

Risk Factors Comparison 2023-03-31 to 2022-03-31 Form: 10-K

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

As a smaller reporting company **under Rule 12b-2 of the Exchange Act**, we are not required to include risk factors in this Report. However, below is a partial list of material risks, uncertainties and other factors that could have a material effect on the Company and its operations, **including the Infinite Reality Business Combination if and when it is completed**: • we are a blank check ~~Company~~ **company** with no revenue or basis to evaluate our ability to select a suitable business target; • we may not be able to **complete our initial business combination with Infinite Reality Business Combination or** ~~select and complete our initial business combination with~~ an appropriate **alternative** target business or businesses ~~and complete our initial business combination~~ in the prescribed time frame; • ~~as the number of special purpose acquisition companies increases,~~ there may be more competition to find an attractive target for an initial business combination; this could increase the costs associated with completing our initial business combination and may result in our inability to find a suitable target for our initial business combination; • ~~we may attempt to simultaneously complete business combinations with multiple prospective targets,~~ which may hinder our ability to complete our initial business combination and give rise to increased costs and risks that could negatively impact our operations and profitability; • ~~resources could be wasted in researching acquisitions that are not completed,~~ which could materially adversely affect subsequent attempts to locate and acquire or merge with another business; • ~~our expectations around the performance of a prospective target business or businesses,~~ **including Infinite Reality** may not be realized; • ~~we may attempt to complete our initial business combination with a private company about which little information is available,~~ which may result in a business combination with a company that is not as profitable as we suspected, if at all; • we may not be successful in retaining or recruiting required officers, key employees or directors following our initial business combination; • our officers and directors may have difficulties allocating their time between the Company and other businesses and may potentially have conflicts of interest with our business or in approving our initial business combination; • we may not be able to obtain additional financing to complete our initial business combination or reduce the number of ~~shareholders~~ **stockholders** requesting redemption; • we may issue our shares to investors in connection with our initial business combination at a price that is less than the prevailing market price of our shares at that time; • you may not be given the opportunity to choose the initial business target or to vote on the initial business combination; • trust account funds may not be protected against third party claims or bankruptcy; • an active market for our public securities ²may not develop and you will have limited liquidity and trading; • the availability to us of funds from interest income on the trust account balance may be insufficient to operate our business prior to the business combination; • our financial performance following a business combination with an entity may be negatively affected by their lack an established record of revenue, cash flows and experienced management; • changes in the market for directors and officers liability insurance could make it more difficult and more expensive for us to negotiate and complete an initial business combination; • we **may attempt to simultaneously complete business combinations with multiple prospective targets, which may hinder our ability to complete our initial business combination and give rise to increased costs and risks that could negatively impact our operations and profitability;** • we have engaged EBC to assist us in connection with our initial business combination. EBC is entitled to receive a cash fee for such services in an aggregate amount equal to up to 3.5% of the total gross proceeds of our initial public offering only if we consummate our initial business combination. The private shares and private warrants purchased by ~~EarlyBirdCapital~~ **EBC** or its designees and the representative shares will also be worthless if we do not consummate an initial business combination. These financial incentives may cause ~~them~~ **EBC** to have potential conflicts of interest in rendering any such additional services to us **after the initial public offering**, including, for example, in connection with the sourcing and consummation of an initial business combination; • we may attempt to complete our initial business combination with a private company, **like Infinite Reality**, about which little information is available, which may result in a business combination with a company that is not as profitable as we suspected, if at all; • ~~if we~~ **our private warrants** are deemed to be **accounted for as derivative liabilities** ~~an~~ **and are recorded at fair value upon issuance with changes in fair value each period reported in earnings** investment company under the Investment Company Act, we may be required to institute burdensome compliance requirements and our activities may be restricted, which **may have an adverse effect on the market price of our common stock or** may make it **more** difficult for us to **consummate** complete our initial business combination; • ~~our public stockholders may not be afforded an opportunity to vote on our proposed initial business combination,~~ which means we may complete our initial business combination even though a majority of our public stockholders do not support such a combination; • ~~if we seek stockholder approval of our initial business combination, our initial stockholders have agreed to vote in favor of such initial business combination, regardless of how our public stockholders vote;~~ • since our initial stockholders will lose their entire investment in us if our initial business combination is not completed (other than with respect to any public shares they may acquire during or after ~~our~~ **the** initial public offering), and because our sponsor, officers and directors may profit substantially even under circumstances in which our public stockholders would experience losses in connection with their investment, a conflict of interest may arise in determining whether a particular business combination target is appropriate for our initial business combination; • changes in laws or regulations or how such laws or regulations are interpreted or applied, or a failure to comply with any laws or regulations, may adversely affect our business, including our ability to negotiate and complete our initial business combination, and results of operations; ~~20~~ • **the value of the founder shares following completion of our initial business combination is likely to be substantially higher than the nominal price paid for them, even if the trading price of our common stock at such time is substantially less than \$ 10.00 per share;** • resources could

be wasted in researching acquisitions that are not completed, which could materially adversely affect subsequent attempts to locate and acquire or merge with another business. If we have not completed our initial business combination within the Combination Period, our public stockholders may receive only approximately \$ 10.12 per share (based on the amount in trust account as of December 31, 2022), or less than such amount in certain circumstances, on the liquidation of our trust account and our warrants will expire worthless; • the SEC has recently issued proposed rules relating to certain activities of SPACs. Certain of the procedures that we, a potential business combination target, or others may determine to undertake in connection with such proposals may increase our costs and the time needed to complete our initial business combination and may constrain the circumstances under which we could complete an initial business combination. The need for compliance with such proposals may cause us to liquidate the funds in the trust account or liquidate the Company at an earlier time than we might otherwise choose; 26 • if we are deemed to be an investment company for purposes of the Investment Company Act, we would be required to institute burdensome compliance requirements and our activities would be severely restricted. As a result, in such circumstances, unless we are able to modify our activities so that we would not be deemed an investment company, we may abandon our efforts to complete an initial business combination and instead liquidate the Company; • to mitigate the risk that we might be deemed to be an investment company for purposes of the Investment Company Act, we will instruct the trustee to liquidate the investments held in the trust account and instead to hold the funds in the trust account in an interest bearing demand deposit account until the earlier of the consummation of our initial business combination or our liquidation. As a result, following the liquidation of investments in the trust account, we would likely receive less interest on the funds held in the trust account, which would likely reduce the dollar amount our public stockholders would receive upon any redemption or liquidation of the Company; • we may not be able to complete an initial business combination with certain potential target companies if a proposed transaction with the target company may be subject to review or approval by regulatory authorities pursuant to certain U. S. or foreign laws or regulations, including the Committee on Foreign Investment in the United States (“CFIUS”). In the United States, certain mergers that may affect competition may require certain filings and review by the Department of Justice and the Federal Trade Commission, and investments or acquisitions that may affect national security are subject to review by CFIUS. CFIUS is an interagency committee authorized to review certain transactions involving foreign investment in the United States by foreign persons in order to determine the effect of such transactions on the national security of the United States. Therefore, because we may be considered a “foreign person” under such rules and regulations, we could be subject to foreign ownership restrictions and / or CFIUS review if our proposed initial business combination is between us and a U. S. target company engaged in a regulated industry or which may affect national security; • recent increases in inflation and interest rates in the United States and elsewhere could make it more difficult for us to consummate an initial business combination; • military conflict in Ukraine or elsewhere may lead to increased price volatility for publicly traded securities, which could make it more difficult for us to consummate an initial business combination; • a 1 % U. S. federal excise tax may be imposed on us in connection with our redemptions of shares in connection with a business combination or other stockholder vote pursuant to which stockholders would have a right to submit their shares for redemption; • there is substantial doubt about our ability to continue as a “going concern”; • we have identified a material weakness in our internal control over financial reporting as of December 31, 2022. If we are unable to develop and maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and operating results; • financial instruments that potentially subject the Company to concentration of credit risk consist of cash accounts in a financial institution which, at times, may exceed the federal depository insurance coverage of \$ 0.25 million. The Company has not experienced losses on these accounts and management believes the Company is not exposed to significant risks on such accounts. • as the number of special purpose acquisition companies increases, there may be more competition to find an attractive target for an initial business combination; this could increase the costs associated with completing our initial business combination and may result in our inability to find a suitable target for our initial business combination; and • if the funds held outside of our trust account are insufficient to allow us to operate until the end of the Combination Period, our ability to complete an initial business combination may be adversely affected. 27