or received advice from the EMA on whether the BHA is classified as a medical device or biological product. If the EMA determines that BHA should be classified as a biological product, we may be subject to the more stringent European Union pharmaceutical regulations and requirements. Additional time may be required to obtain regulatory approval for our lead product candidate and future product candidates because of their status as combination products. Our lead product candidate, BHA, is a biologic- device combination product that requires coordination within the FDA and comparable foreign regulatory authorities for review of its device and biologic components, and our future product candidates may similarly be regulated as combination products. Although the FDA and comparable foreign regulatory authorities have systems in place for the review and approval of combination products such as ours, we may experience delays in the development and commercialization of our product candidates due to regulatory timing constraints and uncertainties in the product development and approval process. Risks associated with operating in foreign countries could materially adversely affect our product development. We have previously conducted a clinical study outside the

~~U. S. and may conduct future studies in countries outside of the U. S. Consequently, we may be subject to risks related to operating in foreign countries. Risks associated with conducting operations in foreign countries include: • differing regulatory requirements for conducting clinical trials and obtaining regulatory approvals; • more stringent privacy requirements for data to be supplied to our operations in the U. S., (e. g., General Data Protection Regulation in the European Union); • unexpected changes in tariffs, trade barriers and regulatory requirements; • economic weakness, including inflation, or political instability in particular foreign economies and markets; • compliance with tax, employment, immigration and labor laws for employees living or traveling abroad; • foreign taxes, including withholding of payroll taxes; • differing payor reimbursement regimes, governmental payors or patient self- pay systems and price controls; • foreign currency fluctuations, which could result in increased operating expenses or reduced revenues, and other obligations incident to doing business or operating in another country; 23 • workforce uncertainty in countries where labor unrest is more common than in the U. S.; • production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and • business interruptions resulting from geopolitical actions, including war and terrorism, and as a result of the ongoing COVID- 19 pandemic and the efforts to mitigate it. We have conducted and may in the future conduct clinical trials for current or future product candidates outside the U. S., and the FDA and comparable foreign regulatory authorities may not accept data from such trials~~ . Our only clinical study completed to date was conducted outside the U. S., in South Africa, and while we plan to conduct our next clinical trial primarily in the U. S., we may also conduct future clinical trials outside the U. S. The acceptance of study data from clinical trials conducted outside the U. S. or another jurisdiction by the FDA or comparable foreign regulatory authority may be subject to certain conditions or may not be accepted at all. In cases where data from foreign clinical trials are intended to serve as the sole basis for marketing approval in the U. S., the FDA will generally not approve the application on the basis of foreign data alone unless (i) the data are applicable to the U. S. population and U. S. medical practice; (ii) the trials were performed by clinical investigators of recognized competence and pursuant to Good Clinical Practice (" GCP ") regulations; and (iii) the data may be considered valid without the need for an on- site inspection by the FDA, or if the FDA considers such inspection to be necessary, the FDA is able to validate the data through an on- site inspection or other appropriate means. In addition, even where the foreign study data are not intended to serve as the sole basis for approval, the FDA will not accept the data as support for an application for marketing approval unless the study is well- designed and well- conducted in accordance with GCP and the FDA is able to validate the data from the study through an onsite inspection if deemed necessary. Many foreign regulatory authorities have similar approval requirements. In addition, such foreign trials would be subject to the applicable local laws of the foreign jurisdictions where the trials are conducted. There can be no assurance that the FDA or any comparable foreign regulatory authority will accept data from trials conducted outside of the U. S. or the applicable jurisdiction. If the FDA or any comparable foreign regulatory authority does not accept such data, it would result in the need for additional trials, which could be costly and time- consuming, and which may result in current or future product candidates that we may develop not receiving approval for commercialization in the applicable jurisdiction. ~~Failure to obtain regulatory approval in international jurisdictions would prevent our product candidates from being marketed abroad. In addition to regulations in the U. S., to market and sell our product candidate in the European Union, United Kingdom, many Asian countries and other jurisdictions, we must obtain separate regulatory approvals and comply with numerous and varying regulatory requirements. Approval by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions, and approval by one regulatory authority outside the U. S. does not ensure approval by regulatory authorities in other countries or jurisdictions or by the FDA. The regulatory approval process outside the U. S. generally includes all of the risks associated with obtaining FDA approval as well as risks attributable to the satisfaction of local regulations in foreign jurisdictions. The approval procedure varies among countries and can involve additional testing, and regulatory authorities outside the U. S. may not agree with the FDA' s determination of the primary mode of action and regulatory classification of our product candidates, which may result in additional clinical trials, or additional work on our part to comply with other regulatory standards. The time required to obtain approval outside the U. S. may differ substantially from that required to obtain FDA approval. We may not be able to obtain approvals from regulatory authorities outside the U. S. on a timely basis, if at all. Clinical trials accepted in one country may not be accepted by regulatory authorities in other countries. In addition, many countries outside the U. S. require that a product be approved for reimbursement before it can be approved for sale in that country. A product candidate that has been approved for sale in a particular country may not receive reimbursement approval in that country. We may not be able to file for regulatory approvals and may not receive necessary approvals to commercialize our product candidates in any market. If we are unable to obtain approval of any of our current product candidates or any future product candidates we may pursue by regulatory authorities in the European Union, United Kingdom, Asia or elsewhere, the commercial prospects of that product candidate may be significantly diminished, our business prospects could decline and this could materially adversely affect our business, results of operations and financial condition.~~ Even if our current product candidates received regulatory approval, they may still face future development and regulatory difficulties. **If** ~~Even if~~ we **decide to pursue** ~~obtain~~ **obtaining** regulatory approval for our **current** product candidates **and are able to obtain such regulatory approval** , that approval would be subject to ongoing requirements by the FDA ~~and comparable foreign regulatory authorities~~ governing the manufacture, quality control, further development, labeling, packaging, storage, distribution, adverse event reporting, safety surveillance, import, export, advertising, promotion, recordkeeping and reporting of safety and other post- marketing information. These requirements include submissions of safety and other post- marketing ~~24~~ information and reports, registration, as well as continued compliance by us and / or our Contract Manufacturing Organizations ~~(" CMOs ")~~ , ~~and CROs~~ **Contract Research Organizations,** or clinical trial investigators for any post- approval clinical trials that we may conduct. The safety profile of any product candidate, if approved, will continue to be closely monitored by the FDA ~~and comparable foreign regulatory authorities~~ after approval. If the FDA ~~or comparable foreign regulatory authorities become~~ **becomes** aware of new safety information after approval of our product ~~candidate~~ **candidates** , ~~they it~~ may require labeling changes or establishment of a ~~REMS~~ **Risk Evaluation and Mitigation**

Strategy , impose significant restrictions on such product' s indicated uses or marketing or impose ongoing requirements for potentially costly post- approval studies or post- market surveillance. In addition, manufacturers of drugs, biologics, devices and their facilities are subject to continual review and periodic inspections by the FDA and other regulatory authorities for compliance with ~~Current~~ **current** ~~Good Manufacturing Practice (" cGMPs~~ -- **GMP** ~~")~~ , GCP, and other regulations. If we or a regulatory agency discover previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, or problems with the facility where the product is manufactured, a regulatory agency may impose restrictions on that product, the manufacturing facility or us, including requiring recall or withdrawal of the product from the market or suspension of manufacturing. If we fail to comply with applicable regulatory requirements, a regulatory agency may: • issue Form FDA 483s, warning letters or untitled letters; • mandate modifications to promotional materials or require us to provide corrective information to healthcare practitioners and payors; • require us to enter into a consent decree, which can include imposition of various fines, reimbursements for inspection costs, required due dates for specific actions and penalties for noncompliance; • seek an injunction or impose civil or criminal penalties or monetary fines; • suspend or withdraw regulatory approval; • suspend any ongoing clinical trials; • refuse to approve pending applications or supplements to applications filed by us; • suspend or impose restrictions on operations, including costly new manufacturing requirements; or • seize or detain products, refuse to permit the import or export of products, or require us to initiate a product recall. The occurrence of any event or penalty described above may inhibit our ability to successfully commercialize our product candidates, if approved, and generate ~~revenues~~ **revenue from such product candidates** . Advertising and promotion of any product ~~candidates~~ **candidate** that obtains approval in the U. S. is heavily scrutinized by the FDA, the Department of Justice, the Office of Inspector General of Health and Human Services, state attorneys general, members of Congress and the public. A company can make only those claims relating to safety and efficacy, purity and potency that are consistent with the FDA approved label. ~~Additionally, advertising and promotion of any product candidate that obtains approval outside of the U. S. is heavily scrutinized by comparable foreign regulatory authorities.~~ Violations, including actual or alleged promotion of our product **candidates, if approved,** for unapproved or off- label uses, are subject to enforcement letters, inquiries and investigations, and civil and criminal sanctions by the FDA, as well as prosecution under various healthcare laws, including the federal False Claims Act. Any actual or alleged failure to comply with labeling and promotion requirements may have a negative impact on our business. We may fail to retain or recruit necessary personnel, and we may be unable to secure the services of consultants. As of **March 15, 2024** ~~the date of this filing~~ , we have ~~seven~~ **nine** full- time employees and ~~eight~~ **one** part- time ~~employees~~ **employee** ~~. We also have engaged and plan to continue to engage regulatory consultants to advise us on our dealings with the FDA and other foreign regulatory authorities and have been and will be required to retain additional consultants and employees~~ . Certain of our directors, officers, scientific advisors, and consultants serve as officers, directors, scientific advisors, or consultants of other healthcare and life science companies or institutes that might be developing competitive products. None of our directors are obligated under any agreement or understanding with us to make any additional products or technologies available to us. Similarly, we can give no assurances, and we do not expect and investors should not expect, that any biomedical or pharmaceutical product or technology identified by any of our directors or affiliates in the future would be made available to us other than corporate opportunities. We can give no assurances that any such other companies will not have interests that are in conflict with its interests. ~~25~~ Losing key personnel or failing to recruit necessary additional personnel would impede our ability to attain our development objectives. There is intense competition for qualified personnel in the **aesthetics and** biomedical ~~development~~ field, and we may not be able to attract and retain the qualified personnel we need to develop our business. We rely on independent organizations, advisors and consultants to perform certain services for us, including handling substantially all aspects of ~~seeking~~ **regulatory compliance, conduct of our clinical validation and testing, and, if we intend to pursue approval of our product candidates,** regulatory approval **and** ~~, conduct of our preclinical~~ --- **clinical** studies ~~and clinical trials~~ , ~~manufacturing,~~ and **we** expect to rely on organizations and individuals for the marketing, and sales of our **products and, if approved, our** product candidates ~~, if approved~~ . We expect that this will continue to be the case. Such services may not always be available to us on a timely basis **, which may limit or delay our ability to develop or commercialize our products** . We rely on third parties to supply ~~our~~ **certain** raw materials ~~,~~ and **packaging components and,** if ~~certain manufacturing~~ **our third** ~~related services~~ **party suppliers** do not timely supply these products ~~and services~~ , it may delay or impair our ability to develop, manufacture and market our ~~product~~ **products** ~~candidates, if approved~~ . We **purchase the** ~~rely on suppliers for~~ raw materials and ~~other~~ **packaging components that are designed to our specifications for all our cosmetic products from various** third parties **. We collaborate with these suppliers to meet our stringent design and creative criteria. While we believe that we currently have adequate sources of supply** for **all** ~~certain manufacturing- related services to produce material that meets appropriate content, quality and stability standards and to use in clinical trials of~~ our ~~product~~ **products** ~~candidates. To succeed~~ , **we** ~~clinical trials require adequate supplies of such materials, which may be difficult or uneconomical to procure or manufacture. We~~ and our suppliers ~~and vendors~~ may **, in the future,** not be able to (i ~~) produce our product candidates to appropriate standards for use in clinical studies, (ii~~) perform under any definitive manufacturing, supply or service agreements or (~~iii~~ - **ii**) remain in business for a sufficient time to successfully produce and market our **cosmetic** ~~product~~ **products** ~~candidates, if approved~~ . If we do not maintain important ~~manufacturing~~ **supplier** and service relationships, we may fail to find a replacement supplier ~~or required vendor or develop our own manufacturing capabilities~~ which could delay or impair our ability to ~~obtain regulatory approval for~~ **commercialize, produce and distribute** our **cosmetic** ~~product~~ **products** ~~candidates~~ and substantially increase our costs or deplete profit margins, if any. If we do find replacement ~~providers~~ **suppliers** , we may not be able to enter into agreements with suppliers on favorable terms and conditions ~~,~~ **. We may be subject to damages resulting from claims that we or** ~~or~~ **our** ~~there could be a substantial delay before a new third party could be qualified and registered~~ **employees have wrongfully used or disclosed alleged trade secrets of our competitors or are in breach of non- competition or non- solicitation agreements** with **our competitors** ~~the FDA and foreign regulatory authorities as a provider~~ . We ~~rely on third~~

~~parties to conduct~~ **may employ individuals who were previously employed at universities** ~~our~~ **or** ~~preclinical studies and clinical trials~~ **pharmaceutical or cosmetics companies, including our competitors or potential competitors** . ~~If these third parties~~ **Although we try to ensure that our employees, consultants and independent contractors** do not ~~successfully carry out~~ **use the proprietary information or know- how of others in** their **work** ~~contractual duties or~~ **for** ~~do~~ **us, and we are** not **currently subject** ~~meet regulatory requirements or expected deadlines, we may not be able~~ to ~~obtain timely regulatory approval for or commercialize our product candidates and our business could be substantially harmed. We depend upon third- party investigators and scientific collaborators, such as universities and medical institutions and CROs, to monitor and manage clinical trials and collect data during our preclinical studies and clinical programs. We plan to rely on these parties for execution of our preclinical studies and clinical trials, and control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that their conduct meets regulatory requirements and that each of our studies and trials is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards, and our reliance on CROs does not relieve us of our regulatory responsibilities. Thus, we and our CROs are required to comply with GCPs, which are regulations and guidelines promulgated by the FDA and comparable foreign regulatory authorities for all of our product candidates in clinical development. Regulatory authorities enforce these GCPs through periodic inspections of trial sponsors, principal investigators and trial sites. If we or~~ any ~~of our CROs fail to comply with applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may not accept the data or may require us to perform additional clinical trials before considering our filing for regulatory approval or approving our marketing application. We cannot assure you that upon inspection by a regulatory authority, such regulatory authority will determine that any of our clinical trials complies with GCPs. While we have agreements governing activities of our CROs, we may have limited influence over their actual performance and the qualifications of their personnel conducting work on our behalf. Failure to comply with applicable regulations in the conduct of the clinical studies for our product candidates may require us to repeat clinical trials, which would delay the regulatory approval process. We may be subject to~~ claims that our **employees,** consultants or independent contractors have wrongfully used or disclosed **confidential information** ~~alleged trade secrets~~ of ~~their~~ **third parties, we may in the future be subject to such claims. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and** other ~~clients or former employers~~ **employees** ~~to us. As is common in the pharmaceutical and medical device industry, we engage the services of consultants to assist in the development of our product candidates. Many of these consultants were previously employed at, or may have previously been or are currently providing consulting services to, other healthcare and life science companies, including our competitors or potential competitors~~ . Business interruptions could adversely affect future operations and financial conditions, and may increase our costs and expenses. Our operations, and those of our directors, employees, advisors, contractors, consultants, ~~CROs,~~ and collaborators, could be adversely affected by earthquakes, floods, hurricanes, typhoons, **other** extreme weather conditions, fires, water shortages, power failures, business systems failures, medical epidemics, ~~including~~ **such as** the ~~ongoing~~ COVID- 19 pandemic, and other natural and man- made disaster or business interruptions **, many of which are beyond our and such third parties' control** . Our phones, electronic devices and computer systems and those of our directors, employees, advisors, contractors, consultants ~~, CROs~~ , and collaborators are vulnerable to damages, theft and accidental loss, negligence, unauthorized access, terrorism, war, electronic and telecommunications failures, and other natural and man- made disasters ~~. Operating as a virtual 26 company, our employees conduct business outside of our headquarters and leased or owned facilities~~ . These locations may be subject to additional security and other risk factors due to the limited control of our employees. If such an event as described above were to occur in the future, it may cause interruptions in our operations, delay research and development programs, clinical ~~trials~~ **validation** , regulatory **compliance** activities, manufacturing and quality assurance activities, sales and marketing activities, hiring, training of employees and persons within associated third parties, and other business activities. ~~For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data.~~ Likewise, we **rely and** will **continue to** rely on third parties to ~~manufacture our product candidates and~~ conduct clinical trials, and similar events as those described in the prior paragraph relating to their business systems, equipment and facilities could also have a material adverse effect on our business. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the further development ~~and~~ **,** commercialization **, marketing and sales** of **our products and, if we decide to seek regulatory approval for** our product ~~candidate~~ **candidates** , ~~if approved~~ **of our product candidates** , could be delayed or altogether terminated. Our employees or others acting on our behalf may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could cause significant liability for us and harm our reputation. We may be exposed to the risk **that** ~~of fraud or~~ **our employees, independent contractors, consultants, distributors and vendors and** other **individuals or entities with whom we have arrangements to act on our behalf may engage in unethical, fraudulent or illegal activity.** ~~misconduct~~ **Misconduct** by ~~employees or others acting on~~ **these parties could include intentional, reckless and /** ~~our~~ **or** ~~behalf~~ **negligent conduct or disclosure of unauthorized activities to us that violates: (i) the laws and regulations of the FDA** , including **those laws requiring the reporting** ~~intentional failures to comply with FDA regulations or similar regulations~~ of **true** ~~comparable foreign regulatory authorities~~ , ~~provide~~ **complete and** accurate information to the FDA **; (ii)** ~~or comparable foreign regulatory authorities, comply with~~ manufacturing standards **; or (iii)** ~~we have established, comply with federal and state healthcare fraud and abuse~~ laws **that require the true** ~~and regulations and similar laws and regulations established and enforced by comparable foreign regulatory authorities~~ , **complete and accurate** ~~report~~ **reporting of** financial information or data ~~accurately or disclose unauthorized activities to us~~ . Misconduct by employees or others acting on our behalf could also involve

the improper use of information obtained in the course of clinical ~~trials~~ **validation studies or other testing of our cosmetic products** , which could result in regulatory sanctions and serious harm to our reputation. It is not always possible to identify and deter such misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions or investigations are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions or investigations could **result in government investigations, legal proceedings, the imposition of significant fines or other sanctions, including the imposition of monetary penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings and curtailment of operations, any of which could adversely affect our ability to operate our business and our results of operations. Whether or not we are successful in defending against such actions or investigations, we could incur substantial costs, including legal fees, and divert the attention of management in defending ourselves against any of these claims or investigations, which could** have a ~~significant impact~~ **material adverse effect** on our business, **financial condition and** results of operations ~~and reputation including the imposition of significant civil, criminal and administrative penalties, damages, fines, imprisonment, exclusion from government funded healthcare programs, such as Medicare and Medicaid, and integrity oversight and reporting obligations~~ . Risks Related to our Intellectual Property We **may not be able** ~~rely on patents and patent applications and various regulatory exclusivities~~ to protect ~~some of~~ our ~~product candidates~~ **proprietary technology** . ~~and~~ **which could harm** our ability to **operate profitably** ~~compete may be limited or eliminated if we are not able to protect our products~~ . The patent positions of medical device **, biologics and cosmetics** companies are uncertain and involve complex legal and factual questions **. These industries place considerable importance on obtaining patent and trade secret protection for new technologies, cosmetic products and processes** . We may incur significant expenses in protecting our intellectual property and defending or assessing claims with respect to intellectual property owned by others. Any patent or other infringement litigation by or against us could cause us to incur significant expenses and divert the attention of our management. Others may file patent applications or obtain patents on similar technologies that compete with our products. We cannot predict how broad the claims in any such patents or applications will be and whether they will be allowed. Once claims have been issued, we cannot predict how they will be construed or enforced. We may infringe upon intellectual property rights of others without being aware of it. If another party claims we are infringing their technology, we could have to defend an expensive and time consuming lawsuit, pay a large sum if we are found to be infringing, or be prohibited from selling or licensing our products unless we obtain a license or redesign our products, which may not be possible. We also rely on trade secrets and proprietary know- how to develop and maintain our competitive position. Some of our current or former employees, consultants, scientific advisors, contractors, current or prospective corporate collaborators, may unintentionally or willfully disclose our confidential information to competitors or use our proprietary technology for their own benefits. Furthermore, enforcing a claim alleging the infringement of our trade secrets would be expensive and difficult to prove, making the outcome uncertain. Our competitors may also independently develop similar knowledge, methods, and know- how or gain access to our proprietary information through some other means. ~~27~~ We may incur substantial costs as a result of litigation or other proceedings relating to patent and other intellectual property rights, as well as costs associated with lawsuits. If any other person filed patent applications, or is issued patents, claiming technology also claimed by us, we may be required to participate in interference or derivation proceedings in the U. S. Patent and Trademark Office to determine priority and / or ownership of the invention. Our licensors or we may also need to participate in interference proceedings involving issued patents and pending applications of another entity. The intellectual property environment in our industry is particularly complex, constantly evolving and highly fragmented. Other companies and institutions have issued patents and have filed or will file patent applications that may issue into patents that cover or attempt to cover products, processes or technologies similar to us. We have not conducted freedom- to- use patent searches on all aspects of our **cosmetic products,** product candidates or potential product candidates, and may be unaware of relevant patents and patent applications of third parties. In addition, the freedom- to- use patent searches that have been conducted may not have identified all relevant issued patents or pending patent applications. We cannot provide assurance that our **cosmetic products or** proposed products ~~in this area~~ will not ultimately be held to infringe one or more valid claims owned by third parties which may exist or come to exist in the future or that in such case we will be able to obtain a license from such parties on acceptable terms. We cannot guarantee that our technologies will not conflict with the rights of others. ~~In some foreign jurisdictions, we could become involved in opposition proceedings, either by opposing the validity of others' foreign patents or by persons opposing the validity of our foreign patents.~~ We may also face frivolous litigation or lawsuits from various competitors or from litigious securities attorneys. The cost of any litigation or other proceeding relating to these areas, even if deemed frivolous or resolved in our favor, could be substantial and could distract management from its business. Uncertainties resulting from initiation and continuation of any litigation could have a material adverse effect on our ability to continue our operations. If we infringe the rights of others, we could be prevented from selling products or forced to pay damages. **Our research, development and commercialization activities may infringe or otherwise violate or be alleged to infringe or otherwise violate patents owned or controlled by other parties. Competitors in the field of aesthetics and cosmetics have developed large portfolios of patents and patent applications in fields relating to our business. Additionally, there may also be patent applications that have been filed but not published that, when issued as patents, could be asserted against us. These third parties could bring claims against us that would cause us to incur substantial expenses and, if successful against us, could cause us to pay substantial damages and / or we could be forced to stop or delay research, development, manufacturing or sales of the product or product candidate that is the subject of the suit. Further, if a patent infringement suit were brought against us, during the pendency of the litigation, we could be forced to stop or delay research, development, manufacturing or sales of the product or product candidate that is the subject of the suit.** If our products, methods, processes, and other technologies are found to infringe the rights of other parties, we could be

required to pay damages, or may be required to cease using the technology or to license rights from the prevailing party. Any prevailing party may be unwilling to offer us a license on commercially acceptable terms. We cannot be certain we will be able to obtain patent protection to protect our **products,** product candidates and technology. We cannot be certain that all patents applied for will be issued. If a third party has also filed a patent application relating to an invention claimed by us or one or more of our licensors, we may be required to participate in an interference or derivation proceeding declared or instituted by the ~~United States~~ **U. S.** Patent and Trademark Office, which could result in substantial uncertainties and cost for us, even if the eventual outcome is favorable to us. The degree of future patent protection for our **cosmetic products,** product candidates and technology is uncertain. For example: • we or our licensors might not have been the first to make the inventions covered by our issued patents, or pending or future patent applications; • we or our licensors might not have been the first to file patent applications for the inventions; • others may independently develop duplicative, similar or alternative technologies; • it is possible that our patent applications will not result in an issued patent or patents, or that the scope of protection granted by any patents arising from our patent applications will be significantly narrower than expected; • any patents under which we hold ultimate rights may not provide us with a basis for commercially- viable products, may not provide us with any competitive advantages or may be challenged by third parties as not infringed, invalid, or unenforceable under United States or foreign laws; • any patent issued to us in the future or under which we hold rights may not be valid or enforceable; or • we may develop additional technologies that are not patentable and which may not be adequately protected through trade secrets; for example, if a competitor independently develops duplicative, similar, or alternative technologies. ~~28~~ If we fail to comply with our obligations in the **Amended License Agreement with CMU and any future license** agreements under which we may license intellectual property rights from third parties or otherwise experience disruptions to our business relationships with our licensors, we could lose rights that are important to our business. We have entered **to the Amended License Agreement with CMU under which CMU granted to us the exclusive rights to develop** and **commercialize plasma- based bioactive material, also known as " Biocompatible Plasma- Based Plastics, " for all fields of use and all worldwide geographies, which applies only to our BHA and THA products. In the future, we** may be required to enter into **additional** intellectual property license agreements that are important to our business **. The Amended License Agreement imposes** , ~~including our~~ **and future** license agreements **may** ~~with CMU. These license agreements have imposed~~ - **impose,** various diligence, milestone payment, royalty and other obligations on us. For example, **under the Amended** ~~we may enter into exclusive license~~ **License** ~~agreements~~ - **Agreement** ~~with various third parties (for example~~ , ~~universities and research institutions),~~ we **have agreed** ~~may be required~~ to **pay certain royalties** ~~use commercially reasonable efforts to engage in various development~~ and ~~commercialization activities with respect to licensed~~ - **sublicense fees** ~~products, and may need~~ to **CMU** ~~satisfy specified milestones and royalty payment obligations~~ . If we fail to comply with any obligations under ~~our~~ **the Amended License** ~~agreements~~ - **Agreement** ~~with~~ **or under our** any **future** ~~of these licensors, we may be subject to termination of the~~ license agreements **, we may be subject to termination of such license agreement** in whole or in part ~~;~~ **,** increased financial obligations to our licensors or loss of exclusivity in a particular field or territory, in which case our ability to develop or commercialize products covered by the license agreements will be impaired. In addition, disputes may arise regarding intellectual property subject to a license agreement, including: • the scope of rights granted under the license agreement and other interpretation- related issues; • the extent to which our technology, products, methods and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement; • our diligence obligations under the license agreement and what activities satisfy those obligations; • if a third party expresses interest in an area under a license that we are not pursuing, under the certain terms of our license agreement, we may be required to sublicense rights in that area to the third party, and that sublicense could harm our business; and • the ownership of inventions and know- how resulting from the joint creation or use of intellectual property by our licensors and us. If disputes over the intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, we may be unable to successfully develop and commercialize the affected product candidates. We may need to obtain licenses from third parties to advance our research to allow commercialization of our product candidates. We may fail to obtain any of these licenses at a reasonable cost or on reasonable terms, if at all. In that event, we would be unable to further develop and commercialize one or more of our product candidates, which could harm our business significantly. **Under the Amended License Agreement, we are required to use our best efforts to effect introduction of the licensed technology into the commercial market as soon as possible and meet certain milestones as stipulated within the Amended License Agreement. CMU retains the right to use any derivative technology developed by us as a result of the use of this technology and retains the intellectual property rights to the licensed technology under the Amended License Agreement including patents, copyrights, and trademarks. We may establish all proprietary rights for us in the intellectual property developed by us which includes, or is based in whole or in part on, the licensed technology under the Amended License Agreement, which may also include Carmell- created modifications, enhancements or other technology, whether in the nature of trade secrets, copyrights, patents or other rights. CMU has the right to use such intellectual property developed by us solely for research, education, academic and / or administrative purposes. In addition, we own all right, title and interest (including patents, copyrights, and trademarks) in and to the results of collaboration that are developed solely by us while CMU owns all of the right, title and interest (including patents, copyrights and trademarks) in and to the results of collaboration that are developed solely by CMU. Our rights to use these patents and employ the inventions claimed in these licensed patents, as well as the exploitation of licensed technology and know- how, are subject to the continuation of, and our compliance with, the terms of the Amended License Agreement. If the Amended License Agreement is terminated, we may not be able to develop, manufacture, market or sell the product candidates covered by such agreement and those that may be tested or approved in combination with such product candidate. Such an occurrence could materially adversely affect the value of the product candidates being developed under any such agreement.** We may infringe the intellectual property rights of others, which may

prevent or delay our product development efforts and stop us from commercializing or increase the costs of commercializing our **cosmetic products or** product candidates. Our success will depend in part on our ability to operate without infringing **, misappropriating or otherwise violating the trademarks, patents, copyrights, trade secrets and** ~~the~~ **other** proprietary rights of **others** ~~third parties~~. We cannot guarantee that our **cosmetic** products or product candidates, or manufacture or use of our **cosmetic** products or product candidates, will not infringe **, misappropriate or otherwise violate such** third- party **rights. From time to time, we may receive allegations of trademark or** ~~patents~~ **patent infringement and third parties have filed claims against us with allegations of intellectual property infringement** . ~~Furthermore~~ **In addition** , **third parties may involve us in intellectual property disputes as part of** a **business model** ~~third party may claim that we are using inventions covered by the third party's patent rights and may go to court to stop us from engaging in our~~ **or** ~~normal~~ **strategy to gain competitive advantage. Depending against such allegations and litigation could be costly, affect our results of** operations ~~and activities~~ , ~~including making or selling our product candidates or products. These lawsuits are costly and could affect our results of operations and~~ divert the attention of managerial and scientific personnel **, and have an adverse impact on our ability to bring products to market** . Some of these third parties may be better capitalized and have more resources than us. ~~There is~~ **In that event we are to infringe or violate** a ~~risk that a court would decide that we are infringing the~~ third party's **intellectual property rights** ~~patents and would order us to stop the activities covered by the patents. In that event~~ , we ~~may not have a viable way to get around the patent and~~ may need to halt commercialization of the relevant **cosmetic product (s) or** product candidate (s) **, obtain a license, which may not be available to us on commercially reasonable terms, and redesign or rebrand our marketing strategy or cosmetic products** or product ~~(s)~~ **candidates, which may not be possible or may be costly** . In addition, there is a risk that a court will order us to pay the other party damages for having violated **or infringed upon** the other party's ~~patents. In addition, we may be obligated to indemnify our licensors and collaborators against certain~~ intellectual property **rights** ~~infringement claims brought by third parties, which could require us to expend additional resources~~ . **Some** ~~The pharmaceutical, medical device and biotechnology industries have produced a proliferation~~ of ~~patents, and it is not always clear to industry participants, including us, which patents cover various types of products or~~ **our competitors** ~~methods. The coverage of patents is subject to interpretation by the courts, and the interpretation is not always uniform. If we are sued for patent infringement, we would need to demonstrate that our products or methods either do not infringe the claims of the relevant patent or that the patent claims are invalid or unenforceable, and we~~ may ~~not~~ be able to **sustain** ~~do this. Proving invalidity is difficult. For example, in the United States, proving invalidity requires a showing of clear and convincing evidence to overcome the presumption of validity enjoyed by issued patents. Even if we are successful in these~~ -- **the** ~~proceedings, we may incur substantial~~ costs ~~and divert management's time and attention in pursuing these proceedings, which could have a material adverse effect on us. If we are unable to avoid infringing the patent rights of others, we may be required to seek a license, which may not be available, and then we will have to defend an infringement action or challenge the validity of the patent in court. Patent litigation is costly and time 29 consuming. We may not have sufficient resources to bring these actions to a successful conclusion. In addition, if we do not obtain a license, fail to develop or obtain non- infringing technology, fail to defend an infringement action successfully or have infringed patents declared invalid or unenforceable, we may incur substantial monetary damages, encounter significant delays in bringing our product candidates to market and be precluded from manufacturing or selling our product candidates. We cannot be certain that others have not filed patent applications for technology covered by our pending applications, or that we were the first to invent the technology, because: • some patent applications in the United States may be maintained in secrecy until the patents are issued; • patent applications in the United States are typically not published until 18 months after the priority date; and • publications in the scientific literature often lag behind actual discoveries. Our competitors may have filed, and may in the future file, patent applications covering technology similar to ours. Any such patent applications may have priority over our patent applications, which could further require us to obtain rights to issued patents covering such technologies. If another party has filed US patent applications on inventions similar to ours that claims priority to any applications filed prior to the priority dates of our applications, we may have to participate in an interference proceeding declared or a derivation proceed instituted by the USPTO to determine priority of invention in the United States. The costs of these proceedings could be substantial, and it is possible that such efforts would be unsuccessful if, unbeknownst to us, the other party had independently arrived at the same or similar inventions prior to our own inventions, resulting in a loss of our U. S. patent position with respect to such inventions. Other countries have similar laws that permit secrecy of patent applications, and thus the third party's patent or patent application may be entitled to priority over our applications in such jurisdictions. Some of our competitors may be able to sustain the costs~~ of complex ~~patent~~ **intellectual property** litigation more effectively than we can because they have substantially greater resources. In addition, any uncertainties resulting from the initiation and continuation of any **such** litigation could have a material adverse effect on our ability to raise the funds necessary to continue our operations. **If we fail** ~~We may be subject~~ to **protect** ~~claims that our~~ **or enforce** ~~employees, consultants or~~ **our intellectual property** ~~independent contractors have wrongfully used or disclosed alleged trade secrets. As is common in the medical device, biotechnology and pharmaceutical industries, we employ, and may employ in the future, individuals who were previously employed at other medical device, biotechnology or pharmaceutical companies, including our~~ **or confidential** ~~competitors or potential competitors. Although we try to ensure that our employees, consultants and independent contractors do not use the~~ proprietary information **relating to cosmetic products** ~~or know- how of others in their work for~~ **or** ~~us~~ **product candidates** , we ~~may be subject to claims that we or our employees, consultants or independent contractors have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we could lose valuable intellectual property rights or personnel, which could adversely impact our business. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management. Our intellectual property~~ may not be ~~sufficient~~ **able** to **compete effectively** ~~protect our products from competition~~ , which may negatively affect our

business as well as limit our partnership or acquisition appeal **. Our success depends in part on our ability to protect our intellectual property rights. We rely on a combination of trademarks, trade secrets, confidential proprietary information, domains, licensed patent rights and other intellectual property rights to protect our intellectual property** . We may be subject to competition despite the existence of intellectual property we license or own. We can give no assurances that our intellectual property will be sufficient to prevent third parties from designing around the patents we own or license and developing and commercializing competitive products. The existence of competitive products that avoid our intellectual property could materially adversely affect our operating results and financial condition. Furthermore, limitations, or perceived limitations, in our intellectual property may limit the interest of third parties to partner, collaborate or otherwise transact with us, if third parties perceive a higher than acceptable risk to commercialization of our products or future products. ~~Our approach involves filing patent applications covering new methods of use and / or new formulations of previously known, studied and / or marketed devices. Although the protection afforded by patents issued from our patent applications may be significant, when looking at our patents' ability to block competition, the protection offered by our patents may be, to some extent, more limited than the protection provided by patents claiming the composition of matter previously unknown. If a competitor were able to successfully design around any method of use and formulation patents we may have in the future, our business and competitive advantage could be significantly affected. 30~~ We may elect to sue a third party, or otherwise make a claim, alleging infringement or other violation of patents, trademarks, trade dress, copyrights, trade secrets, domain names or other intellectual property rights that we either own or license. If we do not prevail in enforcing our intellectual property rights in this type of litigation, we may be subject to: • paying monetary damages related to the legal expenses of the third party; • facing additional competition that may have a significant adverse effect on our product pricing, market share, business operations, financial condition, and the commercial viability of our products; and • restructuring our company or delaying or terminating select business opportunities, including, but not limited to, research and development, clinical ~~trials~~ **validation and testing** , and commercialization activities, due to a potential deterioration of our financial condition or market competitiveness. A third party may also challenge the validity, enforceability or scope of the intellectual property rights that we license or own; and, the result of these challenges may narrow the claim scope of or invalidate ~~patents~~ **intellectual property rights** that are integral to our **cosmetic products or** product candidates in the future. There can be no assurance that we will be able to successfully defend ~~patents we own or our licensed~~ **intellectual property rights** in an action against third parties due to the unpredictability of litigation and the high costs associated with intellectual property litigation ~~, amongst~~ -- **among** other factors ~~. The laws of some jurisdictions do not protect intellectual property rights to the same extent as the laws or rules and regulations in the United States and Europe, and many companies have encountered significant difficulties in protecting and defending such rights in such jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property protection, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in other jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated, rendered unenforceable or interpreted narrowly and our patent applications at risk of not issuing, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license. Furthermore, while we intend to protect our intellectual property rights in our expected significant markets, we cannot ensure that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may wish to market our products or product candidates. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate, which may have an adverse effect on our ability to successfully commercialize our product candidates in all of our expected significant foreign markets. If we or our licensors encounter difficulties in protecting, or are otherwise precluded from effectively protecting, the intellectual property rights important for our business in such jurisdictions, the value of these rights may be diminished, and we may face additional competition from others in those jurisdictions~~ . Changes to patent law, for example the Leahy- Smith America Invests Act, AIA or Leahy- Smith Act, of 2011 and the Patent Reform Act of 2009 and other future article of legislation in the U. S., may substantially change the regulations and procedures surrounding patent applications, issuance of patents, prosecution of patents, challenges to patent validity, and patent enforcement. We can give no assurances that our patents and those of our licensor (s) can be defended or will protect us against future intellectual property challenges, particularly as they pertain to changes in patent law and future patent law interpretations. In addition, enforcing and maintaining our intellectual property protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by the U. S. Patent and Trademark Office and courts, and ~~foreign government patent agencies and courts, and our patent~~ protection **of our intellectual property rights** could be reduced or eliminated for non- compliance with these requirements. If we are not able to protect and control our unpatented trade secrets, know- how and other **proprietary** ~~technological~~ **technology** ~~innovation~~ , we may suffer competitive harm. We also rely on proprietary trade secrets and unpatented know- how to protect our research and development activities, particularly when we do not believe that patent protection is appropriate or available. However, trade secrets are difficult to protect. We will attempt to protect our trade secrets and unpatented know- how by requiring our employees, consultants, collaborators, and advisors to execute a confidentiality and non- use agreement. We cannot guarantee that these agreements will provide meaningful protection, that these agreements will not be breached, that we will have an adequate remedy for any such breach, or that our trade secrets will not otherwise become known or independently developed by a third party. Our trade secrets, and those of our present or future collaborators ~~that~~ **with which** we **have** ~~utilize by agreement~~ **agreements authorizing our use or access to such trade secrets** , may become known or may be independently discovered by others, which could adversely affect the competitive position of our product candidates. **If** ~~31 We may incur substantial costs~~

~~enforcing our patents, defending against third- party patents, invalidating third- party patents or~~ **our trademarks** ~~licensing third- party intellectual property, as a result of litigation or other proceedings relating to patent and other intellectual property rights. We may be unaware of or unfamiliar with prior art and / or interpretations of prior art that could potentially impact the validity or scope of our patents, pending patent applications, or patent applications that we will file. We may have elected, or elect now or in the future, not to maintain or pursue intellectual property rights that, at some point in time, may be considered relevant to or enforceable against a competitor. We take efforts and enter into agreements with employees, consultants, collaborators, and advisors to confirm ownership and chain of title in intellectual property rights. However, an~~ **and trade names** ~~inventorship or ownership dispute could arise that may permit one or more third parties to practice or enforce our intellectual property rights, including possible efforts to enforce rights against us. We may not have rights under some patents or patent applications that may cover technologies that we use in our research, product candidates and particular uses thereof that we seek to develop and commercialize, as well as synthesis of our product candidates. Third parties may own or control these patents and patent applications in the United States and elsewhere. These third parties could bring claims against us or our collaborators that would cause us to incur substantial expenses and, if successful against us, could cause us to pay substantial damages. Further, if a patent infringement suit were brought against us or our collaborators, we or they could be forced to stop or delay research, development, manufacturing or sales of the product or product candidate that is the subject of the suit. We or our collaborators therefore may choose to seek, or be required to seek, a license from the third- party and would most likely be required to pay license fees or royalties or both. These licenses may not be available on acceptable terms, or at all. Even if we or our collaborators were able to obtain a license, the rights may be nonexclusive, which would give our competitors access to the same intellectual property. Ultimately, we could be prevented from commercializing a product or product candidate, or forced to cease some aspect of our business operations, as a result of patent infringement claims, which could harm our business. There has been substantial litigation and other legal proceedings regarding patent and other intellectual property rights in the pharmaceutical, medical device and biotechnology industries. Although we~~ are not ~~currently a party~~ **adequately protected, then we may not be able** to ~~any patent litigation~~ **build name recognition in** ~~or~~ **our** ~~any~~ **target markets and our business may be adversely affected. Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented, declared generic or determined to be infringing on** other ~~adversarial proceeding, including any interference~~ **marks. We may not be able to protect** ~~or~~ **our** ~~derivation proceeding declared or instituted before the United States Patent and Trademark Office, regarding intellectual property~~ rights **in these trademarks and trade names, which we need in order to build name recognition** with ~~respect to~~ **potential partners** ~~our~~ **or consumers** ~~products, product candidates and technology, it is possible that we may become so~~ in **our target markets. If we are unable to establish name recognition based on our trademarks and trade names,** ~~the~~ **then** ~~future~~ **we may not be able to compete effectively, and our business may be adversely affected** . **Risks Related to our Financial Condition** We are ~~not currently aware~~ **presently dependent largely upon the experience, abilities and continued services** of ~~any actual or~~ **our senior management, including** ~~potential third- party infringement claim involving~~ our ~~product candidates~~ **Chief Executive Officer, Rajiv Shukla** . The ~~cost to us of any patent litigation or other proceeding, even if resolved in our favor, could be substantial. The outcome of patent litigation is subject to uncertainties that cannot be adequately quantified in advance, including the demeanor and credibility of witnesses and the identity of the adverse party, especially in pharmaceutical, medical device and biotechnology related patent cases that may turn on the testimony of experts as to technical facts upon which experts may reasonably disagree. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their substantially greater financial resources. If a patent or other proceeding is resolved against us, we may be enjoined from researching, developing, manufacturing or commercializing our products or product candidates without a license from the other party and we may be held liable for significant damages. We may not be able to obtain any required license on commercially acceptable terms or at all. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could harm our ability to compete in the marketplace. Patent litigation and other proceedings may also absorb significant management time. If we are unable to protect our intellectual property rights, our competitors may develop and market products with similar features that may reduce demand for our potential products. The following factors are important to our success: • receiving patent protection for our product candidates; • preventing others from infringing our intellectual property rights; and • maintaining our patent rights and trade secrets. We will be able to protect our intellectual property rights in patents and trade secrets from unauthorized use by third parties only to the extent that such intellectual property rights are covered by valid and enforceable patents or are effectively maintained as trade secrets. Because issues of patentability involve complex legal and factual questions, the issuance, scope and enforceability of patents cannot be predicted with certainty. Patents may be challenged, invalidated, found unenforceable, or circumvented. United States patents and patent applications may be subject to interference and derivation proceedings, United States patents may also be subject to post grant proceedings, including re- examination, derivation, Inter Partes Review and Post Grant Review, in the United States Patent and 32 Trademark Office and foreign patents may be subject to opposition or comparable proceedings in corresponding foreign patent offices, which could result in either~~ loss of **services** ~~the patent or denial~~ of **Mr** ~~the patent application or loss or reduction in the scope of one or more of the claims of the patent or patent application~~ . **Shukla** ~~In addition, such interference, derivation, post grant and opposition proceedings may be costly. Thus, any patents that we own or license from others may not provide any protection against competitors. Furthermore, an adverse decision in an interference or derivation proceeding can result in a third- party receiving the patent rights sought by us, which in turn could affect our ability to market a potential product to which that patent filing was directed. Our pending patent applications, those that we may file in the future, or those that we may license from third parties may not result in patents being issued. If issued, they may not provide us with proprietary protection or competitive advantages against competitors with similar technology. Furthermore, others may independently develop similar technologies or duplicate any technology that we have developed. Many countries, including certain countries in Europe, have compulsory licensing laws under which a patent owner~~

may be compelled to grant licenses to third parties. For example, compulsory licenses may be required in cases where the patent owner has failed to " work " the invention in that country, or the third- party has patented improvements. In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of our patents. Moreover, the legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, which makes it difficult to stop infringement. In addition, our ability to enforce our patent rights depends on our ability to detect infringement. It is difficult to detect infringers who do not advertise or otherwise promote the compositions that are used in their products. Any litigation to enforce or defend our patent rights, even if we prevail, could be costly and time- consuming and would divert the attention of management and key personnel from business operations. We will also rely on trade secrets, know- how and technology, which are not protected by patents, to maintain our competitive position. We will seek to protect this information by entering into confidentiality agreements with parties that have access to it, such as strategic partners, collaborators, employees, contractors and consultants. Any of these parties may breach these agreements and disclose our confidential information or our competitors might learn of the information in some other way. If any trade secret, know- how or other technology not protected by a patent were disclosed to, or independently developed by, a competitor, our business, financial condition and results of operations could be materially adversely affected. Risks Relating to Commercializing of our Current Product Candidates and Future Product Candidates, if Approved Our commercial success depends upon attaining significant market acceptance of our current product candidates and future product candidates, if approved, among physicians, patients, healthcare payors and treatment centers. Even if we obtain regulatory approval for our current product candidates or any future product candidates, the products may not gain market acceptance among physicians, healthcare payors, patients or the medical community, including treatment centers. Market acceptance of any product candidates for which we receive approval depends on a number of factors, including: • the efficacy and safety of such product candidates as demonstrated in clinical trials; • the clinical indications and patient populations for which the product candidate is approved; • acceptance by physicians, major treatment centers and patients of the product candidates as a safe and effective treatment; • the potential and perceived advantages of product candidates over alternative treatments; • any restrictions on use together with other medications; • the prevalence and severity of any side effects; • unfavorable product labeling or limitations of use by the FDA or comparable regulatory authorities; • the timing of market introduction of our product candidates, if approved, as well as competitive products; • the development of manufacturing and distribution processes for commercial scale manufacturing for our current product candidates and any future product candidates, if approved; • the cost of treatment in relation to alternative treatments; • the availability of coverage and adequate reimbursement from third- party payors and government authorities; • relative convenience and ease of administration; and • the effectiveness of sales and marketing efforts for product candidates which are granted regulatory approval. 33 If our current product candidates and any future product candidates are approved but fail to achieve market acceptance among physicians, patients, healthcare payors or surgery centers, we will not be able to generate significant revenues, which would compromise our ability to become profitable. Even if we are able to commercialize our current product candidates or any future product candidates, if approved such product candidate may become subject to unfavorable pricing regulations or third- party coverage and reimbursement policies, which would harm our business. In the United States and in other countries, patients who are provided medical treatment for their conditions generally rely on third- party payors to reimburse all or part of the costs associated with their treatment. We believe our success depends on obtaining and maintaining coverage and adequate reimbursement for our product candidates, if approved, and the extent to which patients will be willing to pay out- of- pocket for such products. There can be no assurance that any of our product candidates, if approved for sale in the United States or in other countries, will be considered medically reasonable and necessary and / or cost- effective by third- party payors, that coverage or an adequate level of reimbursement will be available or that reimbursement policies and practices in the United States and in foreign countries where our products are sold will not adversely affect our ability to sell our product candidates profitably, even if they are approved for sale. Healthcare legislative measures aimed at reducing healthcare costs may have a material adverse effect on our business and results of operations. The United States and many foreign jurisdictions have enacted or proposed legislative and regulatory changes affecting the healthcare system that could prevent or delay marketing approval of our product candidates or any future product candidates, restrict or regulate post- approval activities and affect our ability to profitably sell a product for which we obtain marketing approval. Changes in applicable laws, rules, and regulations or the interpretation of existing laws, rules, and regulations could impact our business in the future by requiring, for example: (i) changes to our manufacturing arrangements; (ii) additions or modifications to product labeling; (iii) the recall or discontinuation of our products; or (iv) additional record- keeping requirements. If any such changes were to be imposed, they could adversely affect the operation of our business. We expect that these and other healthcare reform measures that may be adopted in the future may result in more rigorous coverage criteria and in additional downward pressure on the price that we receive for any approved product candidate. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our drugs, and could have a material adverse effect on our business, financial condition **or** , and results of operations . **operation** . Inadequate funding **Other key executives are important to our ongoing capability to develop, commercialize and, if necessary, obtain regulatory approval** for the FDA, the SEC and other government agencies, including from government shut downs, or **our** other disruptions **cosmetic products and product candidates. The competition of executive talent may make it difficult** to **replace any of** these agencies' operations, could hinder their ability to hire and retain key **positions** leadership and other personnel, prevent new products and services from being developed or commercialized in a timely manner or otherwise prevent those agencies from performing normal business functions **. We do not maintain " key employee " insurance policies** on **any** which the operation of our **executive officers that** business may rely,

~~which could~~ **would** ~~negatively impact our business~~ **compensate us for the loss of their services** . The **time** ~~ability of the FDA to review~~ and **cost required to replace** ~~approve new products can be affected by~~ a ~~variety of factors, including government budget and funding levels, the ability to hire and retain~~ key **employee** ~~personnel and accept the payment of user fees, and statutory, regulatory and policy changes. Average review times at the agency have fluctuated in recent years as a result. In addition, government funding of the SEC and other government agencies on which our operations~~ may ~~rely, including those that fund research and development activities, is subject to the political process, which is inherently fluid and unpredictable. Disruptions at the FDA and other agencies may also slow the time necessary for new product candidates to be reviewed and / or approved by necessary government agencies, which would adversely affect our business. If a prolonged government shutdown occurs, it could significantly impact the ability of the FDA to timely review and process our regulatory submissions, which could~~ have a material adverse effect on our **results of** ~~business. Further, future government shutdowns could impact our ability to access the public markets and obtain necessary capital in order to properly capitalize and continue our~~ operations ~~. 34 Risks Related to Our Business Operations Our future success is dependent, in part, on the performance~~ and ~~continued service of our officers and directors. We are presently dependent largely upon the experience, abilities and continued services of the Carmell Senior Leadership including, our President and Chief Executive Officer, Randolph W Hubbell. The loss of services of Mr. Hubbell could have a material adverse effect on our business,~~ financial condition ~~or results of operation~~ . **Management** ~~In addition, other key executives are important to the ongoing capability of the company to advance the programs through the clinical and regulatory pathway. These executives include Dr. James Hart, Chief Medical Officer, Dr. Janet Vargo, VP of Clinical Sciences, Donna Godward, Chief Quality Officer, Sean Buckley, Chief Financial Officer & Executive Vice- President of Operations. The competition of executive talent may make it difficult to replace any of these key positions in a timely manner. Our independent registered public accounting firm~~ has ~~expressed~~ **concluded that there is** substantial doubt about our ability to continue as a going concern. **As of December 31** ~~Our recurring losses from operations~~ , ~~accumulated deficit~~ **2023 we had cash on** ~~and hand~~ ~~lack~~ of ~~revenues raise substantial doubt about our ability to~~ **$ 2, 912, 461 and working capital of $ 951, 495, excluding the assets and liabilities associated with AxoBio, which are classified as assets and liabilities available for sale in the accompanying balance sheets. The accompanying financial statements have been prepared on the basis that the Company will** continue as a going concern **, which assumes the realization of assets and the satisfaction of liabilities in the normal course of business** . As **of December 31, 2023, we have had no income from continuing operations, and, excluding AxoBio, we did not have** a ~~result,~~ **commercial product** ~~our~~ **or service. The Company has historically relied** ~~independent registered public accounting firm included an explanatory paragraph in its report~~ on **raising capital** ~~our financial statements with respect~~ to ~~this uncertainty~~ **fund the Company' s operations** . Based on our cash balance as of December 31, ~~2021~~ **2023** and projected cash needs for **the next twelve months** ~~2022 and subsequent fiscal periods~~ , management estimates that it will need to raise additional capital to cover operating and capital requirements. **Management** ~~While we believe that the net proceeds from the Business Combination, together with our existing cash and cash equivalents,~~ will ~~be sufficient for us to fund our operating expenses and capital expenditures requirements through at least the next twelve (12) months from the date of this filing, we have based these estimates on assumptions that may prove to be wrong, and we may~~ need to raise **the** additional funds ~~in the next twelve months to fund continuing development. Although~~ -- **through issuing additional shares of Common Stock or** ~~management has been successful to date in raising necessary funding, there~~ - **other** ~~is~~ **equity securities or obtaining debt financing. There can be** no assurance **that any required future** ~~we will be successful in obtaining such additional~~ financing **can be successfully completed on a timely basis, or** on terms acceptable to ~~us~~ **the Company. Based on these circumstances** , **management has determined** ~~if at all, and we may not be able to enter into other~~ - **there is substantial doubt about the Company' s** ~~arrangements. If we are unable to obtain funding, we could be forced to delay, reduce or eliminate our research and development programs, expansion or commercialization efforts, which could adversely affect our business prospects and~~ ability to continue ~~operations~~ **as a going concern** . ~~Our~~ **The accompanying consolidated** financial statements do not include any adjustments that ~~might result~~ **may be necessary should we be unable to continue as a going concern. From time to time, we may become involved in various legal proceedings relating to matters incidental to the ordinary course of our business, including intellectual property, commercial, product liability, employment, class action, whistleblower, shareholder derivative suits and other litigation and claims, and governmental and other regulatory investigations and proceedings. The Holders of the Convertible Notes have alleged that the Company owes additional principal and interest thereon and is required to repurchase the Convertible Note Warrants. Puritan has filed suit seeking to recover such amounts allegedly owed. Management of the Company believes that its obligations under the Convertible Notes have been satisfied and that no additional payments are due to the Holders, and the Company has conveyed its position to the Holders. Nevertheless, we cannot assure you that we will prevail. Such matters can be time- consuming, divert management' s attention and resources, cause us to incur significant expenses or liability or require us to change our business practices. Because of the potential risks, expenses and uncertainties of litigation, we may,** from **time to time, settle disputes, even where we believe that we have meritorious claims or defenses. Because litigation is inherently unpredictable, we cannot assure you that the results of any of** ~~the~~ **these** ~~outcome of this uncertainty~~ **actions will not have a material adverse effect on our business** . We have ~~identified~~ a **history** ~~material weakness in our internal control over financial reporting, and the failure to remediate this material weakness may adversely affect our business, investor confidence in our company, our financial results and the market value~~ of **net losses** ~~our common stock. A material weakness is a deficiency~~ , **and we may** ~~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 **able** ~~prevented or detected on a timely basis. The material weakness we identified related~~ to **achieve** ~~the design of internal control around the Company' s preparation of financial statements in accordance with generally accepted accounting principles, including the appropriate accounting treatment for~~ - **or maintain profitability** ~~complex financial instruments that require management to apply complex accounting~~

~~principles, which could adversely affect the Company' s ability to record, process, summarize, and report financial data. This material weakness did not result~~ in ~~a material misstatement to the financial statements. We are in the process of implementing measures designed to improve internal control over financial reporting to remediate the control deficiencies that led to our material weakness. While we believe the remedial efforts we are taking and will take will improve our internal controls and address the underlying causes of the material weakness, we cannot be certain that these~~ -- **the** ~~steps will be sufficient to remediate the control deficiencies that led to our material weakness in our internal controls over financial reporting or prevent~~ future ~~material weaknesses or control deficiencies from occurring. If we fail to effectively remediate the material weakness in our internal controls over financial reporting described above, we may be unable to accurately or timely report our financial condition or results of operations. Such failure may adversely affect our business, Investor confidence in our company, our financial condition and the market value of our common stock~~ . We have ~~never generated product revenue and have~~ incurred ~~significant~~ **net** losses **each year since our inception, and we may not be able** to **achieve** ~~date. We expect to continue to incur losses for~~ -- **or maintain profitability in** the ~~foreseeable~~ future **.** ~~and may never generate product revenue or~~ **For** ~~be profitable. Since inception~~ **the year ended December 31** , **2023** ~~we have generated no product revenue,~~ and ~~prior to receipt of marketing approval~~ **2022, we had a loss** from ~~regulatory authorities~~ **continuing operations of $ 16** , ~~we will be unable to do so~~ **205, 252 and $ 9, 051, 334, respectively, and negative cash flows from operations of $ 8, 348, 208 and $ 3, 428, 707, respectively** . To date, we have financed our operations primarily through the sale of equity securities and convertible debt. We have devoted substantially all of our financial resources and efforts to research and development, including preclinical studies and clinical trials, and we anticipate that our expenses will continue to increase over the next several years as we ~~continue~~ **develop and launch our cosmetic products, expand into new markets and increase our sales and marketing efforts.** ~~these~~ **These** ~~activities~~ **efforts may be more costly than we expect and may not result in increased revenue or growth in our business** . ~~35~~ Accordingly, we expect to continue to incur substantial operating losses for the foreseeable future, which may fluctuate significantly from quarter- to- quarter and year- to- year. ~~To become~~ **Any failure to increase our revenue sufficiently to keep pace with our investments** and **other expenses could prevent us from achieving** ~~remain profitable, we must succeed in obtaining marketing approval for~~ -- **or maintaining profitability** ~~our~~ -- **or** ~~product candidates,~~ **positive cash flow on a consistent basis. If we are unable to successfully address these risks** and ~~in developing~~ **challenges as we encounter them, our business, financial condition, results of operations** and ~~commercializing additional product candidates that~~ **prospects could be adversely affected. If we are unable to** generate **adequate revenue and manage our expenses, we may continue to incur** significant **losses** ~~revenue. We may never succeed~~ in ~~these~~ -- **the** ~~activities~~ **future** and **may not be able to achieve or maintain profitability. In addition** , even ~~if we do, may never generate revenue that is sufficient to achieve profitability. Even~~ if we do achieve profitability, we may not be able to sustain or increase profitability. Our failure to become and remain profitable would depress the value of our ~~Company~~ **company** and could impair our ability to maintain our research and development efforts, expand our business, diversify our product offerings or even continue our operations. A decline in the value of ~~New Carmell~~ **our company** could also cause you to lose all or part of your investment. ~~Acceptance of our formulations or products in the marketplace is uncertain and failure to achieve market acceptance will prevent or delay our ability to generate revenues. Our future financial performance will depend, at least in part, upon the introduction and customer acceptance of our products. Even if approved for marketing by the necessary regulatory authorities, our formulations or products may not achieve market acceptance. The degree of market acceptance will depend upon a number of factors, including: • receipt of regulatory approval of marketing claims for the uses that we are developing; • establishment and demonstration of the advantages, safety and efficacy of our formulations, products and technologies; • pricing and reimbursement policies of government and third- party payers such as insurance companies, health maintenance organizations and other health plan administrators; • Our ability to attract corporate partners, including medical device, biotechnology and pharmaceutical companies, to assist in commercializing our proposed products; and • Our ability to market our product candidates, if approved. Physicians, patients, payers or the medical community in general may be unwilling to accept, utilize or recommend any of our proposed formulations or product candidates, if approved. If we are unable to obtain regulatory approval, commercialize and market our proposed formulations or product candidates when planned, we may not achieve any market acceptance or generate revenue. We face substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than we do. We will face competition from numerous medical device, pharmaceutical and biotechnology enterprises, as well as from academic institutions, government agencies and private and public research institutions for our current product candidates. We cannot provide any assurances that any other company will not obtain FDA approval for similar products that might adversely affect our ability to develop and market our products, if approved, in the U. S. We are aware that other companies have intellectual property protection and have conducted clinical trials. Our commercial opportunities will be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer side effects or are less expensive than any product candidates that we may develop and for which we receive approval. Competition could result in reduced sales and pricing pressure on our current product candidates, if approved, which in turn would reduce our ability to generate meaningful revenues and have a negative impact on our results of operations. In addition, significant delays in the development of our product candidates could allow our competitors to bring products to market before we do and impair our ability to commercialize our product candidates, if approved. The biotechnology industry is intensely competitive and involves a high degree of risk. We compete with other companies that have far greater experience and financial, research and technical resources than us. Potential competitors in the U. S. and worldwide are numerous and include medical device, pharmaceutical and biotechnology companies, educational institutions and research foundations, many of which have substantially greater capital resources, marketing experience, research and development staffs and facilities than ours. Some of our competitors may develop and commercialize products that compete directly with those incorporating our technology or may introduce products to market earlier than our product candidates, if approved, or on a more cost- effective basis. Our competitors compete with us in~~

~~recruiting and retaining qualified scientific and management personnel as well as in acquiring technologies complementary to our technology. We may face competition with respect to potential efficacy and safety, ease of use and adaptability to various modes of administration, acceptance by physicians, the timing and scope of regulatory approvals, availability of resources, reimbursement coverage, price and patent position, including the potentially dominant patent positions of others. An inability to successfully complete our product development or commercializing our product candidate, if approved, could result in our having limited prospects for establishing market share or generating revenue. 36 Many of our competitors or potential competitors have significantly greater established presence in the market, financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than we do, and as a result may have a competitive advantage over us. Mergers and acquisitions in the medical device, pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early- stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies and technology licenses complementary to our programs or potentially advantageous to our business. As a result of these factors, these competitors may obtain regulatory approval of their products before we are able to obtain patent protection or other intellectual property rights, which will limit our ability to develop or commercialize our current product candidate, if approved. Our competitors may also develop products that are safer, more effective, more widely used and cheaper than ours, and may also be more successful than us in manufacturing and marketing their products. These appreciable advantages could render our product candidate, if approved, obsolete or non- competitive before we can recover the expenses of development and commercialization. In addition, we may not be successful in establishing license agreements with strategic distributors necessary for commercializing in each of the therapeutic areas and therefore would need to try to commercialize with a direct sales and marketing organization. Under this approach, the expense to commercialize new products is high and there are no guarantees that we will be able to raise the necessary capital to commercialize our technology independently. Our business may be adversely affected by the ongoing COVID- 19 pandemic. The outbreak of the novel coronavirus (" COVID- 19 ") in 2020 evolved into a global pandemic, and this pandemic continues to have varying impacts on the global economy and the ability of biotechnology companies to develop their product candidates, including on their ability to conduct trials, source materials, and manufacture product candidates as planned. The extent to which COVID- 19 impacts our business and operating results will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information that may emerge concerning COVID- 19 and the actions to contain the spread of the virus or treat its impact, among others. As a result of the continued spread of COVID- 19, our business operations could be delayed or interrupted. For instance, our clinical trials may be affected by the pandemic. Site initiation, participant recruitment and enrollment, and study monitoring and data analysis may be paused or delayed due to changes in hospital or university policies, federal, state or local regulations, prioritization of hospital resources toward pandemic efforts, or other reasons related to the pandemic. Some participants and clinical investigators may not be able to comply with clinical trial protocols. For example, quarantines or other travel limitations (whether voluntary or required) may impede participant movement, affect sponsor access to study sites, or interrupt healthcare services, and we may be unable to conduct our clinical trials. Further, if the spread of COVID- 19 continues and our operations are adversely impacted, we risk a delay, default and / or non- performance under existing agreements which may increase our costs. These cost increases may not be fully recoverable or adequately covered by insurance. Infections and deaths related to the pandemic may disrupt the United States' healthcare and healthcare regulatory systems. Such disruptions could divert healthcare resources away from, or materially delay FDA review and / or approval with respect to, our product candidates. It is unknown how long these disruptions could continue, were they to occur. Any elongation or de- prioritization of our clinical trials or delay in regulatory review resulting from such disruptions could materially affect the development and study of our product candidates. We currently utilize third parties to, among other things, manufacture raw materials. If either any third- party parties in the supply chain for materials used in the production of our product candidates are adversely impacted by restrictions resulting from the COVID- 19 outbreak, our supply chain may be disrupted, limiting our ability to manufacture our product candidates for our clinical trials and research and development operations. As a result of the shelter- in- place order and other mandated local travel restrictions, our employees conducting research and development or manufacturing activities may not be able to access their laboratory or manufacturing space which may result in our core activities being significantly limited or curtailed, possibly for an extended period of time. The spread of COVID- 19, which has caused a broad impact globally, including restrictions on travel and quarantine policies put into place by businesses and governments, may have a material economic effect on our business. While the potential economic impact brought by and the duration of the pandemic may be difficult to assess or predict, it has already caused, and is likely to result in further, significant disruption of global financial markets, which may reduce our ability to access capital either at all or on favorable terms. In addition, a recession, depression or other sustained adverse market event resulting from the spread of COVID- 19 could materially and adversely affect our business and the value of our common stock. 37 The ultimate impact of the current pandemic, or any other health epidemic, is highly uncertain and subject to change. We do not yet know the full extent of potential delays or impacts on our business, our clinical trials, our research programs, healthcare systems or the global economy as a whole. However, these effects could have a material impact on our operations, financial position and prospects and we will continue to monitor the situation closely. The current economic downturn may harm our business and results of operations.~~ Our overall performance depends, in part, on worldwide economic conditions. ~~In recent months, we~~ **the U. S. and global markets** have ~~observed~~ **experienced cyclical or episodic downturns, and worldwide economic conditions remain uncertain and volatile, as a result of current geopolitical conditions including the Israel- Hamas War, the ongoing Russia- Ukraine War and conflict between China and Taiwan, instability in the U. S. and global banking systems,** increased **inflation,** ~~economic uncertainty in~~ the ~~United States~~

downgrading of the U. S.' s credit rating and ~~abroad~~ **the possibility of a recession** . Impacts of such economic weakness include: • falling overall demand for goods and services, leading to reduced profitability; • reduced credit availability; • higher borrowing costs; • reduced liquidity; • volatility in credit, equity and foreign exchange markets; and • bankruptcies. These developments could lead to supply chain disruption, inflation, higher interest rates, and uncertainty about business continuity, which may adversely affected our business and our results of operations. Recent increases in interest rates may increase our borrowing costs, and may also affect our ability to obtain working capital through borrowings such as bank credit lines and public or private sales of debt securities, which may result in lower liquidity, reduced working capital and other adverse impacts on our business. Continued increases in interest rates will increase the cost of new indebtedness / servicing our outstanding indebtedness / refinancing our outstanding indebtedness, and could materially and adversely affect our results of operations, financial condition, liquidity and cash flows. Hostilities in Ukraine **and Israel** could have a material adverse effect, including the availability and cost of services that we rely upon for our business operations, which could have a material adverse impact on our business operations. Russia' s invasion of Ukraine, which has persisted for months, and the global response, including the imposition of sanctions by the United States and other countries, could create or exacerbate risks facing our business. **In addition, recent hostilities in Israel could also create or exacerbate risks facing our business.** Given the continuing ~~conflict~~ **conflicts** , our supply chain could be disrupted due to the demise of commercial activity in impacted regions and due to the severity of sanctions on the businesses that we and our suppliers rely on. Further, state- sponsored cyberattacks could expand as part of the conflict, which could adversely affect our and our suppliers' ability to maintain or enhance key cyber security and data protection measures. Significant disruptions of information technology systems, computer system failures or breaches of information security could adversely affect our business. We rely to a large extent upon sophisticated information technology systems to operate our business. In the ordinary course of business, we collect, store and transmit large amounts of confidential information (including, but not limited to, personal information and intellectual property). The size and complexity of our information technology and information security systems, and those of our third- party vendors with whom we may contract, make such systems potentially vulnerable to service interruptions or to security breaches from inadvertent or intentional actions by our employees or vendors, or from malicious attacks by third parties. Such attacks are of ever- increasing levels of sophistication and are made by groups and individuals with a wide range of motives (including, but not limited to, industrial espionage and market manipulation) and expertise. While we intend to invest in the protection of data and information technology, there can be no assurance that our efforts will prevent service interruptions or security breaches. Our internal computer systems, and those of our ~~CROs, our CMOs, and other~~ business vendors on which we may rely, are vulnerable to damage from computer viruses, unauthorized access, natural disasters, fire, terrorism, war and telecommunication and electrical failures. We exercise little or no control over these third parties, which increases our vulnerability to problems with their systems. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs. Any interruption or breach in our systems could adversely affect our business operations or result in the loss of critical or sensitive confidential information or intellectual property, and could result in financial, legal, business and reputational harm to us or allow third parties to gain material, inside information that they use to trade in our securities. ~~For example, the loss of clinical trial data from completed or ongoing clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data.~~ To the extent that any disruption or security breach results in a loss of or damage to our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability, the further development of our ~~current~~ **cosmetic products** and future product candidates could be delayed and our business could be otherwise adversely affected. ~~38 We will need to grow the size of our organization in the future, and we may experience difficulties in managing this growth.~~ As of ~~December 31~~ **March 15** , ~~2022~~ **2024** , we ~~had ten~~ **have nine** full- time employees and ~~six~~ **one** part- time ~~employees~~ **employee** ~~, although upon closing of the Business Combination, we anticipate that we will have twelve full- time employees and seven part- time employees~~ . We will need to grow the size of our organization in order to support our continued development and **commercialization of our cosmetic products and** potential commercialization of our product candidates **in the future** . As our development and commercialization plans and strategies continue to develop, our need for additional managerial, operational, manufacturing, sales, marketing, financial and other resources ~~may~~ **will** increase. Our management, personnel and systems currently in place ~~may~~ **will** not be adequate to support this future growth. Future growth would impose significant added responsibilities on members of management, including: • ~~managing~~ **Managing** our **clinical validation and any future** clinical trials effectively; • identifying, recruiting, maintaining, motivating and integrating additional employees; • managing our internal development efforts effectively while complying with our contractual obligations to licensors, licensees, contractors and other third parties; • improving our managerial, development, operational, information technology, and finance systems; and expanding our facilities. If our operations expand, we will also need to manage additional relationships with various strategic partners, suppliers and other third parties. Our future financial performance and our ability to commercialize our **cosmetic products and** product ~~candidate~~ **candidates** and to compete effectively will depend, in part, on our ability to manage any future growth effectively, as well as our ability to develop a sales and marketing force when appropriate for our company. To that end, we must be able to manage our development efforts and preclinical studies and clinical trials effectively and hire, train and integrate additional management, research and development, manufacturing, administrative and sales and marketing personnel. The failure to accomplish any of these tasks could prevent us from successfully growing our company. **We expect to continue** ~~Product liability lawsuits against us could cause us~~ to incur **increased costs as a result of operating as a public company and our management will be required to devote** substantial ~~liabilities~~ **time to compliance initiatives and corporate governance practices. As a public company, we incur and expect to continue to incur additional significant legal, accounting and other expenses in relation to our status as a public reporting company. We expect that these expenses will further increase after we are no longer** ~~and~~ **an emerging growth company. We may need** to ~~limit commercialization~~ **hire**

additional accounting, finance and other personnel in connection with our continuing efforts to comply with the requirements of **being a public company, and our management and other personnel will need to continue to devote a substantial amount of time towards maintaining compliance with these requirements. In addition, the Sarbanes- Oxley Act of 2002 and rules subsequently implemented by the SEC and Nasdaq have imposed various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time- consuming and costly. If we market products in a manner that violates healthcare laws, we may be subject to civil or criminal penalties. Although our products are not currently covered by** any ~~products that we may develop. We face an inherent risk of product liability exposure related to the testing of our current product candidates or future product candidates in human clinical trials and will face an even greater risk if we commercially sell any product candidates that we may develop and for which we receive approval. Product liability claims may be brought against us by subjects enrolled in our clinical trials, patients, healthcare providers or others using, administering or selling our product. If we cannot successfully defend ourselves against claims that our product candidate or product caused injuries, we could incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in: • decreased demand for any product candidates that we may develop and for which we receive approval; • termination of clinical trial sites or entire clinical trial programs; • injury to our reputation and significant negative media attention; • withdrawal of clinical trial participants; • significant costs to defend the related litigation; • substantial monetary awards to trial subjects or patients; • loss of revenue; • diversion of management and scientific resources from our business operations; and • the inability to commercialize any product candidates that we may develop and for which we receive approval. Prior to engaging in future clinical trials, we intend to obtain product liability insurance coverage at a level that we believe is customary for similarly situated companies and adequate to provide us with insurance coverage for foreseeable risks; however, we may be unable to obtain such coverage at a reasonable cost, if at all. If we are able to obtain product liability insurance, we may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise and such insurance may not be adequate to cover all liabilities that we may incur. Furthermore, we intend to expand our insurance coverage for 39 products to include the sale of commercial products if we obtain regulatory approval for our product candidate in development, but we may be unable to obtain commercially reasonable product liability insurance for any products that receive regulatory approval. Large judgments have been awarded in class action lawsuits based on devices that had unanticipated side effects. A successful product liability claim or series of claims brought against us, particularly if judgments exceed our insurance coverage, could decrease our cash and adversely affect our business. Risks Related to Healthcare Compliance Regulations Our relationships with customers and** third-party ~~payors~~ **payor ~~will~~, including any commercial payor or government healthcare program, we may nonetheless** be subject to ~~applicable~~ **federal and state healthcare laws, including fraud and abuse,** anti- kickback, ~~fraud~~ **false claims** and ~~abuse~~ **transparency laws with respect to payments or other transfers of value made to physicians** and other healthcare ~~laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings. If we or they are unable to comply with these provisions, we may become subject to civil and criminal investigations and proceedings that could have a material adverse effect on our business, financial condition and prospects. Although we do not currently have any products on the market, our current and future operations may be directly, or indirectly through our relationships with investigators, health care~~ professionals ~~, customers and third- party payors, subject to various U. S. federal and state healthcare laws and regulations. Healthcare providers, physicians and others play a primary role in the recommendation and prescription of any therapies for which we may obtain marketing approval~~. These laws **may** impact, among other things, ~~our research activities and proposed~~ **financial arrangements with physicians,** sales, marketing and education programs and ~~constrain~~ **the manner in which any of those activities are implemented. If our operations are found to be in violation of any of those laws or any other applicable governmental regulations, we may be subject to penalties, including civil and criminal penalties, damages, fines, imprisonment, exclusion from government healthcare programs or the curtailment or restructuring of operations, any of which could adversely affect our ability to operate** our business and **our** financial **condition** ~~arrangements and relationships with third- party payors, healthcare professionals who participate in our clinical research program, healthcare professionals and others who recommend, purchase, or provide our approved therapies, and other parties through which we market, sell and distribute our therapies for which we obtain marketing approval~~. In addition, we may be subject to patient data privacy and security regulation by both the U. S. federal government and the states ~~in which we conduct our business, along with foreign regulators (including European data protection authorities). Finally, our current and future operations are subject to additional healthcare- related statutory and regulatory requirements and enforcement by foreign regulatory authorities in jurisdictions~~ in which we conduct our business. The scope and enforcement of each of these laws is uncertain and subject to rapid change in the current environment of healthcare reform. Federal and state enforcement bodies have recently increased their scrutiny of interactions between healthcare companies and healthcare providers, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry. Even if precautions are taken, it is possible that governmental authorities will conclude that our business practices including compensation of physicians with stock or stock options, could, despite efforts to comply, be subject to challenge under current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment ~~, exclusion of drugs from government funded healthcare programs, such as Medicare and Medicaid~~, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non- compliance with these laws, reputational harm and the curtailment or restructuring of our operations. If any of the physicians or other healthcare providers or entities with

whom we expect to do business is found not to be in compliance with applicable laws, that person or entity may be subject to significant criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs. Prohibitions or restrictions on sales or withdrawal of future marketed products could materially affect our business in an adverse way. Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management' s attention from the operation of our business. The shifting compliance environment and the need to build and maintain robust and expandable systems to comply with multiple jurisdictions with different compliance or reporting requirements increases the possibility that a healthcare company may run afoul of one or more of the requirements. ~~RISKS RELATED TO NEW CARMELL AND THE NEW CARMELL COMMON STOCK FOLLOWING THE BUSINESS COMBINATION~~ **As compliance with healthcare regulations becomes more costly and difficult for us or our consumers, we may be unable to grow our business. Participants in the healthcare industry are subject to extensive and frequently changing regulations under numerous laws administered by governmental entities at the federal, state, local and foreign levels, some of which are, and others of which may be, applicable to our business.** The **healthcare market itself is highly regulated and subject to changing political, economic and regulatory influences. Failure to keep up and comply with such requirements may subject us to significant costs, sanctions, or penalties. For example, regulations implemented pursuant to the Health Insurance Portability and Accountability Act, or HIPAA, including regulations governing the privacy and security of individually identifiable health information held by healthcare providers and their business associates may require us to make significant and unplanned enhancements of software applications or services, result in delays or cancellations of orders, cause us to be subject to significant penalties or fines for violations, or result in the revocation of endorsement of our products and services by healthcare participants, among others. In addition, significant changes to the regulatory requirements for cosmetic products are scheduled in the next several years. On December 29, 2022, Congress enacted MoCRA that adds significant new regulatory requirements to cosmetic products. Some of the requirements became applicable on December 29, 2023, although many of the requirements, such as those relating to labeling, will become applicable in 2024 and 2025. For example, cosmetic manufacturing and processing facilities will need to be registered with FDA, and products will need to be listed with FDA. Adulterated or misbranded cosmetic products will be subject to recalls that are mandated by FDA, similar to medical devices. In addition, a responsible person will be required to report any serious adverse events that result from the use of a cosmetic product manufactured, packaged, or distributed by the associated entity, and the records relating to each adverse event report will be required to be kept for six years. Notably, MoCRA requires FDA to promulgate proposed rules for Good Manufacturing Practices for cosmetic products by December 29, 2024, and final rules by December 29, 2025. Subsequently, compliance with such GMP requirements will become mandatory for manufacturers of cosmetic products. Additionally, cosmetic labels will need to identify the responsible person for the purpose of serious adverse event reporting, and cosmetic labels will also need to identify fragrance allergens. We, as the manufacturer, and our products, will become subject to these requirements, and will need to expend capital to ensure that our manufacturing practices and labeling processes are compliant. Additionally, we may need to hire additional personnel to implement the adverse event reporting procedures and to ensure compliance with these new requirements. There may be certain challenges to compliance with these requirements and failure to comply may result in enforcement actions from FDA and other regulatory agencies that could disrupt our business operations. Risks Related to our Common Stock The stock market in general and the market for cosmetics companies in particular, have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. The market** price **for our** ~~of New Carmell common~~ **Common** ~~stock~~ **Stock may be influenced by** ~~may~~ **many** ~~be volatile. The price of New Carmell common stock may fluctuate due to a variety of~~ factors, including: • ~~actual~~ **commercialization and sales of** ~~or~~ **our products** ~~anticipated fluctuations in its quarterly and annual results and those of other public companies in industry~~ ; • ~~mergers and strategic alliances in~~ the ~~industry~~ **results of our efforts to discover, develop, acquire or** in ~~which it operates~~ **license products or product candidates, if any** ; • **failure or discontinuation of any of our research programs** ~~market prices and conditions in the industry in which it operates; 40 • changes in government regulation~~ ; • **actual or anticipated results from,** ~~the impact of the COVID- 19 pandemic on New Carmell' s business~~ and ~~operations~~ **any delays in, any future clinical validation, testing or clinical trials, as well as results of regulatory reviews relating to the approval of any product candidates we may choose to develop** ; • ~~potential~~ **the level of expenses related to any products or product candidates that we may choose to develop or clinical development programs we may choose to pursue; • disputes or other developments relating to proprietary rights, including patents, litigation matters and** ~~or~~ **our** ~~actual military conflicts~~ **ability to obtain patent protection** ~~or~~ **for our technologies** ~~acts of terrorism~~ ; • announcements ~~concerning New Carmell~~ **by us or** ~~or~~ **our** ~~its~~ **competitors of significant acquisitions, strategic partnerships, joint ventures and capital commitments; • additions or departures of key scientific or management personnel; • variations in our financial results or those of companies that are perceived to be similar to us; • new products, product candidates or new uses for existing products introduced or announced by our competitors, and the timing of these introductions or announcements; • results of clinical validation, testing or clinical trials of products or product candidates of our** competitors; ~~and~~ • ~~the~~ general ~~state of~~ **economic and market conditions and** ~~the~~ **other factors that may be unrelated to our operating performance or the operating performance of our competitors, including changes in market valuations of similar companies; • regulatory or legal developments in the United States and other countries; • changes in the structure of healthcare payment systems; • conditions or trends in the cosmetics industries; • actual or anticipated changes in earnings estimates, development timelines or recommendations by** securities ~~markets. These market~~ **analysts; • announcement or expectation of additional financing efforts; • sales of Common Stock by us or our stockholders in the future, as well as the overall trading volume**

of our Common Stock; and ~~industry~~ **• the other** factors ~~may~~ **described in this " Risk Factors " section. In the past, following periods of volatility in companies' stock prices, securities class- action litigation has often been instituted against such companies. Such litigation, if instituted against us, could result in substantial costs and diversion of management' s attention and resources, which could** materially ~~reduce~~ **and adversely affect our business and financial condition. Future resales of Common Stock may cause** the market price of ~~New Carmell~~ **our securities to drop significantly, even if our business is doing well. Sales of a substantial number of shares of our** ~~common~~ **Common** ~~stock~~ **Stock** ~~, regardless of New Carmell' s operating performance. Reports published by analysts, including projections~~ in ~~those~~ ~~--~~ **the** ~~reports~~ **public market could occur at any time. These sales, or the perception in the market** that ~~differ from New Carmell' s actual results~~ **the holders of a large number of shares intend to sell shares** , could **reduce** ~~adversely affect the price and trading volume of New Carmell common stock. the Company currently expects that securities research analysts will establish and publish their own periodic projections for the business of New Carmell. These projections may vary widely and may not accurately predict the results New Carmell actually achieves. New Carmell' s stock price may decline if its actual results do not match the projections of these securities research analysts. Similarly, if one or more of the analysts who write reports on New Carmell downgrades its stock or publishes inaccurate or unfavorable research about its business, New Carmell' s stock price could decline. If one or more of these analysts ceases coverage of New Carmell or fails to publish reports on New Carmell regularly, its stock price or trading volume could decline. While the Company expects research analyst coverage following the Business Combination, if no analysts commence coverage of New Carmell, the trading price and volume for New Carmell common stock could be adversely affected. New Carmell may issue additional shares of common stock or other equity securities without your approval, which would dilute your ownership interests and may depress~~ the market price of **our** ~~New Carmell common~~ **Common** ~~stock~~ **Stock** . ~~Upon consummation of~~ **As restrictions on resale end and registration statements for** the ~~Business Combination, New Carmell will~~ **sale of the shares held by parties who** have ~~warrants outstanding to purchase up to an aggregate~~ **contractual registration rights are available for use, the sale or possibility** of **sale of these** shares **could** ~~of New Carmell common stock and former Carmell options and warrants outstanding to purchase up to our aggregate shares of New Carmell common stock, based on its outstanding options and warrants as of the Record Date. Under the 2023 Plan, New Carmell will also~~ have the ~~ability to issue a number of shares equal to 4 % of the shares of New Carmell common stock issued and outstanding immediately after the Closing (assuming the 2023 Plan is approved by the Company stockholders at the Special Meeting). In addition, such aggregate number of shares under the 2023 Plan will automatically increase on January 1 of each year commencing January 1, 2024, in an amount equal to 4 %, of the number of shares of New Carmell' s capital stock outstanding on December 31 of the preceding year, unless the New Carmell Board acts prior to January 1 of a given year to provide that the increase for such year will be a lesser number. New Carmell may also issue additional shares of common stock or other equity securities of equal or senior rank in the future in connection with, among other things, future acquisitions or repayment of outstanding indebtedness, without stockholder approval, in a number of circumstances. New Carmell' s issuance of additional shares of common stock or other equity securities of equal or senior rank would have the following effects~~ - **effect** : ~~• the Company' s existing stockholders' proportionate ownership interest in New Carmell will decrease; • the amount~~ of **increasing** ~~cash available per share, including for payment of dividends in~~ the **volatility in** ~~future, may decrease; • the relative voting strength of each previously outstanding share of common stock may be diminished; and •~~ the market price of **our** ~~New Carmell' s shares of common~~ **Common** ~~stock~~ **Stock** ~~may decline. The obligations associated with being a public company will involve significant expenses and will require significant resources and management attention~~ , **or decreasing** ~~which may divert from New Carmell' s business operations. As a public company, New Carmell will become subject to the reporting requirements of the Exchange Act and the Sarbanes- Oxley Act. The Exchange Act requires the filing of annual, quarterly and current reports with respect to a public company' s business and financial condition. The Sarbanes- Oxley Act requires, among other~~ -- **the market price itself** ~~things, that a public company establish and maintain effective internal control over financial reporting~~ . As a result **of any such decreases in price of our Common Stock** , ~~New Carmell will~~ **purchasers who acquire shares of our Common Stock may lose some or all of their investment. Any significant downward pressure on the price of our Common Stock as the selling stockholders sell the shares of our Common Stock, or the prospect of such shares could encourage short sales by the selling stockholders or others. Any such short sales could place further downward pressure on the price of our Common Stock. We are required to register the issuance of the shares underlying the warrants issued in the IPO. We may** incur ~~significant legal, accounting~~ **substantial costs in connection with such registration statement** and ~~other~~ ~~--~~ **the** ~~expenses that Carmell did~~ **issuance of such shares may result in dilution to holders of our Common Stock and the issuance of any such shares upon a cashless exercise of the warrants would** not **result in the receipt by us of** ~~previously incur. New Carmell' s entire management team and many~~ ~~--~~ **any** ~~of its~~ **cash proceeds thereof. Pursuant to** ~~other~~ ~~--~~ **the** ~~employees will need to devote substantial time to compliance~~ **warrant agreement entered into upon closing of the IPO** , **we agreed to file a registration statement with the SEC to register the issuance of the shares of Common Stock upon exercise of the warrants issued in the IPO. We prepared** and ~~may~~ **filed such registration statement on August 7, 2023. The registration statement was** not **declared** ~~effectively~~ ~~--~~ **effective by** ~~or efficiently manage its transition into a public company. 41 These rules and regulations will result in New Carmell incurring substantial legal and financial compliance costs and will make some activities more time- consuming and costly. For example, these~~ ~~--~~ **the 60th business day following** ~~rules and regulations will likely make it more difficult and more expensive for New Carmell to obtain director and officer liability insurance, and it may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain~~ the ~~same or similar coverage~~ **closing of the Business Combination** . As a result, ~~it~~ **until such registration statement is declared effective by the SEC, such warrants** may be ~~difficult~~ **exercised by the holders thereof on a cashless basis. We have incurred substantial costs in connection with the filing of the registration statement. We will be required to amend the registration statement to include certain financial statements of AxoBio and to update certain financial and other**

information since the date of the original filing of the registration statement. We may incur substantial costs in connection with such amendment and completion of the SEC review process. In addition, for ~~New Carmell to attract and~~ **as long as the warrants** ~~retain~~ **remain exercisable** ~~qualified people to serve~~ on ~~its board~~ **a cashless basis until the effectiveness** of ~~directors~~ **the registration statement** , ~~its board committees~~ **we would not be able to receive any cash proceeds from the exercise thereof, preventing such potential proceeds from improving** ~~or~~ **our liquidity position** ~~as executive officers~~ . ~~New Carmell will be~~ **Any shares issuable upon exercise of the warrants, for cash or on a cashless basis, would also increase the number of shares outstanding and available for sale, which could result in downward pressure on the price of our Common Stock. We are** an " emerging growth company **,** " and ~~it cannot be certain if~~ the reduced disclosure requirements applicable to emerging growth companies ~~will~~ **may** make **our** ~~the New Carmell common~~ **Common** ~~stock~~ **Stock** less attractive to investors **. We are** ~~and~~ - **an " emerging growth** ~~may make it more difficult to compare performance with other public companies~~ **company , " as defined in the Jumpstart Our Business Startups Act (the " JOBS Act ")** . ~~New Carmell will be~~ **For so long as we remain** an emerging growth company ~~as defined in the JOBS Act~~ , **we will be permitted to** and ~~it intends~~ - **intend** to **rely on** ~~take advantage of certain~~ exemptions from ~~various reporting~~ **certain disclosure** requirements that are applicable to other public companies that are not emerging growth companies ~~,~~ **. These exemptions** ~~including~~ **include : •** not being required to comply with the auditor attestation requirements **in** ~~of Section 404 of~~ the ~~Sarbanes-Oxley Act,~~ **assessment of our internal control over financial reporting; • not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor' s report providing additional information about the audit and the financial statements; •** reduced disclosure obligations regarding executive compensation **;** ~~in 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. **We may choose to take advantage of some, but not all, of the available exemptions. We cannot predict whether** ~~Investors~~ **investors** ~~may~~ **will** find **our** ~~the New Carmell common~~ **Common** ~~stock~~ **Stock** less attractive **if we** ~~because New Carmell will continue to~~ rely on these exemptions. If some investors find **our** ~~the New Carmell common~~ **Common** ~~stock~~ **Stock** less attractive as a result, there may be a less active trading market for ~~their~~ **our** ~~common~~ **Common** ~~stock~~ **Stock** ~~,~~ and the **price of our Common** ~~stock~~ **Stock** price may be more volatile. **We do** ~~An emerging growth company may elect to delay the adoption of new or revised accounting standards. With the Company making this election, Section 102 (b) (2) of the JOBS Act allows New Carmell to delay adoption of new or revised accounting standards until those standards apply to non- public business entities. If New Carmell fails to maintain an effective system of internal control over financial reporting, it may~~ not **anticipate paying any cash dividends on** ~~be able to accurately report its financial results or~~ **our** ~~prevent fraud~~ **capital stock in the foreseeable future; capital appreciation, if any, will be your sole source of gain as a holder of our Common Stock** . ~~As~~ **We have never declared or paid cash dividends on shares of our capital stock. We currently plan to retain all of our future earnings, if any, and any cash received as** a result **of future financings to** ~~, stockholders could lose confidence in New Carmell' s financial~~ **finance** ~~and other~~ -- **the growth and development of our** ~~public reporting, which would harm its~~ business ~~and the trading price of the New Carmell common stock~~ . **Accordingly** ~~Effective internal control over financial reporting is necessary for New Carmell to provide reliable financial reports and~~ , **capital appreciation** ~~together with adequate disclosure controls and procedures~~ , **if** ~~are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause New Carmell to fail to meet its reporting obligations. In addition,~~ any ~~testing by New Carmell conducted in connection with Section 404 of the Sarbanes- Oxley Act~~ , ~~or any subsequent testing by New Carmell' s independent registered public accounting firm, may reveal deficiencies in New Carmell' s internal control over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to New Carmell' s financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in New Carmell' s reported financial information, which could have a negative effect on the trading price~~ of ~~the New Carmell common stock. New Carmell will be required to disclose changes made in its internal controls and procedures on a quarterly basis and its management will be required to assess the effectiveness of these controls annually. However, for as long as New Carmell is an emerging growth company under the JOBS Act, its independent registered public accounting firm will not be required to attest to the effectiveness of its internal control over financial reporting pursuant to Section 404 of the Sarbanes- Oxley Act. New Carmell could be an emerging growth company for up to five years from the last day of the fiscal year of the Company' s Initial Public Offering. An independent assessment of the effectiveness of New Carmell' s internal control over financial reporting could detect problems that New Carmell' s management' s assessment might not. Undetected material weaknesses in New Carmell' s internal control over financial reporting could lead to financial statement restatements and require New Carmell to incur the expense of remediation. The Proposed Charter will designate a state or federal court located within the State of Delaware as the exclusive forum for substantially all disputes between New Carmell and its stockholders, and also provide that the federal district courts in Delaware will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act or the Exchange Act, each of which could limit the ability of New Carmell' s stockholders to choose the judicial forum for disputes with New Carmell or its directors, officers, or employees. The Proposed Charter, which will become effective upon the Closing, will provide that, unless New Carmell consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of New Carmell, (ii) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, employee or agent of New Carmell to New Carmell or its stockholders, (iii) any action or proceeding asserting a claim against New Carmell arising pursuant to any provision of the DGCL, or the Proposed Charter or the Bylaws (iv) any action or proceeding asserting a claim as to which the DGCL confers jurisdiction upon the Court of Chancery of the State of Delaware or (v) any action asserting a claim that is governed by the internal affairs doctrine shall be the Court of Chancery of the State of**

~~Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware), in all cases subject to the court having jurisdiction over indispensable parties named as defendants. 42 If a suit is brought outside of Delaware, the stockholder bringing the suit will be deemed to have consented to service of process on such stockholder's counsel, subject to certain exceptions. This provision also does not apply for any claims made under the Securities Act and the rules and regulations issued thereunder, for which the U. S. federal courts will be the exclusive forum unless New Carmell agrees otherwise in writing. This exclusive- forum provision may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with New Carmell or its directors, officers, or other employees, which may discourage lawsuits against New Carmell and its directors, officers, and other employees. If a court were to find the exclusive- forum provision to be inapplicable or unenforceable in an action, New Carmell may incur additional costs associated with resolving the dispute in other jurisdictions, which could harm its results of operations. RISKS RELATED TO THE COMPANY, THE BUSINESS COMBINATION AND REDEMPTIONS The opinion of Cabrillo Advisors, Inc., the Company's financial advisor, does not reflect changes in circumstances between January 3, 2023, the date the opinion was issued, and the Closing. The Company's financial advisor, Cabrillo Advisors, Inc. (" Cabrillo "), rendered an opinion dated January 3, 2023, to the Board that, as of such date, and subject to and based on the considerations referred to in its opinion, (i) the consideration to be paid by the Company in the Business Combination pursuant to the Business Combination Agreement was fair to the Company, from a financial point of view, and (ii) the fair market value of Carmell implied by the various financial analyses Cabrillo conducted in connection with its opinion equaled or exceeded 80 % of the amount held by the Company in trust for the benefit of its Public Stockholders (excluding any deferred underwriters' fees and taxes payable on the income earned on the Trust Account). The opinion was based on economic, market and other conditions in effect on, and the information made available to it as of, the date thereof. Changes in the operations and prospects of Carmell, general market and economic conditions and other factors on which Cabrillo's opinion was based, may significantly alter the value of Carmell at the time the Business Combination is completed. The opinion does not speak as of the time the Business Combination will be completed or as of any date other than the date of such opinion. The Company and Carmell will incur significant transaction and transition costs in connection with the Business Combination. The Company and Carmell have both incurred and expect to incur significant, non- recurring costs in connection with consummating the Business Combination and operating as a public company following the consummation of the Business Combination. The Company and Carmell may also incur additional costs to retain key employees. Certain transaction expenses incurred in connection with the Business Combination, including all legal, accounting, consulting, investment banking and other fees, expenses and costs, will be paid by New Carmell following the closing of the Business Combination. The Company will not have any right to make damage claims against Carmell or Carmell's stockholders for the breach of any representation, warranty or covenant made by Carmell in the Business Combination Agreement. The Business Combination Agreement provides that all of the representations, warranties and covenants of the parties contained therein shall not survive the Closing, except for those covenants that by their terms apply or are to be performed in whole or in part after the Closing, and then only with respect to breaches occurring after Closing. Accordingly, there are no remedies available to the parties with respect to any breach of the representations, warranties, covenants or agreements of the parties to the Business Combination Agreement after the Closing of the Business Combination, except for covenants to be performed in whole or in part after the Closing. As a result, the Company will have no remedy available to it if the Business Combination is consummated and it is later revealed that there was a breach of any of the representations, warranties and covenants made by Carmell at the time of the Business Combination. Subsequent to the Closing, New Carmell may be required to take write- downs or write- offs, restructuring and impairment or other charges that could have a significant negative effect on its financial condition, results of operations and stock price, which could cause you to lose some or all of your~~ **our** ~~investment. Although the Company has conducted due diligence on Carmell, the Company cannot assure you that this diligence revealed all material issues that may be present in Carmell's business, that it would be possible to uncover all material issues through a customary amount of due diligence, or that factors outside of the Company's and Carmell's control will not later arise. As a result, after the Closing, New Carmell may be forced to later write- down or write- off assets, restructure its operations, or incur impairment or other 43 charges that could result in losses. Even if the Company's due diligence successfully identifies certain risks, unexpected risks may arise and previously known risks may materialize in a manner not consistent with the Company's preliminary risk analysis. Even though these charges may be non- cash items and may not have an immediate impact on New Carmell's liquidity, the fact that New Carmell may charges of this nature could contribute to negative market perceptions about the Combined Company's securities. In addition, charges of this nature may cause New Carmell to be unable to obtain future financing on favorable terms or at all. Accordingly, any the Company stockholder who chooses to remain a stockholder of the Combined Company 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 unless they are able to successfully claim that the reduction was due to the breach by the Company's officers or directors of a duty of care or other fiduciary duty owed to them, or if they are able to successfully bring a private claim under securities laws that the proxy solicitation relating to the Business Combination contained an actionable material misstatement or material omission. The Sponsor and the Company's officers and directors own the Company~~ Common Stock ~~and Warrants that~~ will be **the sole source of gain** ~~worthless and have incurred reimbursable expenses that may not be reimbursed or~~ **for holders of** ~~repaid if the Business Combination is not approved. Such interests may have influenced their decision to approve the Business Combination with Carmell. The Sponsor and the Company's officers and directors and / or~~ **our Common Stock** ~~their affiliates beneficially own or~~ **for** ~~have~~ **the foreseeable future. If we were to be delisted from Nasdaq, it could reduce the visibility, liquidity and price of our Common Stock. There are various quantitative listing requirements for** a **company** ~~pecuniary interest in Founder Shares and additional securities that they purchased in the concurrent private placement. The holders have no redemption rights with respect~~ to ~~these securities in the event~~ **remain listed on Nasdaq, including maintaining** a **minimum bid** ~~business combination is not effected~~

in the required time period. Therefore, if the Business Combination with Carmell or another business combination is not approved within the required time period, such securities held by such persons will be worthless. Furthermore, the Sponsor and the Company' s officers and directors and their affiliates are entitled to reimbursement of out- of- pocket expenses incurred by them in connection with certain activities on the Company' s behalf, such as identifying and investigating possible business targets and business combinations. Any such expenses will be repaid upon completion of the Business Combination with Carmell. As of the date hereof, no such reimbursable expenses have been incurred. If any such expenses are incurred, however, if the Company fails to consummate the Business Combination, they will not have any claim against the Trust Account for repayment or reimbursement. Accordingly, the Company may not be able to repay or reimburse these amounts if the Business Combination is not completed. These financial interests may have influenced the decision of the Company' s directors to approve the Business Combination with Carmell and to continue to pursue such Business Combination. In considering the recommendations of the Company' s Board to vote for the Business Combination Proposal and other proposals, the Company' s stockholders should consider these interests. The Public Stockholders will experience immediate dilution as a consequence of the issuance of New Carmell common stock as consideration in the Business Combination. In accordance with the terms and subject to the conditions of the Business Combination Agreement, at the Closing, (i) each outstanding share of Carmell common stock will be cancelled and converted into the right to receive a number of shares of New Carmell common stock equal to the Exchange Ratio (as defined in the Business Combination Agreement); (ii) each outstanding share of Carmell preferred stock will be cancelled and converted into the right to receive a number of shares of New Carmell common stock equal to (A) the aggregate number of shares of Carmell common stock that would be issued upon conversion of the shares of Carmell preferred stock based on the applicable conversion ratio immediately prior to the Closing, multiplied by (B) the Exchange Ratio; and (iii) each outstanding Carmell option or warrant will be converted into an option or warrant, as applicable, to purchase a number of shares of New Carmell common stock equal to (A) the number of shares of Carmell common stock subject to such option or warrant multiplied by (B) the Exchange Ratio at an exercise price per share equal to the current exercise price per share for such option or warrant divided by the Exchange Ratio; in each case, rounded down to the nearest whole share. The issuance of additional New Carmell common stock will significantly dilute the equity interests of existing holders of the Company securities, and may adversely affect prevailing market prices for the New Carmell common stock and / or New Carmell warrants. Warrants will become exercisable for New Carmell common stock, which would increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders. If the Business Combination is completed, outstanding Warrants will become exercisable for shares of New Carmell common stock in accordance with the terms of the warrant agreement governing those securities. These Warrants will become exercisable 30 days after the completion of the Business Combination. The exercise price of these Warrants will be $ **1** 11. 50 per share. To the extent such Warrants are exercised, additional shares of New Carmell common stock will be issued, which will result in dilution to the holders of New Carmell common stock and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market or the fact that such Warrants may be exercised could adversely affect the market price of New Carmell common stock. However, there is no guarantee that the Warrants will ever be in the money prior to their expiration, and as such, the Warrants may expire worthless. 44 Even if the Business Combination is consummated, the Public Warrants may never be in the money, and they may expire worthless, and the terms of the Public Warrants may be amended in a manner adverse to a holder if holders of at least 50 % of the then outstanding Public Warrants approve of such amendment. The Warrants were issued in registered form under a warrant agreement between Continental, as warrant agent, and the Company. 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 or correct any mistake, but requires the approval by the holders of at least 50 % of the then- outstanding Public Warrants (as defined herein) to make any change that adversely affects the interests of the registered holders of Public Warrants. Accordingly, the Company 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 and, solely with respect to any amendment to the terms of the Warrants sold as part of the Units in the concurrent private placement (the " Private Placement Warrants ") or any provision of the warrant agreement with respect to the Private Placement Warrants, holders of at least 50 % of the number of the then outstanding Private Placement Warrants. Although the Company' s 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, convert the Warrants into cash, shorten the exercise period or decrease the number of shares of New Carmell common stock purchasable upon exercise of a Warrant. The Company may redeem your unexpired Public Warrants prior to their exercise at a time that is disadvantageous to you, thereby making your Public Warrants worthless. The Company has the ability to redeem outstanding Public 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 the New Carmell common stock equals or exceeds $ 18. 00 per share (as adjusted for share subdivisions, share dividends, rights issuances, subdivisions, reorganizations, recapitalizations and the like) for any 20 trading days within a 30 trading- day period ending on the third trading day prior to the date the Company sends the notice of redemption to the holders thereof. If and when the Public Warrants become redeemable by the Company, the Company may exercise its redemption right even if the Company is unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding Public Warrants could force you to: (i) exercise your Public Warrants and pay the exercise price therefor at a time when it may be disadvantageous for you to do so; (ii) sell your Public Warrants at the then- current market price when you might otherwise wish to hold your Public Warrants; or (iii) accept the nominal redemption price which, at the time the outstanding Public Warrants are called for redemption, is likely to be substantially less than the market value of your Public Warrants. The value received upon exercise of the Public Warrants (1) may be less than the value the holders would have received if they had exercised their Public Warrants at a later time where the

~~underlying share price is higher and (2) may not compensate the holders for the value of the Public Warrants. The Private Placement Warrants are not subject to the same risk of redemption as the Public Warrants as the Private Placement Warrants are not redeemable so long as they are held by the Sponsor, the underwriters or their permitted transferees. If the Private Placement Warrants are held by holders other than the Sponsor, the underwriters or their permitted transferees, the Private Placement Warrants will be redeemable by the Company. The exercise of the Company' s directors' and officers' discretion in agreeing to changes or waivers in the terms of the Business Combination may result in a conflict of interest when determining whether such changes to the terms of the Business Combination or waivers of conditions are appropriate and in the best interests of the Company' s stockholders. In the period leading up to the Closing events may occur that, pursuant to the Business Combination Agreement, would require the Company to agree to amend the Business Combination Agreement, to consent to certain actions taken by Carmell or to waive rights that the Company is entitled to under the Business Combination Agreement. Such events could arise because of changes in the course of Carmell' s business, a request by Carmell to undertake actions that would otherwise be prohibited by the terms of the Business Combination Agreement or the occurrence of other events that would have a material adverse effect on Carmell' s business and would entitle the Company to terminate the Business Combination Agreement. In any of such circumstances, it would be at the Company' s discretion, acting through its Board, to grant its consent or waive those rights. The existence of the financial and personal interests of the directors described in the preceding risk factors may result in a conflict of interest on the part of one or more of the directors between what he, she or they may believe is best for the Company and what he, she or they may believe is best for himself, herself or themselves in determining whether or not to take the requested action. 45 If the Company is unable to complete the Business Combination with Carmell or another business combination by July 29, 2023 (or such later date as may be approved by the Company' s stockholders), the Company will cease all operations except for the purpose of winding up, redeeming 100 % of the outstanding Public Shares for cash and, subject to the approval of its remaining stockholders and its Board, dissolving and liquidating. In such event, third parties may bring claims against the Company and, as a result, the proceeds held in the Trust Account could be reduced and the per- share liquidation price received by stockholders could be less than $ 10. 00 per share. Under the terms of the Current Charter the Company must complete the Business Combination with Carmell or another business combination by July 29, 2023 (or such later date as may be approved by the Company stockholders in an~~ **and Nasdaq equity standards** ~~amendment to its Current Charter), or the Company must cease all operations except for the purpose of winding up, redeeming 100 % of the outstanding Public Shares for cash and, subject to the approval of its remaining stockholders and its Board, dissolving and liquidating. In such event, third parties may bring claims against the Company. Although the Company seeks waiver agreements from certain vendors and service providers it has engaged and owes money to, and the prospective target businesses it has negotiated with, whereby such parties will waive any right, title, interest or claim of any kind they may have in or to any monies held in the Trust Account, there is no guarantee that vendors, regardless of whether they execute such waivers, will not seek recourse against the Trust Account notwithstanding such agreements. Furthermore, there is no guarantee that a court will uphold the validity of such agreements. Accordingly, the proceeds held in the Trust Account could be subject to claims which could take priority over those of the Public Stockholders. If the Company is unable to complete a business combination within the required time period, the Sponsor has agreed that it will be liable under certain circumstances described herein to ensure that the proceeds in the Trust Account are not reduced by the claims of target businesses or claims of vendors or other entities that are owed money by the Company for services rendered or contracted for or products sold to the Company. However, the Sponsor may not be able to meet such obligation as its only assets are securities of the Company. Therefore, the per- share distribution from the Trust Account in such a situation may be less than $ 10. 00 due to such claims. Additionally, if the Company is forced to file a bankruptcy case or an involuntary bankruptcy case is filed against it which is not dismissed, or if the Company otherwise enters compulsory or court supervised liquidation, the proceeds held in the Trust Account could be subject to applicable bankruptcy law, and may be included in its bankruptcy estate and subject to the claims of third parties with priority over the claims of the Company' s stockholders. To the extent any bankruptcy claims deplete the Trust Account, the Company may not be able to return to its Public Stockholders at least $ 10. 00 per share of the Company Common Stock. The Company' s stockholders may be held liable for claims by third parties against the Company to the extent of distributions received by them. If the Company is unable to complete the Business Combination with Carmell or another business combination within the required time period, the Company 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 100 % of the outstanding Public Shares for cash, which redemption will completely extinguish the 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 its remaining stockholders and its Board, dissolve and liquidate, subject (in the case of (ii) and (iii) above) to its obligations under Delaware law to provide for claims of creditors and the requirements of other applicable law. the Company cannot assure you that it will properly assess all claims that may potentially be brought against the Company. As such, the Company' s stockholders could potentially be liable for any claims to the extent of distributions received by them (but no more) and any liability of its stockholders may extend well beyond the third anniversary of the date of distribution. Accordingly, the Company cannot assure you that third parties will not seek to recover from its stockholders amounts owed to them by the Company. If the Company is forced to file a bankruptcy case or an involuntary bankruptcy case is filed against it which 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 the Company' s stockholders. Furthermore, because the Company intends to distribute the proceeds held in the Trust Account to its Public Stockholders promptly after the expiration of the time period to complete a business combination, this may be viewed or interpreted as giving preference to its Public Stockholders over any potential creditors with respect to access to or distributions from its assets. Furthermore, the Company' s Board may be viewed as having~~

~~breached its fiduciary duties to its creditors and / or may have acted in bad faith, thereby exposing itself and Carmell to claims of punitive damages, by paying Public Stockholders from the Trust Account prior to addressing the claims of creditors. the Company cannot assure you that claims will not be brought against it for these reasons. Activities taken by existing the Company stockholders to increase the likelihood of approval of the Business Combination Proposal and the other Proposals could have a depressive effect on the Company Common Stock. At any time prior to the Special Meeting of the Company' s stockholders to approve the Business Combination, during a period when they are not then aware of any material nonpublic information regarding the Company or its securities, the Sponsor, the Company' s officers, directors and stockholders from prior to the Initial Public Offering, Carmell or Carmell' s stockholders and / or their respective 46 affiliates may purchase shares from institutional and other investors who vote, or indicate an intention to vote, against the Business Combination Proposal, or execute agreements to purchase such shares from such investors in the future, or they may enter into transactions with such investors and others to provide them with incentives to acquire the Company Common Stock or vote their shares in favor of the Business Combination Proposal. The purpose of such share purchases and other transactions would be to increase the likelihood of satisfaction of the requirements to consummate the Business Combination where it appears that such requirements would otherwise not be met. Entering into any such arrangements may have a depressive effect on the Company Common Stock. For example, as a result of these arrangements, an investor or holder may have the ability to effectively purchase shares at a price lower than market and may therefore be more likely to sell the shares he, she or it owns, either prior to or immediately after the Special Meeting~~ . There is no guarantee that **we will be able to continue complying with the minimum bid price rule, the minimum equity standard or other Nasdaq requirements. Provisions in our amended and restated certificate of incorporation and Delaware law may inhibit** a ~~stockholder' s decision whether to redeem~~ **takeover of us, which could limit their** ~~--~~ **the** ~~shares of~~ **price investors might be willing to pay in** the ~~Company~~ **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 ~~a pro rata portion of the Trust Account will put the stockholder in a better future economic position. The Company can give no assurance as to the price at which a stockholder may be able to sell its Public Shares in the future following the completion of the Business Combination or any alternative business combination. Certain events following the consummation of any initial business combination, including the Business Combination, may cause an increase in the Company' s share price, and may result in a lower value realized now than a stockholder of the Company might realize in the future had the stockholder redeemed their shares. Similarly, if a stockholder does not redeem their shares, the stockholder will bear the risk of ownership of the Public Shares after the consummation of any initial business combination, including the Business Combination, and there can be no assurance that a stockholder can sell its shares in the future for a greater amount than the redemption price. A stockholder should consult the stockholder' s tax and / or financial advisor for assistance on how this may affect his, her or its individual situation. If you or a " group " of stockholders of which you are a part are deemed to hold an aggregate of more than 20 % of the Company Common Stock issued in the Initial Public Offering, you (or, if a member of such a group, all of the members of such group in the aggregate) will lose the ability to redeem all such shares in excess of 20 % of common stock issued in the Initial Public Offering. A Public Stockholder, together with any of his, her or its affiliates or any other person with whom he, she or it is acting in concert or as a " group " (as defined under Section 13 of the Exchange Act), will be restricted from redeeming in the aggregate his, her or its shares or, if part of such a group, the group' s shares, in an amount in excess of 20 % of the Class A Common Stock included in the Units sold in the Initial Public Offering. In order to determine whether a stockholder is acting in concert or as a group with another stockholder, the Company will require each Public Stockholder seeking to exercise redemption rights to certify to the Company whether such stockholder is acting in concert or as a group with any other stockholder. Such certifications, together with other public information relating to stock ownership available to the Company at that time, such as Section 13D, Section 13G and Section 16 filings under the Exchange Act, will be the sole basis on which the Company makes the above- referenced determination. Your~~ - **our** ~~inability to redeem any such excess shares will reduce your influence over the Company' s ability to consummate the Business Combination and you could suffer a material loss on your investment in the Company if you sell such excess shares in open market transactions. Additionally, you will not receive redemption distributions with respect to such excess shares if the Company consummates the Business Combination. As a result, you will continue to hold that number of shares aggregating to more than 20 % of the shares sold in the Initial Public Offering and, in order to dispose of such excess shares, would be required to sell your stock in open market transactions, potentially at a loss. the Company cannot assure you that the value of such excess shares will appreciate over time following the Business Combination or that the market price of New Carmell common stock will exceed the per- share redemption price. Notwithstanding the foregoing, stockholders may challenge the Company' s determination as to whether a stockholder is acting in concert or as a group with another stockholder in a court of competent jurisdiction. However, the Company' s stockholders' ability to vote all of their shares (including such excess shares) for or against the Business Combination is not restricted by this limitation on redemption. The Warrants are accounted for as liabilities and the changes in value of the Warrants could have a material effect on the Company' s 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 Warrants. As a result of the SEC Statement, the Company reevaluated the accounting treatment of its Warrants and determined to classify the~~

~~Warrants as derivative liabilities measured at fair value, with changes in fair value each period reported in earnings. 47 As a result, included on the Company' s balance sheet as of December 31, 2021 and 2022 contained elsewhere this Annual Report are derivative liabilities related to embedded features contained within the 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 gain or loss related to the change in the fair value being recognized in earnings in the statement of operations. As a result of the recurring fair value measurement, the Company' s financial statements and results of operations may fluctuate quarterly, based on factors, which are outside of its control. Due to the recurring fair value measurement, the Company expects that it will recognize non- cash gains or losses on the Warrants each reporting period and that the amount of such gains or losses could be material. The Company may be subject to the excise tax included in the Inflation Reduction Act of 2022 in connection with redemptions of the Company Common Stock on or after January 1, 2023. On August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022 (H. R. 5376), which, among other things, imposes a 1 % excise tax on certain domestic corporations that repurchase their stock on or after January 1, 2023 (the " Excise Tax "). The Excise Tax is imposed on the fair market value of the repurchased stock, with certain exceptions. The Excise Tax is expected to apply to any redemptions of the Company Class A Common Stock occurring on or after January 1, 2023, including redemptions in connection with the Business Combination, unless an exemption is available. Issuances of~~ securities ~~in connection with the Business Combination (including the PIPE Investment at the time of the Business Combination) are expected to reduce the amount of the Excise Tax in connection with redemptions occurring in the same calendar year, but the fair market value of securities redeemed may exceed the fair market value of securities issued. In addition, the Company may be required to use funds from sources other than the Trust Account to pay the Excise Tax, and such amounts could be material. The per share value of New Carmell Common Stock is expected to be less than the per share value of the Trust Account. Although the parties to the Business Combination have deemed the value of New Carmell common stock to be equal to $ 10. 00 per share for determining the number of New Carmell common stock issuable to holders of Carmell common stock, the cash value per share of New Carmell common stock following the Business Combination is expected to be substantially less than $ 10. 00 per share. Accordingly, Public Stockholders who do not exercise redemption rights will receive New Carmell common stock that is expected to have a value substantially less than the amount they would receive upon exercise of redemption rights. In addition, the shares of most companies that have recently completed business combinations between a special purpose acquisition company and an operating company have traded at prices substantially below $ 10. 00 per share. Public Stockholders who do not exercise redemptions right may hold securities that never obtain a value equal to or exceeding the per share value of the Trust Account~~ . We are **also** subject to ~~SPAC Rule Proposals relating to how~~ **anti- takeover provisions under Delaware law, which could delay or prevent a change of control. Together** ~~the~~ **these** ~~funds in~~ **provisions may make** the **removal** ~~Trust Account currently being held. With respect to the regulation~~ of ~~special purpose acquisition companies like the Company (" SPACs "), on March~~ **management more difficult and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities.** 30 ~~, 2022, the SEC issued proposed rules (the " SPAC Rule Proposals ") relating to, among other items, disclosures in business combination transactions involving SPACs and private operating companies; the condensed financial statement requirements applicable to transactions involving shell companies; the use of projections by SPACs in SEC filings in connection with proposed business combination transactions; the potential liability of certain participants in proposed business combination transactions; and the extent to which SPACs could become subject to regulation under the Investment Company Act of 1940, as amended (the " Investment Company Act "), including a proposed rule that would provide SPACs a safe harbor from treatment as an investment company if they satisfy certain conditions that limit a SPAC' s duration, asset composition, business purpose and activities. The funds in the Trust Account have, since our IPO, been held only in U. S. government treasury obligations with a maturity of 185 days or less or in money market funds investing solely in U. S. government treasury obligations and meeting certain conditions under Rule 2a- 7 under the Investment Company Act. However, to mitigate the risk of us being deemed to have been operating as an unregistered investment company (including under the subjective test of Section 3 (a) (1) (A) of the Investment Company Act), we may, and likely will, on or prior to the 24- month anniversary of the effective date of the registration statement filed in connection with our IPO (the " IPO Registration Statement "), should our Company continue to exist to such date, instruct Continental, the trustee with respect to the Trust Account, to liquidate the U. S. government treasury obligations or money market funds held in the Trust Account and thereafter to hold all funds in the Trust Account in cash until the earlier of consummation of our initial business combination or liquidation. As a result, following such liquidation, we will likely receive minimal interest, if any, on the funds held in the Trust Account, which would reduce the dollar amount our public shareholders would receive upon any redemption or liquidation of the Company. 48~~