Risk Factors Comparison 2024-04-01 to 2023-03-31 Form: 10-K

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

In addition to the other information in this Form 10- K, shareholders or prospective investors should carefully consider the following risk factors when evaluating Petros. If any of the events described below occurs, our business, financial condition, results of operations and future growth prospects could be adversely affected. Risks Related to Petros' Capital Requirements and Financing Our **consolidated** financial statements have been prepared on a going concern basis; we must raise additional capital to fund our operations in order to continue as a going concern. In its report dated ~~March 31~~ **April 1** , ~~2023~~ **2024** , ~~EisnerAmper~~ **Marcum** LLP, our independent registered public accounting firm, expressed substantial doubt about our ability to continue as a going concern as we have suffered recurring losses from operations and have insufficient liquidity to fund our future operations. If we are unable to improve our liquidity position, we may not be able to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might result if we are unable to continue as a going concern and, therefore, be required to realize our assets and discharge our liabilities other than in the normal course of business which could cause investors to suffer the loss of all or a substantial portion of their investment. As of December 31, ~~2022~~ **2023** , we had approximately $ ~~9~~ **13** . ~~4~~ **3** million of cash. In order to have sufficient cash to fund our operations in the future, we will need to raise additional equity or debt capital and cannot provide any assurance that we will be successful in doing so. If are unable to raise sufficient capital to fund our operations, we may need to delay, reduce or eliminate certain research and development programs or other operations, sell some or all of our assets or merge with another entity. Petros has incurred significant losses and may continue to experience losses in the future. Petros had a net loss of $ ~~20~~ **8** . ~~0~~ **2** million for the year ended December 31, ~~2022~~ **2023** , and a net loss of $ ~~9~~ **20** . 0 million for the year ended December 31, ~~2021~~ **2022** . As of and for the year ended December 31, ~~2022~~ **2023** , Petros used funds in operations of approximately $ ~~12~~ **7** . ~~8~~ **6** million and had an accumulated deficit of $ ~~90~~ **98** . ~~7~~ **9** million. While Petros had available cash of approximately $ ~~9~~ **13** . ~~4~~ **3** million at December 31, ~~2022~~ **2023** , it cannot predict if it will achieve profitability soon or at all. Petros expects to continue to expend substantial financial and other resources on, among other things: ● sales and marketing; ● investments in hiring key personnel; ● successful completion and commercialization of our OTC strategies; ~~● possible development, regulatory approval and commercialization of H100 ™ for the treatment of Peyronie' s disease;~~ and ● general administration, including legal, accounting and other expenses. Petros may not generate sufficient revenue to offset such costs to achieve or sustain profitability in the future. Petros expects to continue to invest in its operations and product and business development to maintain and grow its current market position and to meet its expanded reporting and compliance obligations as a public company. Petros expects its operating losses to continue in the near term in order to carry out its strategic objectives. Petros considers historical operating results, capital resources and financial position, and current projections and estimates as part of its plan to fund operations over a reasonable period of time. Petros believes that based on these factors, along with our projections for ~~2023~~ **2024** , that the available cash on hand is not sufficient to fund its operations through at least ~~March~~ **April 1** , ~~31, 2024~~ **2025** . We expect to require additional capital in the future in order to develop our products, fund operations, and otherwise implement our business strategy. If we do not obtain any such additional financing, it may be difficult to effectively realize our long- term strategic goals and objectives. We will require additional financing to further develop and market our products, fund operations, and otherwise implement our business strategy. Our current cash resources will not be sufficient to fund these activities. We are exploring additional ways to raise capital, but we cannot assure you that we will be able to raise capital. The timing and probability of obtaining sufficient capital depends, in part, on expanding the use of Stendra ® and continuing to invest in research and development pursuant to our Non- Prescription ~~/ Over- The- Counter (" OTC ")~~ strategies related to Stendra ®. Should Petros not be successful with our OTC strategies, it could have a material adverse impact on our operations and **consolidated** financial statements. Our failure to raise capital as and when needed would have a material adverse impact on our financial condition, our ability to meet our obligations, and our ability to pursue our business strategies and may require us to delay, reduce or eliminate certain research and development programs or other operations, sell some or all of our assets or merge with another entity. Any additional capital raised through the sale of equity or equity- backed securities may dilute our stockholders' ownership percentages and could also result in a decrease in the market value of our equity securities. The terms of any securities issued by us in future capital transactions may be more favorable to new investors, and may include preferences, superior voting rights and the issuance of warrants or other derivative securities, which may have a further dilutive effect on the holders of any of our securities then outstanding. In addition, we may incur substantial costs in pursuing future capital financing, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. We may also be required to recognize non- cash expenses in connection with certain securities we issue, such as convertible notes and warrants, which may adversely impact our financial condition. Petros' consolidated balance sheet contains significant amounts of intangible assets **,** and a decline in the fair value of an intangible asset could result in an asset impairment charge, such as the recent impairment charges related to our Stendra product. Petros' intangible assets, including developed technology rights and brands, face risks for impairment and charges related to such assets, which may be significant. If we are unable to meet our revenue projections, including successfully implementing our Stendra ® OTC strategies, we will have an impairment to our intangible assets. We recorded a significant intangible asset impairment charge related to the Stendra ® product in 2022. Should net revenue not meet projections through the December 2029 estimated useful life of the Stendra ® product, Petros may need to record additional impairment charges. Risks Related to Petros' Business, Industry and **OperationsPublic health crises** ~~OperationsThe impact of the COVID- 19 pandemic on Petros' operations, and the operations of its partners, suppliers and~~

logistics providers, could significantly disrupt its operations and may materially and adversely affect its our business and , financial conditions -- condition and results of operations . Our Petros' business could be adversely impacted by the effects of future pandemics, the coronavirus or other epidemics or infectious disease outbreaks . In January 2020, the World Health Organization (" WHO ") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (" COVID- 19 ") and the risks to the international community . The WHO declared COVID- 19 a global pandemic on March 11, 2020, and in response many quarantines, limitations on business activity and shelter- in- place mandates were instituted. Although most of the restrictions and other measures which were instituted in response to the initial outbreak of COVID- 19 have been subsequently reduced or lifted, the COVID- 19 pandemic has had negative effects remains highly unpredictable and dynamic, and its duration and extent continue to be dependent on various developments the health of the U. S. economy , and such as the other emergence of new variants to the virus that may cause additional dangers to public health ; crises could have similar effects in the administration and future. We cannot reasonably ultimate estimate effectiveness of vaccines, and the length or severity eventual timeline to achieve a sufficient level of herd immunity among the impact that general population. Accordingly, the COVID- 19 pandemic may continue to have negative effects on the health of the U. S. economy in the future. We cannot reasonably estimate the length or severity of the impact that the COVID- 19 pandemic , including the emergence of any new variants , will have on its financial results, and the Company may experience a material adverse impact on its sales, results of operations, and cash flows in fiscal 2023 2024 and beyond. 11Petros is actively assessing The emergence of another pandemic, epidemic or infectious disease outbreak, and responding where possible any required or voluntary actions to help limit the potential spread of illness, could impact our ability to carry out our business and may materially adversely impact global economic conditions, our business, financial condition and results of operations the COVID- 19 pandemic . The extent to which the COVID- 19 a future pandemic, an epidemic or an infectious disease outbreak impacts its our business , including its operations, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the pandemic and the actions taken to contain or treat such the coronavirus pandemic . The continued spread of the coronavirus globally could materially and adversely impact Petros' business including without limitation , epidemic or outbreak supply chain and manufacturing matters, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry advisers and personnel, and other factors that will depend on future developments beyond its control, which may have a material and adverse effect on its business, financial condition and results of operations . We 10We depend on a limited number of customers for a significant portion of our sales and the loss of, or a significant shortfall in demand from, these customers could have a material adverse effect on our financial condition and operating results. We generate a significant amount of sales from a limited number of customers. For the year ended December 31, 2022 2023 , four 3 customers accounted for approximately 80 60 % of our consolidated gross billings, and four 4 main customers collectively accounted for approximately 92 93 % of Stendra ® gross billings. Gross billings is a non- GAAP financial measure. For a reconciliation of net sales to gross billings, see the section titled " Reconciliation of Non- GAAP Financial Measures " below. We expect that sales to relatively few customers will continue to account for a significant percentage of our net revenues in future periods. However, these customers or any of our other customers may not continue to purchase our products at current levels, pricing, or at all, and our revenue could fluctuate significantly due to changes in economic conditions, the success of our competitors' products, or the loss of, reduction of business with, or less favorable terms with any of our largest customers. We have not entered into purchase agreements with any of these customers, and therefore, these customers are not subject to minimum purchase orders or have any contractual obligations to purchase our products. If we were to lose one of our key customers or have a key customer significantly reduce its volume of business with us, our revenues may be materially reduced, which would materially and adversely affect our business, financial condition, and cash flows and projections. Petros recorded net sales of approximately $ 2. 7 3 million of Stendra ® in 2022 2023 , which accounted for 45 39 . 6 3 % of Petros' total revenues in 2022 2023 . Events having a material adverse effect on Stendra ® sales may result in a significant adverse impact on our revenues . The success of Petros' business currently depends on the successful continued commercialization, including achieving the requisite regulatory approval to market, distribute, and sell its main product, Stendra ®, as a nonprescription OTC drug. Petros may not be successful in commercializing Stendra ® beyond its current level. Additionally, if Stendra ® were to become subject to problems such as loss of patent protection, changes in prescription growth rates, material product liability litigation, unexpected side effects, regulatory proceedings, publicity affecting doctor or patient confidence, pressure from existing competitive products, changes in labeling, pricing and access pressures, supply shortages or, if a new, more effective treatment should be introduced, there would be an adverse impact on Petros' revenues, which could be significant. 12Petros -- Petros is subject to ongoing obligations under a settlement agreement relating to the termination of a commercial supply agreement with Vivus. On January 18, 2022, Petros (through its wholly- owned subsidiary) and Vivus entered into a Settlement Agreement (the " Vivus Settlement Agreement ") related to the minimum purchase requirements under the Vivus Supply Agreement in 2018, 2019 and 2020 and certain reimbursement rights asserted by a third- party retailer in connection with quantities of the Company' s Stendra ® product that were delivered to the third- party retailer and later returned. In connection with the Vivus Settlement Agreement, Petros executed an interest- bearing promissory note (the " Note ") in favor of Vivus in the principal amount of $ 10, 201, 758. The parties also entered into a Security Agreement to secure Petros' obligations under the Note. In addition to the payments to be made in accordance with the Note, the Company further agreed in the Vivus Settlement Agreement to (i) grant to Vivus a right of first refusal to provide certain types of debt and convertible equity (but not preferred equity) financing issued by or to Metuchen (including any subsidiaries and intermediaries) until the Note is paid in full, and (ii) undertake to make certain regulatory submissions to effectuate Vivus' ability to exercise its rights under the License Agreement. On January 18, 2022, the Company made a prepayment of the obligations under the Note in the amount of $ 900, 000 and a payment of $ 1, 542, 904 with respect to the purchase order made in 2021 to Vivus. In consideration of these payments and upon the Company' s satisfaction

of certain regulatory submissions Vivus released 50 % of the quantity of bulk Stendra ® tablets under the Company' s existing open purchase order (the " Open Purchase Order ") being held by Vivus, which ~~represents~~ **represented** approximately a six-month supply of inventory. ~~Under~~ **Pursuant to** the Vivus Settlement Agreement Vivus also ~~agreed to release~~ **released** the remaining 50 % of the quantity of bulk Stendra ® tablets under the Open Purchase Order **later in the first quarter of 2022** upon the Company' s satisfaction of the remaining regulatory submission requirements **. The Company recorded** ~~(not to exceed 180 days from~~ the ~~date~~ **impact** of **this transaction, including the gain, in the first quarter of 2022. Pursuant to** the Vivus Settlement Agreement ~~). If Petros fails to make any of the required payments under the Vivus Settlement Agreement or the Note, or if Petros fails to successfully execute the required regulatory submissions, it may be unable to obtain sufficient quantity of Stendra ® API to meet market demand. The Company recorded the impact of this transaction, including the gain, in the first quarter of 2022. Pursuant to the Vivus Settlement Agreement~~ , the parties also executed ~~an~~ Amendment No. 1 to the License Agreement (the " Amendment "). The Amendment provides that Vivus shall retain its co- exclusive right along with the Company to develop, manufacture, commercialize and otherwise exploit the Stendra ® product in the territory covered by the License Agreement, provided that Vivus shall not exercise such right unless an Event of Default occurs under the Vivus Settlement Agreement, the Note, or the Security Agreement. The Amendment further provides that, upon such an Event of Default, the License Agreement will terminate and Vivus will have the right to use all regulatory documentation and submissions of Metuchen and other rights as may be necessary for Vivus to exercise its right to exploit the Stendra ® product. The Amendment also acknowledges that Metuchen has assigned its rights under the License Agreement ~~to~~ **11to** Vivus as a " financing entity " and provides that such rights may be assigned in certain circumstances. If the Company fails to perform its obligations under the Vivus Settlement Agreement or the amended License Agreement, the Company may forfeit its rights under the License Agreement and be unable to exploit the Stendra ® product. We may experience delays or problems in the supply of Stendra ® if Patheon experiences delays in or fails to establish and validate its ability to manufacture supply of the Company' s Stendra ® product, which could materially and adversely affect our ability to obtain sufficient quantity of Stendra ® API to meet market demand. Petros, through its subsidiary Metuchen, entered into a Technology Transfer Service Agreement on January 20, 2022, with Patheon Pharmaceuticals Inc., part of Thermo Fisher Scientific (" Patheon "), pursuant to which the Company and Patheon agreed to collaborate as strategic partners for commercial production of Stendra ® tablets at Patheon' s facilities in Cincinnati, Ohio. Under the Agreement, Patheon or one of its affiliates will provide pharmaceutical development and technology transfer services in order to establish and validate its ability to manufacture supply of the Company' s Stendra ® product. The manufacture of pharmaceutical products requires significant expertise and capital investment, including the development of process controls required to consistently produce the active pharmaceutical ingredients, or API, the finished drug product and packaging in sufficient quantities while meeting detailed product specifications on a repeated basis. ~~Because Patheon is manufacturing Stendra ® for the first time,~~ Patheon may encounter difficulties in production, such as difficulties with production costs and yields, process controls, quality control and quality assurance, including testing of stability, impurities and impurity levels and other product specifications by validated test methods, compliance with strictly enforced United States, state and non- United States regulations, and disruptions or delays caused by man- made or natural disasters, pandemics or epidemics, or other business interruptions, including, for example, the COVID- 19 pandemic. If Patheon encounters these or any other manufacturing, quality or compliance difficulties, this may delay or prevent it from providing the Company with sufficient quantity of Stendra ® tablets to meet commercial demand. In addition, if Patheon fails or refuses to supply us with Stendra ® API for any reason, it would take a significant amount of time and expense to engage a new supplier. ~~13Petros~~ -- **Petros** relies on a combination of several different channels to promote its products to physicians and patients in the United States and internationally. Petros currently relies on a variety of channels to market and sell its products, including: ● sales representatives who promote Stendra ® directly to high- volume physician prescribers of ED therapies and target physicians at trade associations; ● online digital strategies, including search engine optimization and targeted advertisements, target physicians and consumers; ● targeting of managed care organizations to deliver value- based contracts and improve placement for Stendra ® on approved drug lists; ● collaboration with specialty pharmacies that provide personalized service to physicians and patients, including discreet shipping to patients' homes; and ● direct marketing of our medical devices to urology offices domestically and internationally. Petros will continue to depend on these strategies, partners and distribution channels in order to promote and sell its products. Petros cannot assure you that these strategies will enable it to successfully market and sell its products. Failure to successfully market and sell its products would have a material adverse effect on Petros' business, financial condition and results of operations. ~~Petros~~ **12Petros** is substantially dependent on a limited number of commercial products. Any difficulties or delays in product manufacturing, regulatory compliance, sales or marketing could affect Petros' future results. Petros' ability to achieve its business objectives is directly dependent on its ability to get its products to market, and any delays or difficulties in manufacturing, regulatory compliance, sales or marketing could have an adverse impact, including but not limited to the following types of events: ● failure to predict market demand for, or to gain market acceptance of, approved products; ● failure to comply with applicable regulatory requirements, which could result in costly and disruptive enforcement actions, or otherwise require costly and disruptive corrective actions; ● delays, unavailability, or undetected defects with respect to product manufacturing materials; ● failure to maintain appropriate quality standards throughout the internal and external supply network or comply with cGMPs or other regulations; ● failure to ~~establishment~~ ---- **establish** and maintain ~~of~~ adequate health care coverage and reimbursement; ● failure to establish and maintain market demand and acceptance for Petros' products through marketing and sales activities, and any other arrangements to promote these products; ● failure to adequately train sales and marketing personnel regarding regulatory compliance matters and any exposure that Petros may face due to noncompliance of such personnel; ● failure to establish and maintain agreements with wholesalers, distributors, and group purchasing organizations on commercially reasonable terms; ● failure to manufacture products in sufficient quantities and at acceptable quality and manufacturing cost to meet commercial demand; ~~14~~ ● failure to effectively compete with other products on the

market; ● failure to maintain a continued acceptable product safety and efficacy profile; ● interruptions to supply chain continuity or commercial operations as a result of man- made or natural disasters; and ● failure to maintain supply chain integrity against intentional and criminal acts. The FDA may determine that Petros' products or product candidates have undesirable side effects that could result in regulatory action, impede commercialization, or delay or prevent their regulatory approval. Undesirable side effects caused by Petros' products or product candidates could adversely and materially harm the business. Undesirable side effects could limit Petros' ability to commercialize the products, could result in product liability suits, and could result in regulatory actions, such as, but not limited to withdrawal of the products from the market, withdrawal of marketing approvals, safety communications or warnings, revisions to product labeling to add warnings or other precautions, or prompt regulators to require that Petros implement risk mitigation steps, such as post- approval studies, Risk Evaluation and Mitigation Strategy (" REMS "), and / or other strategies. Undesirable side effects could impact the ability of the Petros to complete product development, may require that development be limited to certain uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk- benefit perspective, could cause Petros, an Institutional Review Board (" IRB "), or other reviewing entities 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 the FDA or other comparable foreign authorities. Undesirable side effects caused by or any unexpected characteristics for product candidates could also result in denial of regulatory approval by the FDA or other comparable foreign ~~authorities~~ **13authorities** for any or all targeted indications or the inclusion of unfavorable information in product labeling, such as limitations on the indicated uses or populations for which the products may be marketed or distributed, a label with significant safety warnings, including boxed warnings, contraindications, and precautions, a label without statements necessary or desirable for successful commercialization, or may result in requirements for costly post- marketing testing and surveillance, or other requirements, including REMS, to monitor the safety or efficacy of the products. Should any of the foregoing occur, Petros' business, financial condition or results of operations may be materially harmed. Petros relies on third parties for the supply of the raw materials necessary to develop and manufacture its products. Petros is dependent on third parties for the supply of the raw materials necessary to develop and manufacture its products, including the active and inactive pharmaceutical ingredients used in its products. Petros is required to identify the supplier of all the raw materials for all FDA- approved products that it acquires from others. If raw materials for a particular product become unavailable from an approved supplier specified in a drug application, Petros would be required to qualify a substitute supplier with the FDA and ~~,~~ depending on the supplier, provide the FDA with notice or receive FDA approval for the supplier, which would likely delay or interrupt manufacturing of the affected product. Failure of suppliers to meet the applicable regulatory standards could also result in enforcement actions against such suppliers or Petros. These third parties include foreign suppliers. Arrangements with international raw material suppliers are subject to, among other things, FDA regulation, various import duties, foreign currency risk and other government clearances. Acts of governments outside and within the United States may affect the price or availability of raw materials needed for the development or manufacture of Petros' products. In addition, any changes in patent laws in jurisdictions outside the United States may make it increasingly difficult to obtain raw materials for research and development prior to the expiration of the applicable U. S. or foreign patents. Shortages in or interruptions in the supply of raw materials could potentially delay Petros' development programs or result in insufficient product quantities to meet commercial demand. Third- party manufacturers' failure to obtain the raw materials necessary to manufacture sufficient quantities of products and product candidates may have a material adverse effect on Petros' business. ~~15Changes~~ -- **Changes** in product or product candidate manufacturing or formulation may result in additional costs or delay. Any changes to product or product candidate manufacturing or formulation may materially impact Petros' business. For approved products, manufacturing changes may require reporting to and / or approval from the applicable regulatory authorities, including the FDA. Regulatory authorities may require substantial, time consuming, and costly manufacturing work as well as studies to support such changes. Any such changes may also not accomplish the intended outcome. Additionally, changes to product candidate manufacturing during product development may also adversely impact the development program. Changes could cause product candidates to perform differently and affect the results of future studies. Such changes may also require additional testing, studies, FDA notification, or FDA approval. Petros may experience pricing pressure on the price of our products due to social or political pressure to lower the cost of drugs, which would reduce our revenue and future profitability, if achieved. Federal and state health care programs are increasingly focused on the price of prescription drugs and medical devices, including the expanded use of mandatory rebates and discounts and measures that penalize or prohibit price increases over inflation rates. Public and private third- party payers also may not consider Stendra ® or our other products to be medically necessary when prescribed for ED and may decline to cover it. Public and governmental scrutiny over healthcare costs in the United States and the cost of drugs, in particular, have continued to increase since the enactment of the Patient Protection and Affordable Care Act over a decade ago. Further, the U. S. government has indicated a specific, heightened interest in investigating drug- price increases following pharmaceutical companies' acquisitions of the rights to certain drug products and have taken enforcement action in connection therewith in a number of cases. Members of the U. S. Congress have similarly sought information from certain pharmaceutical companies relating to post- acquisition drug- price increases. Petros' revenue and future profitability, if achieved, could be negatively affected if these inquiries were to result in legislative or regulatory proposals that limit its ability to increase the prices of its products. Continued healthcare reform measures will likely continue to impact the pharmaceutical industry. For example, the Biden administration introduced various measures in 2021 focusing on healthcare and drug pricing, in particular. In addition to a number of executive orders intended to combat various aspects of U. S. healthcare costs, there have been several noteworthy legislative enactments. For example, ~~the~~ **14the** American Rescue Plan Act of 2021 was signed into law on March 11, 2021, which, in relevant part, eliminates the statutory Medicaid drug rebate cap, currently set at 100 % of a drug' s average manufacturer price, for single source drugs and innovator multiple source drugs, beginning January 1, 2024. Further, on September 9, 2021, **the Department**

of Health and Human Services (“ HHS **”)** released a “ Comprehensive Plan for Addressing High Drug Prices ” that outlines principles for drug pricing reform and sets out a variety of potential legislative policies that Congress could pursue as well as potential administrative actions HHS can take to advance these principles. And, in August 2022, the Inflation Reduction Act (“ IRA ”) was signed into law, which will, among other things, allow HHS to negotiate the selling price of certain drugs and biologics that the Centers for Medicare & Medicaid Services (“ CMS ”) reimburses under Medicare Part B and Part D, although only high- expenditure single- source drugs that have been approved for at least 7 years (11 years for biologics) can be selected by CMS for negotiation, with the negotiated price taking effect two years after the selection year. The negotiated prices, which will first become effective in 2026, will be capped at a statutory ceiling price. Beginning in October 2023, the IRA ~~will also penalize~~ **penalizes** drug manufacturers that increase prices of Medicare Part B and Part D drugs at a rate greater than the rate of inflation. The IRA permits the Secretary of HHS to implement many of these provisions through guidance, as opposed to regulation, for the initial years. Manufacturers that fail to comply with the IRA may be subject to various penalties, including civil monetary penalties. **In December 2023, the Biden- Harris Administration announced further related initiatives under the IRA to lower prescription costs and increase competition with help from HHS, the Department of Justice (“ DOJ ”), and the FTC.** There is uncertainty as to what healthcare programs and regulations may be implemented or changed at the federal and / or state level in the U. S. or the effect of any future legislation or regulation. However, **in early January 2024, the FDA did approve a plan from Florida to import low- cost drugs from Canada.** ~~such~~ **Such** initiatives could result in downward pressure on the prices of Petros’ products in the future and adversely affect its ability to obtain or maintain approval and / or successfully commercialize drug products and / or medical devices in the United States. Private third- party payers and other managed care entities, such as pharmacy benefit managers, continue to take action to manage the utilization of drugs and control the cost of drugs and medical devices. Consolidation among managed care organizations (“ MCOs ”) has increased the negotiating power of MCOs and other private third- party payers. Private third- party payers increasingly employ formularies to control costs by taking into account discounts in connection with decisions about formulary inclusion or favorable formulary placement. Failure to obtain or maintain timely adequate pricing or favorable formulary placement for our products, or failure to obtain such formulary placement at favorable pricing, could adversely impact revenue. Private third- party payers, including self- insured employers, often implement formularies with copayment tiers to encourage utilization of certain drugs and have also been raising co- payments required from beneficiaries, particularly for branded pharmaceuticals ~~16and~~ -- **and** biotechnology products Managed care also establishes formularies to control the cost of medical supplies. Payers may limit the number of drugs covered in the therapeutic class or sources in supply categories, cover only generic alternatives to drugs in the class, or impose restrictions on reimbursement of a particular drug or drugs in a class or a particular medical device. Private third- party payers are also implementing new initiatives such as “ copay accumulators ” (policies that provide that the value of copay assistance does not count as out- of- pocket costs that are applied toward deductibles) that can shift more of the cost burden to manufacturers and patients. This cost shifting has increased consumer interest and input in medication choices, as they pay for a larger portion of their prescription costs and may cause consumers to favor lower cost generic alternatives to branded pharmaceuticals. As the U. S. payer market consolidates further and as more drugs become available in generic form, biopharmaceutical companies may face greater pricing pressure from private third- party payers, who will continue to drive more of their patients to use lower cost generic alternatives. ~~Products~~ **15Products** may face competition from generic drug products and other similar drug products. If the FDA or comparable foreign regulatory authorities approve generic or similar versions of any of Petros’ products, the sales of Petros’ products could be adversely affected. If any such generic versions of Stendra ® are approved, Stendra ® would become the “ reference listed drug ” in the FDA’ s Orange Book. Other applicants may then seek approval of generic versions of the product through submission of ANDAs in the United States. In support of an ANDA, a generic applicant would not need to conduct full clinical studies. Rather, the applicant generally must show that its product has the same active ingredient (s), dosage form, strength, route of administration, conditions of use and labeling, among other commonalities, as the reference listed drug and that the generic version is bioequivalent to the reference listed drug, meaning it is available at the site of action at the same rate and to the same extent as the reference listed drug. Generic products may be significantly less costly to bring to market than the reference listed drug and companies that produce generic products are generally able to offer them at lower prices ~~,~~ and are generally preferred by third party payers. As a result, the FDA, executive administrations and Congress have taken steps to encourage increased generic drug competition in the market in an effort to bring down drug costs. The recent change in administration and control of the U. S. Senate may result in initiatives to further such competition or downward pricing. Following the introduction of a generic drug, a significant percentage of the sales of any branded product or reference listed drug is typically lost to the generic product. Moreover, in addition to generic competition, Petros could face competition from other companies seeking approval of drug products that are similar to the Company’ s drug products using the 505 (b) (2) regulatory pathway. Such applicants may be able to rely on Petros’ products, other approved drug products or published literature to develop drug products that are similar to Petros’. The introduction of similar drug products could expose our products to increased competition. Any ANDA or 505 (b) (2) applicants would need to submit patent certification statements with their applications for patents that are listed in the FDA’ s Orange Book. There are detailed rules and requirements regarding the patents that may be submitted to the FDA for listing in the Orange Book. Petros may be unable to obtain patents covering its products that contain one or more claims that satisfy the requirements for listing in the Orange Book. Patents not listed in the Orange Book would not receive the protections provided by the Hatch Waxman Act. Moreover, if an ANDA or 505 (b) (2) applicant files a paragraph IV challenge to any patents that Petros may list in the FDA’ s Orange Book and the Company does not file a patent infringement lawsuit within 45 days of receiving notice of a paragraph IV certification, the ANDA or 505 (b) (2) applicant would not be subject to a 30- month stay. Litigation or other proceedings to enforce or defend intellectual property rights, however, would likely be complex in nature, may be expensive and time consuming, may divert management’ s attention, and may result in unfavorable results. Moreover, if any product candidate does

not receive any anticipated periods of regulatory exclusivity, that product candidate may face generic or 505 (b) (2) product competition sooner than anticipated, which could materially and adversely impact Petros' business. Finally, there are already generic versions of other ED drugs on the market against which the Petros drug product competes. As generic products, these products are priced below Petros, presenting the risk that patients and their physicians will opt for those products instead of the Petros brand product. ~~17The~~ -- **The** business that Petros conducts outside the United States may be adversely affected by international risk and uncertainties. Although Petros' operations are based in the United States, it conducts certain business outside the U. S. and expects to continue to do so in the future. Currently, Petros possesses the rights to license, develop, market, sell and distribute Stendra ® in Canada, South America, and India, and its VED products are also marketed internationally. The active pharmaceutical ingredient for Stendra ® is produced in France and shipped to the United States in tablet form for packaging. One of the manufacturers of our medical devices is based in China, and Petros expects to expand contract manufacturing for certain of its products in Europe, the Middle East, and Northern Africa in the future. Any business that it conducts outside the United States will be subject to additional risks that may materially adversely affect its ability to conduct business in international markets, including: ● the ability to receive any required regulatory authorizations to commercialize products internationally and the ability to comply with international regulatory requirements; ● potentially reduced protection for intellectual property rights in certain other countries; **16** ● unexpected changes in tariffs, trade barriers and regulatory requirements; ● economic weakness, including inflation or political instability, in particular foreign economies and markets; ● workforce uncertainty in countries where labor unrest is more common than in the United States; ● production shortages resulting from any events affecting a product candidate and / or finished drug product supply or manufacturing capabilities abroad; ● business interruptions resulting from geo- political actions, including war and terrorism or natural disasters, including earthquakes, hurricanes, typhoons, floods and fires; and ● failure to comply with Office of Foreign Asset Control rules and regulations and the Foreign Corrupt Practices Act. These factors or any combination of these factors may adversely affect our revenue or our overall financial performance. Petros has concluded that there are material weaknesses in its internal control over financial reporting, which, if not remediated, could materially adversely affect its ability to timely and accurately report its results of operations and financial condition. The accuracy of Petros' financial reporting depends on the effectiveness of its internal controls over financial reporting. Internal controls over financial reporting can provide only reasonable assurance with respect to the preparation and fair presentation of **consolidated** financial statements and may not prevent or detect misstatements. Failure to maintain effective internal controls over financial reporting, or lapses in disclosure controls and procedures, could undermine the ability to provide accurate disclosure (including with respect to financial information) on a timely basis, which could cause investors to lose confidence in Petros' disclosures (including with respect to financial information), require significant resources to remediate the lapse or deficiency, and expose it to legal or regulatory proceedings. In connection with the audit of its December 31, ~~2022~~ **2023 , consolidated** financial statements, Petros' management identified the following deficiencies, which it considers to be " material weaknesses, " which, individually or in the aggregate, could reasonably result in a material misstatement in the Company' s financial statements: ● Petros currently has an insufficient level of monitoring and oversight controls and does not enforce the implementation of key controls reflected on its internal control process matrices. This restricts the Company' s ability to gather, analyze and report information relative to the **consolidated** financial statements in a timely manner, including timely and adequate review of schedules and analysis used in the financial close process and the documentation and review of the selection and application of generally accepted accounting principles to significant non- routine transactions. The Company should evaluate their significant processes to ensure the key controls are being carried out as designed; ● The size of Petros' accounting and IT department makes it impracticable to achieve an appropriate segregation of duties; ~~18~~ ● Petros does not have appropriate IT access related controls specifically: oThere is no limit to the number of password attempts allowed before an account becomes locked out. oThere is no maximum length of days a password can be in use. The Company should implement mitigating controls that would prevent or detect (in a timely manner) unauthorized transactions that might result. ~~Petros~~ **17Petros** ' remediation efforts are ongoing and it will continue its initiatives to implement and document policies, procedures, and internal controls. **The remediation efforts included the implementation of additional controls to ensure all risks have been addressed. Management further emphasized compliance with existing internal controls.** Remediation of the identified material weaknesses and strengthening the internal control environment will require a substantial effort throughout ~~2023~~ **2024** and beyond, as necessary, and Petros will test the ongoing operating effectiveness of the new and existing controls in future periods. The material weaknesses cannot be considered completely remediated until the applicable controls have operated for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. Petros cannot guarantee that it will be successful in remediating the material weaknesses it identified or that its internal control over financial reporting, as modified, will enable it to identify or avoid material weaknesses in the future. Petros cannot guarantee that its management will be successful in identifying and retaining appropriate personnel; that newly engaged staff or outside consultants will be successful in identifying material weaknesses in the future; or that appropriate personnel will be identified and retained prior to these deficiencies resulting in material and adverse effects on Petros' business. Risks Related to Petros' PersonnelBecause Petros is a small pharmaceutical company with limited resources, it may be unable to attract qualified personnel. Because of the specialized nature of its business, Petros' ability to develop products and to compete with its current and future competitors largely depends upon its ability to attract, retain and motivate highly qualified managerial, marketing, consulting and scientific personnel. Petros faces intense competition for qualified employees and consultants from biopharmaceutical companies, research organizations and academic institutions. Attracting, retaining or replacing these personnel on acceptable terms may be difficult and time- consuming given the high demand in its industry for similar personnel. There is intense competition for qualified personnel in this business sector, and we cannot assure you that Petros will be able to attract the qualified personnel necessary for the development of its business. Petros will need to expand its operations and increase its size, and it may experience difficulties in managing growth. As Petros

increases the number of products it owns or has the right to sell, it may need to increase personnel headcounts with respect to sales, marketing, product development, scientific, or administrative departments. In addition, to meet its obligations as a public company, it will need to increase its general and administrative capabilities. The management, personnel and systems currently in place may not be adequate to support this future growth. The need to effectively manage its operations, growth and various projects requires that it: ● successfully attract and recruit new employees with the required expertise and experience; ● successfully grow marketing, distribution and sales infrastructure; and ● continue to improve operational, manufacturing, financial and management controls, reporting systems and procedures. If Petros is unable to manage this growth and increased complexity of operations, its business may be adversely affected. ~~19Petros~~ **18Petros** may be adversely affected by any misconduct or improper activities on the part of its individual employees, principal investigators or consultants. Petros is exposed to the risk that any of its employees, principal investigators and consultants may engage in fraudulent conduct or other illegal activity. Although Petros has adopted a code of conduct applicable to all of its employees, it is not always possible to identify and deter misconduct by employees and other third parties, and the precautions it takes to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting it from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. Misconduct by these parties could include intentional, reckless and / or negligent conduct or other unauthorized activities that violate the regulations of the FDA and other regulatory authorities, including those laws requiring the reporting of true, complete and accurate information to such authorities; healthcare fraud and abuse laws and regulations in the United States and abroad; or laws that require the reporting of financial information or data accurately. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self- dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. These laws also involve the improper use of information obtained in the course of clinical trials or creating fraudulent data in Petros' nonclinical studies or clinical trials, which could result in regulatory sanctions and cause serious harm to Petros' reputation. Additionally, Petros is subject to the risk that a person could allege such fraud or other misconduct, even if none occurred. If any such actions are instituted against Petros, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on its business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of Petros' operations, any of which could adversely affect its ability to operate its business and results of operations. Cyberattacks and other data security breaches could compromise our proprietary and confidential information, which could harm our business and reputation or cause us to incur increased expenses to address any such breaches. In the ordinary course of our business, Petros generates, collects and stores proprietary information, including intellectual property and business information. The secure storage, maintenance, and transmission of and access to this information is important to our operations and reputation. If a cyber incident, such as a phishing or ransomware attack, **business email compromise attack,** virus, malware installation, server malfunction, software or hardware failure, impairment of data integrity, loss of data or other computer assets, adware or other similar issue, impairs, shuts down, or penetrates our computer systems, our proprietary and confidential information, including e- mails and other electronic communications, may be misappropriated. In addition, an employee, contractor, or other third party with whom we do business may attempt to obtain such information and may purposefully or inadvertently cause a breach involving such information. As a result, our information technology networks and infrastructure may be vulnerable to unpermitted access by hackers or other breaches, or employee error or malfeasance **, and our business, financial condition, and results of operations could be materially and adversely affected. We rely on third parties to perform services necessary for the operation of our business, and they may fail to adequately secure our proprietary and confidential information. We have in the past been subject to low- threat cyber, phishing, social engineering and business email compromise attacks, none of which individually or in the aggregate has led to costs or consequences that have materially impacted our business, results of operations or financial condition, however, we and our third- party vendors may be subject to such attacks and other cybersecurity incidents in the future. If we or our third- party vendors were to suffer an attack or breach in the future, for example, that resulted in the unauthorized access to or use or disclosure of proprietary and confidential information, we may be required to notify government authorities, be subject to investigations, civil penalties, administrative and enforcement actions, and litigation, any of which could harm our business, financial results and reputation. Attacks upon information technology systems are increasing in their frequency, levels of persistence, sophistication and intensity, and are being conducted by sophisticated and organized groups and individuals with a wide range of motives and expertise. Because the techniques used to obtain unauthorized access to, or to sabotage, systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. We may also experience security breaches that may remain undetected for an extended period. Even if identified, we may be unable to adequately investigate or 19remediate incidents or breaches due to attackers increasingly using tools and techniques that are designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence** . Any such compromise of our data security and access to, or public disclosure or loss of, confidential business or proprietary information could disrupt our operations, damage our reputation, provide our competitors with valuable information and subject us to additional costs, which could adversely affect our business. We may also incur significant remediation costs, including liability for stolen customer or employee information, repairing system damage or providing benefits to affected customers or employees. ~~20Risks~~ -- **Risks** Related to Government Regulation and Legal Proceedings for PetrosPetros' approved drug products are subject to ongoing obligations and continued regulatory review, which may result in significant additional expense. Additionally, drug products could be subject to labeling and other

restrictions and market withdrawal, and Petros may be subject to penalties if it fails to comply with regulatory requirements or experiences unanticipated product problems. Drug products approved by the applicable regulatory authorities for commercialization are subject to extensive and ongoing requirements of and review by the FDA and other regulatory authorities, including requirements related to the manufacturing processes, post- approval clinical data, labeling, packaging, distribution, adverse event reporting, storage, recordkeeping, export, import, advertising, marketing, and promotional activities for such product. These requirements further include submissions of safety and other post- marketing information, including manufacturing deviations and reports, registration and listing requirements, the payment of annual fees, continued compliance with cGMPs relating to manufacturing, quality control, quality assurance, and corresponding maintenance of records and documents, requirements regarding the distribution of samples to physicians and GCPs for any clinical trials conducted following approval. Product sponsors and their collaborators, including contract manufacturers, could be subject to periodic unannounced inspections by the FDA to monitor and ensure compliance with cGMPs and other FDA regulatory requirements. Later discovery of previously unknown adverse events or that the product is less effective than previously thought or other problems with products, manufacturers or manufacturing processes, or failure to comply with regulatory requirements both before and after approval, may yield various results, including: ● restrictions on manufacturing or distribution, or marketing of such products; ● restrictions on the labeling, including restrictions on the indication or approved patient population, and required additional warnings, such as black box warnings, contraindications, and precautions; ● modifications to promotional pieces; ● issuance of corrective information; ● requirements to conduct post- marketing studies or other clinical trials; ● clinical holds or termination of clinical trials; ● requirements to establish or modify a REMS or a similar strategy; ● changes to the way the product is administered; ● liability for harm caused to patients or subjects; ● reputational harm; ● the product becoming less competitive; **20** ● warning, untitled, or cyber letters; ● suspension of marketing or withdrawal of the products from the market; ● regulatory authority issuance of safety alerts, Dear Healthcare Provider letters, press releases, or other communications containing warnings or other safety information about the product; ● refusal to approve pending applications or supplements to approved applications; ~~21~~ ● recalls of products; ● fines, restitution or disgorgement of profits or revenues; ● suspension or withdrawal of marketing approvals; ● refusal to permit the import or export of products; ● product seizure or detention; ● FDA debarment, suspension and debarment from government contracts, and refusal of orders under existing government contracts, exclusion from federal healthcare programs, consent decrees, or corporate integrity agreements; or ● injunctions or the imposition of civil or criminal penalties, including imprisonment. Any of these events could prevent Petros from achieving or maintaining market acceptance of its products or could substantially increase the costs and expenses of developing and commercializing products. Any of these events could further have other material and adverse effects on Petros' operations and business. The FDA' s policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of product candidates, that could limit the marketability of products, or that could impose additional regulatory obligations on Petros. Petros relies on third- party contract manufacturers to produce commercial quantities of its products. Petros currently only has facilities to assemble its VED products, and therefore must rely on qualified third- party contract manufacturers with appropriate facilities and equipment to contract manufacture commercial quantities of **other** products. Petros also relies on contract manufacturers to produce quantities of its product candidates to support its development programs. Petros expects to pursue additional contract manufacturing for certain of its products in the future. Any performance failure on the part of its contract manufacturers could delay production or delivery of any approved products and could delay product candidate development programs, depriving Petros of potential product revenue and resulting in development programs taking longer than planned. Failure by Petros' contract manufacturers to achieve and maintain high manufacturing standards could result in patient injury or death, product recalls or withdrawals, delays or failures in testing or delivery, delays in development programs, withdrawals of marketing approvals, refusal of regulatory authorities to approve new marketing applications or supplements, cost overruns or other problems that could materially adversely affect its business. Contract manufacturers may encounter difficulties involving production yields, quality control and quality assurance. These third- party contract manufacturers are also subject to cGMP and / or the FDA' s Quality System Regulation (" QSR ") regulations, which impose extensive procedural and documentation requirements. The FDA and corresponding state and foreign agencies perform ongoing periodic unannounced inspections to ensure strict compliance with cGMP / QSR and other applicable government regulations. Prior to approving a marketing application, manufacturers will also need to validate their manufacturing process. The FDA will also inspect the proposed manufacturing facilities to confirm that they can produce products meeting the FDA' s regulatory standards. Failure to comply with these requirements may subject Petros to possible legal or regulatory actions, such as warning letters, suspension of manufacturing, seizure of product, injunctions, debarment, voluntary recall of a product or failure to secure product approvals, any of which could have a material adverse effect on Petros' business, financial condition and results of operations. Beyond contractual ~~remedies~~ **21remedies** that may be available to it, Petros does not have control over third- party manufacturers' compliance with these regulations and standards. ~~22If~~ **If** , for any reason, Petros' contract manufacturers cannot perform as agreed, it may be required to replace them. Although Petros believes there are a number of potential replacements, it may incur added costs and delays in identifying and qualifying any such replacements. Petros may compete with other companies for access to manufacturing facilities that can produce products in accordance with the FDA' s regulatory standards. If third party manufacturers should cease to continue to provide manufacturing services for any reason, Petros likely would experience delays in obtaining sufficient quantities of its products and product candidates to meet commercial demand or advance its development programs. Third- party facilities may also be affected by natural disasters, such as floods or fire, health pandemics or outbreaks, or such facilities could face manufacturing issues, such as contamination or regulatory findings following a regulatory inspection of such facility. In such instances, Petros may need to locate an appropriate replacement third- party relationship, which may not be readily available or on acceptable terms, which would cause additional delay and increased expense. The addition of a new or alternative manufacturer may also require FDA approvals and may have a

material adverse effect on our business. The inability of a manufacturer to ship orders of our products in a timely manner or to meet quality standards could cause Petros to miss the delivery date requirements of its customers for those items, which could result in cancellation of orders, refusal to accept deliveries or a reduction in purchase prices, any of which could have a material adverse effect as Petros' revenue would decrease and it would incur net losses as a result of sales of the product, if any sales could be made. Regulatory approval is limited by the FDA to those specific indications and conditions for which approval has been granted. Petros may be subject to fines, penalties, injunctions, or other enforcement actions if regulatory authorities determine that it is promoting any products for unapproved or " off- label " uses, resulting in reputational and business damage. Petros must comply with requirements concerning advertising and promotion of FDA regulated products. Promotional communications with respect to therapeutics are subject to a variety of legal and regulatory restrictions and continuing review by the FDA, Department of Justice, the Department of Health and Human Services' Office of Inspector General, state attorneys general, members of Congress, and the public. When the FDA or comparable foreign regulatory authorities issue regulatory approval, the approval is limited to those specific uses and indications for which a product is approved. Companies may not market or promote products for those indications and uses, for which the product has not received approval. For devices exempt from Section 510 (k) of the FDCA, such as Petros' VED devices, the FDA requires that companies promote such products consistent with the relevant device classification. Claims outside the scope of the 510 (k)- exempt classification would be considered " off- label " and trigger the requirement for a new 510 (k) or other premarket submission to FDA. Companies must also be able to sufficiently substantiate any product claims and must abide by the FDA' s strict requirements regarding the content of promotions and advertising. While physicians may choose to prescribe products for uses that are not described in the product' s labeling and for uses that differ from those tested in clinical studies and approved by the regulatory authorities, companies are prohibited from marketing and promoting the products for indications and uses that are not specifically approved by the FDA or, for 510 (k)- exempt devices, are outside the scope of the relevant device classification. If Petros is found to have impermissibly promoted any product, it may become subject to significant liability and government fines. The FDA and other agencies actively enforce the laws and regulations regarding product promotion, particularly those prohibiting the promotion of off- label uses, and a company that is found to have improperly promoted a product may be subject to significant sanctions. The federal government has levied large civil and criminal fines against companies for alleged improper promotion and has enjoined several companies from engaging in off- label promotion. The FDA has also requested that companies enter into consent decrees of permanent injunctions under which specified promotional conduct is changed or curtailed. ~~23In~~ **22In** the United States, engaging in the impermissible promotion of products for off- label uses can also subject a company to false claims and other litigation under federal and state statutes, including fraud and abuse and consumer protection laws. Such litigation can lead to civil and criminal penalties and fines, agreements with governmental authorities that materially restrict a company' s business through, for example, corporate integrity agreements, suspension or exclusion from participation in federal and state healthcare programs, suspension and debarment from government contracts, and refusal of orders under existing government contracts. These false claims statutes include the federal civil False Claims Act, which allows any individual to bring a lawsuit against a company on behalf of the federal government alleging submission of false or fraudulent claims ~~,~~ or causing others to present such false or fraudulent claims, for payment by a federal program such as Medicare or Medicaid. If the government decides to intervene and prevails in the lawsuit, the individual will share in the proceeds from any fines or settlement funds. If the government declines to intervene, the individual may pursue the case alone. These False Claims Act lawsuits have increased significantly in volume and breadth, leading to several substantial civil and criminal settlements, up to $ 3. 0 billion, pertaining to certain sales practices and promoting off- label uses. In addition, False Claims Act lawsuits may expose sponsors to follow-on claims by private payers based on fraudulent marketing practices. This growth in litigation has increased the risk that companies will have to defend a false claim action, and pay settlements fines or restitution, as well as criminal and civil penalties, agree to comply with burdensome reporting and compliance obligations, and be excluded from Medicare, Medicaid, or other federal and state healthcare programs. In the United States, the distribution of drug product samples to physicians must further comply with the requirements of the U. S. Prescription Drug Marketing Act, and the promotion of pharmaceutical products are subject to additional FDA requirements and restrictions on promotional statements. If the FDA determines that promotional activities violate its regulations and policies pertaining to product promotion, it could request the modification of promotional materials or could subject a company to regulatory or other enforcement actions, including issuance of warning letters or untitled letters, suspension or withdrawal of an approved product from the market, requests for recalls, payment of civil fines, disgorgement of money, imposition of operating restrictions, injunctions or criminal prosecution, and other enforcement actions. Petros' medical devices are subject to stringent regulatory oversight and any adverse regulatory action may adversely affect our financial condition and business operations. Medical device products, development activities and manufacturing processes are subject to extensive and rigorous regulation by numerous government agencies, including the FDA and comparable foreign agencies. To varying degrees, each of these agencies monitors and enforces our compliance with laws and regulations governing the development, testing, manufacturing, labeling, marketing and distribution of medical devices. Although external penile rigidity devices have been eligible for an exemption from 510 (k) clearance requirements since 2004 if they comply with applicable special controls, Petros' VEDs were originally approved under a 510 (k) clearance prior to such exemption. There may, thus, be confusion and / or inconsistencies between FDA and Petros and / or among regulatory inspectors and other officials regarding the extent to which Petros' VEDs must comply with the special controls established for 510 (k)- exempt VEDs. Petros' VEDs are currently marketed in accordance with their respective 510 (k) summaries, as Petros does not believe they have undergone any modification or been marketed beyond their 510 (k)- cleared indications, such that they would need to comply with the applicable special controls, rather than their original 510 (k) clearances, to lawfully remain on the market. However, FDA may disagree with this position, and Petros could be subject to enforcement action and / or subject to additional regulatory requirements, which may have an adverse effect on its business. To the extent Petros' VEDs are

(currently or in the future) not manufactured or marketed in accordance with their original 510 (k) summaries and, thus, must adhere to the FDA' s special controls for external penile rigidity devices to lawfully remain on the market, there may be substantial costs, time, and resources devoted to bringing the VEDs into, and maintaining, compliance with such special controls, given the number and nature of the applicable requirements. For example, to be 510 (k)- exempt, VEDs (that are not marketed under a valid 510 (k) clearance) must have certain design features, such as a manual safety mechanism and meet precise requirements with regard to vacuum level, shape and surface design, and electrical safety. The special controls also contain detailed labeling requirements, including numerous specified warnings and precautions. ~~24Both~~ **23Both** before and after a medical device product is commercially released, Petros has ongoing responsibilities under FDA and foreign regulations. For example, Petros is required to comply with QSR, which sets forth the good manufacturing requirements for medical devices. These include requirements related to design controls, production and process controls, process validation, purchasing controls, supplier oversight, complaint handling and investigation, corrective and preventative actions, and record- keeping. In addition, the FDA' s medical device reporting regulation requires companies to provide information to the FDA whenever they become aware of evidence that reasonably suggests that a device may have caused or contributed to a death or serious injury or, that a malfunction occurred which would be likely to cause or contribute to a death or serious injury upon recurrence. Compliance with applicable regulatory requirements is subject to continual review and is monitored rigorously through periodic inspections by the FDA, which may result in observations on Form 483, and in some cases warning letters, that require corrective action. If the FDA or equivalent foreign agency were to conclude that Petros is not in compliance with applicable laws or regulations, or that any of its medical devices may be hazardous or defective, the FDA or equivalent foreign agency could take enforcement action, which may include issuance of a warning letter, untitled letter, or other enforcement letter; seizure of the device; requesting or requiring a recall or other field action; or requiring the repair, replacement, or refund the cost of the medical device. The FDA may also impose manufacturing and other operating restrictions; enjoin and restrain certain violations of applicable law pertaining to medical devices; or assess civil or criminal penalties against Petros or its officers or employees. In addition, the FDA could recommend prosecution to the Department of Justice. Any adverse regulatory action, depending on its magnitude, may restrict Petros from effectively manufacturing, marketing, and selling products and could have a material, adverse effect on Petros' financial condition and results of operations. In addition, negative publicity and product liability claims resulting from any adverse regulatory action could have a material, adverse effect on Petros' financial condition and results of operations. The FDA also regulates the promotion and marketing of medical devices and requires that manufacturers only make promotional claims or statements that are consistent with the indications and labeling cleared, authorized, or approved by the FDA. For 510 (k)- exempt devices, such as the Petros' VED devices, the FDA requires that Petros promote such products consistent with the relevant device classification. Claims outside the scope of the 510 (k)- exempt classification would be considered " off- label " and trigger the requirement for a new 510 (k) or other premarket submission to the FDA. The FDA may take enforcement action against Petros (as described above), should the FDA determine it has engaged in " off- label " promotion or other violative marketing activities. Petros continues to pursue, under FDA guidance and approval, switching their flagship pharmaceutical product, Stendra ®, from prescription only designation to OTC or non- prescription designation. As this process requires a number of studies, often numerous iterations of each stage, if FDA requires reiterations beyond scope of project estimation, this may significantly hinder project development, potentially delaying pathway and requiring additional capital to continue. The prescription to OTC approval pathway and mechanism involves numerous stages of human behavior and use studies. A prescription to OTC switch pharmaceutical candidate must first translate its label into an optimized consumer friendly and OTC digestible (without the learned intermediary) format without compromising critical safety language and information. This is known as the Drug Facts Label (DFL). Once optimized, a series of studies are deployed to measure and assess consumer comprehension and appropriate self **-** selection. Each iteration of format and content is usually submitted to FDA for feedback and alignment, enabling the stepwise progress from one study to the next. Once the DFL has been optimized, comprehension has been demonstrated and appropriate self **-** selection has been proven, an Actual Use Trial is deployed where the intended patient engages, self **-** selects and uses the product without a prescription. This is often considered the final phase of demonstrated safe and appropriate use by the laymen consumer without a prescription or trained practitioner intermediatory. According to the CHPA, ~~there~~ **approximately 106 ingredients, indications, or dosage strengths** have been ~~approximately 106~~ **lawfully switched from** prescription medicines **to** ~~designated as safe~~ OTC ~~designees~~ **drugs** . Both the FDA and CHPA, along with several other entities, have indicated significant interest in expanding non- prescription access to prescription medicines to numerous chronic conditions considered critical for improved public health and consumer compliance to therapy. In 2012 (NSURE) and again in 2022 (ACNU), the FDA announced proposed rules to enable Additional Conditions for Non- prescription Use. These programs are intended to identify and establish modified and incremental resources, tools and technologies to support the expanded approval of new therapeutic indications for non- prescription access. Although interest is evident by numerous influential bodies, the process of expanded non- prescription access to key prescription therapies remains in many ways nascent and in development. The FDA ~~has announced its intent to formalize its~~ proposed **a** rule **in 2022** for additional conditions for nonprescription use ~~by late~~ **, but the final rule has not been issued. In November** 2023 **, the FDA Commissioner renewed the charter for the advisory committee on nonprescription drugs for two years** . Several companies interested in this space have remained outspoken, communicative and tuned **into** ~~in to~~ this potential landmark development by FDA. Several organizations, including Petros, have already begun establishing their intended strategy calibrated to standards shared by FDA. **24If** ~~25Petros currently plans to submit a 505 (b) (2) NDA to the FDA for H100 ™ for treatment of Peyronie' s disease, which will allow Petros to rely, in part, on published scientific literature and / or the FDA' s prior findings regarding the safety and efficacy of approved drug products. If Petros is not able to pursue this strategy, it will need to conduct additional development activities beyond what is currently planned, development costs will increase, and Petros may be delayed in receiving regulatory authority approval. The submission of 505 (b) (2) NDAs may also subject Petros to the risk of~~

~~patent infringement lawsuits or regulatory actions that would delay or prevent submission of a marketing application to the FDA, or the FDA' s marketing application review and approval. The Hatch- Waxman Act added Section 505 (b) (2) to the FDCA, permitting the filing of a NDA, where at least some of the information required for approval comes from investigations that were not conducted by or for the applicant and for which the applicant has not obtained a right of reference or use from the person by or for whom the investigations were conducted. The FDA interprets Section 505 (b) (2) of the FDCA, for purposes of approving an NDA, to permit the applicant to rely, in part, upon published literature and / or the FDA' s previous findings of safety and efficacy for an approved product. The FDA also requires companies to perform additional clinical trials or measurements to support any deviation from the previously approved product and to support the reliance on the applicable published literature or referenced product, referred to as bridging. The FDA may then approve the new product candidate for all or some of the label indications for which the referenced product has been approved, as well as for any new indication sought by the Section 505 (b) (2) applicant, if such approval is supported by study data. The label, however, may require all or some of the limitations, contraindications, warnings or precautions included in the reference product' s label, including a black box warning, or may require additional limitations, contraindications, warnings or precautions. Petros currently plans to submit a 505 (b) (2) NDA to the FDA for H100 ™ for treatment of Peyronie' s disease. If the FDA disagrees with the appropriateness of reliance on a reference listed drug or published literature or if Petros is not otherwise able to bridge to the reference listed drug or published literature, the Company may need to conduct additional clinical trials or other studies, which could lead to unanticipated costs and delays or to the termination of the development program. If Petros is unable to obtain approval through the 505 (b) (2) NDA process, it may be required to pursue the more expensive and time consuming 505 (b) (1) approval process, which consists of full reports of investigations of safety and effectiveness conducted by or for the applicant. There may also be circumstances under which the FDA would not allow Petros to pursue a 505 (b) (2) application. For instance, should the FDA approve a pharmaceutically equivalent product to H100 ™, it is the FDA' s policy that the appropriate submission would be an ANDA for a generic version of the approved product. Petros may, however, not be able to immediately submit an ANDA or have an ANDA approval made effective, as the application could be blocked by others' periods of patent and regulatory exclusivity protection. Notwithstanding the approval of a number of products by the FDA under Section 505 (b) (2), pharmaceutical companies and others have objected to the FDA' s interpretation of Section 505 (b) (2). If the FDA' s interpretation of Section 505 (b) (2) is successfully challenged, the FDA may change its policies and practices with respect to Section 505 (b) (2) regulatory approvals. It is also not uncommon for a sponsor of an approved product to file a citizen petition with the FDA seeking to delay approval of, or impose additional approval requirements for, pending competing products. If successful, such petitions can significantly delay, or even prevent, the approval of the new product. However, even if the FDA ultimately denies such a petition, the FDA may substantially delay approval while it considers and responds to the petition. Any inability to pursue a 505 (b) (2) application could result in new competitive products reaching the market more quickly than Petros', which could hurt the Company' s competitive position and business prospects. The 505 (b) (2) regulatory pathway may also subject Petros to the risk of patent infringement lawsuits or other regulatory actions that could prevent submission of a marketing application or prevent the FDA from making the approval of a marketing application effective. Applicants submitting NDAs under Section 505 (b) (2) of the FDCA must provide a patent certification for the patents listed in FDA' s list of Approved Drug Products with Therapeutic Equivalence Evaluations, commonly referred to as the Orange Book, for all reference listed drugs and for all brand name products identified in published literature upon which the 505 (b) (2) application relies. The possible certifications are that (1) no patent information has been submitted to the FDA; (2) such patent has expired; (3) the date on which such patent expires; or (4) such patent is invalid or will not be infringed upon by the manufacture, use or sale of the drug product for which the application is submitted. If there are any applicable listed patents, the FDA may not approve the 505 (b) (2) application until all listed patents have expired, unless the applicant challenges the listed patents through the last type of certification, also known as a paragraph IV certification, or otherwise indicates that it is not seeking approval of a patented method of use. If Petros does challenge a listed patent through a paragraph IV certification, under the Hatch- Waxman Act, the holder of the patents or NDAs that the 505 (b) (2) application references may file a patent infringement lawsuit. Filing of a patent infringement lawsuit triggers 26a one time, automatic, 30- month stay of the FDA' s ability to make the 505 (b) (2) NDA approval effective. In such a case, the FDA may not make the 505 (b) (2) NDA approval effective until the earlier of 30 months from the receipt of the notice of the paragraph IV certification, the expiration of the patent, when the infringement case concerning each such patent is favorably decided in the applicant' s favor or settled, or such shorter or longer period as may be ordered by a court. Accordingly, Petros may invest a significant amount of time and expense in the development of one or more product candidates only to be subject to significant delay and patent litigation before such product candidates may be commercialized, if at all. In addition, a 505 (b) (2) application approval may, in some cases, not be submitted, or may, in other cases, not be made effective until any existing non- patent regulatory exclusivities have expired or, if possible, are carved out from the label. If~~ Petros is unable to advance its product candidates, including Stendra ® OTC designation ~~, or H100 ™~~, in clinical development, obtain regulatory approval and ultimately commercialize its product candidates, or experience significant delays in doing so, its business may be materially harmed. Petros is not permitted to market or promote any of its product candidates before it receives regulatory approval from the FDA or comparable foreign regulatory authorities, and it may never receive such regulatory approval **or approval may be later revoked**. Petros may only receive approval in a limited patient population, it may experience delays in receiving such regulatory approval, or it may not receive regulatory approval for new indications or uses such as OTC ~~or for H100 ™~~. Even if Petros successfully commercializes Stendra ® OTC ~~, or H100 ™~~, it may not be successful in developing and commercializing any other product candidates, and its commercial opportunities may be limited. Petros cannot be certain that any of its product candidates will be successful in clinical and preclinical trials or receive regulatory approval. Further, its product candidates may not receive regulatory approval even if they are successful in clinical trials and Petros submits the required marketing applications seeking regulatory authorization for their use. For each

product candidate, Petros must demonstrate safety and efficacy in humans, obtain regulatory approval in one or more jurisdictions, obtain manufacturing supply capacity and expertise, and substantially invest in marketing efforts before it is able to generate any revenue from such product candidate. The success of Petros' product candidates such as Stendra ® OTC, ~~and H100 ™~~ in particular, will depend on several factors, including the following: ● approval by the FDA; ● successful enrollment in, and completion of, human behavior studies, clinical trials, the design and implementation of which are agreed to by the applicable regulatory authorities, and the conduct of clinical trials by contract research organizations (" CROs ") to successfully conduct such trials within Petros' planned budget and timing parameters and without materially adversely impacting its trials; ● successful data from its clinical and preclinical programs that support an acceptable risk- benefit profile of its product candidates in the intended populations to the satisfaction of the applicable regulatory authorities; ● timely receipt, if at all, of regulatory approvals from applicable regulatory authorities; ● establishment of arrangements with third- party manufacturers, as applicable, for continued clinical supply and commercial manufacturing; ● successful development of Petros' manufacturing processes and transfer to new third- party facilities to support future development activities and commercialization that are operated by contract manufacturing organizations in a manner compliant with all regulatory requirements; ● establishment and maintenance of patent and trade secret protection or regulatory exclusivity for Petros' product candidates; ● successful commercial launch of Petros' other product candidates, if and when approved; ● acceptance of Petros' products, if and when approved, by patients, the relevant medical communities and third- party payers; ~~27~~ ● effective competition with other therapies; ● establishment and maintenance of adequate healthcare coverage and reimbursement; ● Petros' ability to avoid infringing upon the patent and other intellectual property rights of third parties; ● enforcement and defense of intellectual property rights and claims; **25** ● continued compliance with any post- marketing requirements imposed by regulatory authorities, including any required post- marketing clinical trials or the elements of any post- marketing REMs that may be required by the FDA or comparable requirements in other jurisdictions to ensure the benefits of the product outweigh its risks; and ● maintenance of a continued acceptable safety profile of the product candidates following approval. If Petros is unsuccessful with respect to these factors, it could experience significant delays or barriers to the successful commercialization of its product candidates, which may materially harm Petros' business. Even if Petros successfully obtains regulatory approvals to manufacture and market its product candidates, its revenues will be dependent, in part, upon the size of the markets in the territories for which it gains regulatory approval and have commercial rights. If the markets for patient subsets that Petros is targeting are not as significant as it estimates, it may not generate significant revenues from sales of its approved products. Petros plans to seek regulatory approval to commercialize its product candidates in the United States and in foreign countries. While the scope of regulatory approval is similar in many countries, in order to obtain separate regulatory approval in multiple countries Petros must comply with numerous and varying regulatory requirements of each such country or jurisdiction regarding safety and efficacy and governing, among other things, clinical trials and commercial sales, pricing and distribution. Petros cannot predict success in any such jurisdictions, and the time required to obtain approval in foreign countries may differ substantially from that required to obtain FDA approval. Clinical drug development involves a lengthy and expensive process, with an uncertain outcome. Petros may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of Petros' product candidates. The risk of failure in drug and product development is high. Before obtaining marketing approval from regulatory authorities for the sale of unapproved product candidates, Petros must complete nonclinical development and conduct extensive clinical trials to demonstrate the safe use, safety and efficacy of Petros' product candidates in humans. Clinical and non- clinical trials are expensive, difficult to design and implement and can take many years to complete, and their outcomes are inherently uncertain. Failure can occur at any time during the trial process. Nonclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in nonclinical studies and clinical trials have nonetheless failed to obtain marketing approval of their products. It is impossible to predict when or if Petros' unapproved product candidates will prove to be effective or safe in humans or will receive marketing approval. Petros may experience numerous unforeseen events during, or as a result of, clinical trials that could delay or prevent our ability to receive marketing approval or commercialize our product candidates. Clinical trials may be delayed, suspended or prematurely terminated because costs are greater than we anticipate or for a variety of other reasons, such as: ● delay or failure in reaching agreement with the FDA or a comparable foreign regulatory authority on a trial design that Petros is able to execute; ● delay or failure in obtaining authorization to commence a trial, including approval from the appropriate IRB, to conduct testing of a candidate on human subjects, or inability to comply with conditions imposed by a regulatory authority regarding the scope or design of a clinical trial; ● delays or failure in reaching agreement on acceptable terms with prospective trial sites and prospective CROs, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites; ~~28~~ ● inability, delay or failure in identifying and maintaining a sufficient number of trial sites, many of which may already be engaged in other clinical programs; ● delay or failure in recruiting and enrolling suitable subjects to participate in a trial; ● delay or failure in having subjects complete a trial or return for post- treatment follow- up; **26** ● clinical sites and investigators deviating from the clinical protocol, failing to conduct the trial in accordance with regulatory requirements, or dropping out of a trial; ● lack of adequate funding to continue a clinical trial, including unforeseen costs due to enrollment delays, requirements to conduct additional clinical trials and increased expenses associated with the services of Petros' CROs and other third parties; ● clinical trials of Petros' product candidates may produce negative or inconclusive results, and it may decide, or regulators may require Petros, to conduct additional nonclinical studies, clinical trials or abandon product development programs; ● Petros' third- party contractors may fail to comply with regulatory requirements or meet their contractual obligations to Petros in a timely manner, or at all; ● the supply or quality of Petros' product candidates or other materials necessary to conduct clinical trials of its product candidates may be insufficient; ● the FDA or comparable foreign regulatory authorities may require Petros to submit additional data or impose other requirements before permitting it to initiate a clinical trial; or ● changes in governmental regulations or

administrative actions. Many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of marketing approval for Petros' product candidates. Further, the FDA or comparable foreign regulatory authorities may disagree with Petros' clinical trial design and its interpretation of data from clinical trials or may change the requirements for approval even after it has reviewed and commented on the design for Petros' clinical trials. Petros cannot be certain as to what type and how many clinical trials the FDA or comparable foreign regulatory authorities will require Petros to conduct before it may successfully gain approval to market any asset currently in development. Petros' product development costs will also increase if it experiences delays in nonclinical and clinical development or receiving the requisite marketing approvals. Petros does not know whether any of its nonclinical studies or clinical trials will need to be restructured or will be completed on schedule, or at all, which may harm our business and results of operations. If Petros experiences delays or difficulties in the enrollment of patients in clinical trials, development of its product candidates may be delayed or prevented, which would have a material adverse effect on its business. Petros may not be able to initiate **or continue** certain trials or its other product candidates if it is unable to locate and enroll a sufficient number of eligible patients to participate in these trials as required by the FDA or comparable foreign regulatory authorities. Patient enrollment is a significant factor in the timing of trials. Patient enrollment may be affected if Petros' competitors have ongoing clinical trials for product candidates that are under development for the same indications as Petros' product candidates, and patients who would otherwise be eligible for its clinical trials instead enroll in clinical trials of its competitors' product candidates. Patient enrollment may also be affected by other factors, including: ● size and nature of the patient population; ● severity of the condition under investigation; ~~29~~ ● patient eligibility criteria for the trial in question; ● nature of the trial protocol; ● Petros' ability to recruit clinical trial investigators with the appropriate competencies and experience; **27** ● perceived risks and benefits of the product candidate under study; ● the occurrence of adverse events attributable to Petros' product candidates; ● efforts to facilitate timely enrollment in clinical trials; ● the number and nature of competing products or product candidates and ongoing clinical trials of competing product candidates for the same indication; ● patient referral practices of physicians; ● the ability to monitor patients adequately during and after treatment; ● proximity and availability of clinical trial sites for prospective patients; and ● continued enrollment of prospective patients by clinical trial sites. If Petros experiences delays or difficulties in the enrollment of patients in clinical trials, its clinical trials may be delayed or terminated. Any delays in completing Petros' clinical trials will increase its costs, delay or prevent its product candidate development and approval process and jeopardize Petros' ability to commence product sales and generate additional revenue. Any of these occurrences may harm our business, financial condition and prospects significantly. Petros relies on third parties to conduct, supervise, and monitor preclinical studies and clinical trials, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such trials or failing to comply with regulatory requirements. Petros may use third parties, CROs, study sites, and others to conduct, supervise, and monitor preclinical and clinical trials for product candidates. While Petros has agreements governing the activities of such third parties, it has limited influence and control over their actual performance and activities. Third- party service providers are not Petros' employees, and except for remedies available under agreements with such third parties, Petros cannot control whether or not they devote sufficient time and resources to its development programs. If these third parties do not successfully carry out their contractual duties, meet expected deadlines or conduct studies in accordance with regulatory requirements or the study plans, if they need to be replaced or if the quality or accuracy of the data they obtain is compromised, studies may need to be repeated, extended, delayed, or terminated, Petros may not be able to obtain, or may be delayed in obtaining, marketing approvals for product candidates, Petros may not be able to or may be delayed in commercializing product candidates, or Petros or the third party service providers may be subject to regulatory enforcement actions. As a result, results of operations and the commercial prospects for product candidates would be harmed, costs could increase and Petros' ability to generate revenues could be delayed. Third- party service providers may also have relationships with other entities, including Petros competitors, for whom they may also be conducting development activities that could harm Petros' competitive position. Reliance on third parties for development activities will reduce Petros' control over these activities. Nevertheless, Petros is responsible for ensuring that its studies are conducted in accordance with the applicable protocol, legal, regulatory, and scientific standards. Regulatory authorities enforce their requirements through periodic inspections of trial sponsors, clinical and preclinical investigators, and trial sites. Any failure to comply with the applicable regulatory requirements, may subject Petros or its third-party service providers to enforcement or other legal actions, the data generated in trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require the performance of additional studies. ~~30Agreements~~ -- **Agreements** with third parties conducting or otherwise assisting with studies might terminate for a variety of reasons, including a failure to perform by the third parties. If any of these relationships terminate, Petros may not be able to enter into arrangements with alternative providers or to do so on commercially reasonable terms. Switching or adding additional third parties involves additional cost and requires management time and focus. In addition, there is a natural transition period when a new third party commences work. As a result, alternative arrangements could delay product development activities and adversely affect Petros' business. ~~Petros~~ **28Petros** ' relationships with prescribers, purchasers, third- party payers and patients are subject to applicable anti- kickback, fraud and abuse and other healthcare laws and regulations, any violation of which could expose it to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings. Petros is subject to healthcare statutory and regulatory requirements and oversight by federal and state governments, as well as foreign governments in the jurisdictions in which it conducts its business. Physicians, other healthcare providers and third- party payers will play a primary role in the recommendation, prescription and use of any product candidates for which Petros has, or in the future obtains, marketing approval. Petros' arrangements with such third parties are subject to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain its business or financial arrangements and relationships through which it markets, sell and distributes any products for which it may obtain marketing approval, including potential exclusion from federal healthcare programs and debarment from federal government contracts. Restrictions under applicable domestic and

foreign healthcare laws and regulations include the following: ● the U. S. federal Anti- Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under a federal healthcare program such as Medicare and Medicaid; a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation; ● U. S. federal false claims, false statements and civil monetary penalties laws, including the U. S. False Claims Act, which impose criminal and civil penalties against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent, including false statements regarding compliance with regulations material to payment by government programs for drugs and medical supplies, or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government; actions may be brought by the government or a whistleblower and may include an assertion that a claim for payment by federal healthcare programs for items and services which results from a violation of the federal Anti- Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act; ● the U. S. federal Health Insurance Portability and Accountability Act of 1996, as amended (" HIPAA ") that imposes liability for executing a scheme to defraud any healthcare benefit program, or knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services; similar to the U. S. federal Anti- Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation; ● analogous state and foreign laws and regulations relating to healthcare fraud and abuse, such as state anti- kickback and false claims laws, that may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non- governmental third- party payers, including private insurers; ● the U. S. federal physician payment transparency requirements under the Physician Payments Sunshine Act of 2010, which requires manufacturers of drugs, devices, biologics and medical supplies that are reimbursable under Medicare or Medicaid, to report to the Centers for Medicare & Medicaid Services information related to certain payments and other transfers of value, such as payments and transfers of value to physicians and teaching hospitals (and, beginning in 2021, for transfers of value to other healthcare providers), as well as the ownership and investment interests of physicians and their immediate family members; ● analogous state and foreign laws that require companies to track, report and disclose to the government and / or the public information related to payments, gifts, and other transfers of value or remuneration to physicians and other healthcare providers, marketing activities or expenditures, or product pricing or transparency information, or that require companies to implement ~~31compliance~~ **compliance** programs that meet certain standards or to restrict or limit interactions between manufacturers and members of the healthcare industry; ● the U. S. federal laws that require manufacturers to report certain calculated product prices to the government or provide certain discounts or rebates to government authorities or private entities, often as a condition of reimbursement under federal healthcare programs; **29** ● HIPAA, which imposes obligations on certain covered entity healthcare providers, health plans, and healthcare clearinghouses as well as their business associates that perform certain services involving the use or disclosure of individually identifiable health information, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information; and ● state and foreign laws that govern the privacy and security of health information in certain circumstances, including state security breach notification laws, state health information privacy laws and federal and state consumer protection laws, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts. Efforts to ensure that Petros' business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. If governmental authorities conclude that Petros' business practices do not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations, then government enforcement actions are possible. Petros' marketing and advertising are regulated by the FDA, Federal Trade Commission and State and County Attorneys General, and it may face enforcement and litigation specifically related to the nature and sales channels of its products. Petros and its employees, as well as its contractors, must comply with applicable regulatory requirements and restrictions relating to marketing and advertising. If we are unable to maintain compliant and adequate sales and marketing capabilities, including training Petros' new sales personnel (including sales contractors) regarding applicable regulatory requirements and restrictions, we may not be able to increase Petros' product revenue, may generate increased expenses, and may be subject to regulatory investigations and enforcement actions. Petros' commercial efforts, including its sales and marketing efforts, must comply with various laws and regulations. Under applicable FDA marketing regulations, prescription drug promotions must be consistent with and not contrary to labeling, present " fair balance " between risks and benefits, be truthful and not false or misleading, be adequately substantiated (when required), and include adequate directions for use. Additionally, Petros' marketing activities may be subject to enforcement by the Federal Trade Commission, state attorneys general, and consumer class- action liability if it engages in any practices that appear misleading or deceptive to the applicable agencies or consumers. In addition to the requirements applicable to approved drug products, Petros may also be subject to enforcement action in connection with any promotion of an investigational new drug. A sponsor or investigator, or any person acting on behalf of a sponsor or investigator, may not represent in a promotional context that an investigational new drug is safe or effective for the purposes for which it is under investigation or otherwise promote the therapeutic candidate. If the FDA investigates Petros' marketing and promotional materials or other communications and finds that any of its current or future commercial products are being marketed or promoted in violation of the applicable regulatory restrictions, Petros could be subject to FDA enforcement action. Any enforcement action (or related lawsuit, which could follow such action) brought against Petros in connection with alleged violations of applicable drug promotion requirements, or prohibitions, could have an adverse effect on its reputation, business, financial condition or results of operations, as well as the reputation of any approved drug products it may commercialize or promote in the future. In addition, in some areas, Petros may also be reliant on third parties' compliance with such regulations.

Moreover, laws and regulations covering commercialization activities in the pharmaceutical industry are constantly changing, and Petros will need to continually update and adjust its policies and sales and marketing and commercialization activities to meet legal and ~~32regulatory~~ -- **regulatory** requirements. Its ability to comply with legal and regulatory requirements at any time in time does not guarantee it will continue to be able to comply in the future. Petros may be subject to potential product liability and other claims, creating risks and expense. Petros is also exposed to potential product liability risks inherent in the development, testing, manufacturing, marketing and sale of human therapeutic products. Product liability insurance for the pharmaceutical industry is extremely expensive, difficult to obtain and may not be available on acceptable terms, if at all. Petros cannot guarantee that the coverage limits of such insurance policies will be ~~adequate~~ **30adequate** . A successful claim against Petros in excess of its insurance coverage could have a material adverse effect upon it and on its financial condition. In addition to direct expenditures for damages, settlement and defense costs, there is a possibility of adverse publicity and loss of revenues as a result of product liability claims. Product liability claims can also result in regulatory consequences, such as the withdrawal of clinical trial participants, termination of clinical trials or programs, governmental authority investigations and enforcement actions, product recalls and withdrawals of approval, as well as labeling revisions. Product liability is a significant commercial risk for Petros. Plaintiffs have received substantial damage awards in some jurisdictions against pharmaceutical companies based upon claims for injuries allegedly caused by the use of their products. In addition, in the age of social media, plaintiffs' counsel now has a wide variety of tools to advertise their services and solicit new clients for litigation. Thus, any significant product liability litigation or mass tort in which Petros is a defendant may have a larger number of plaintiffs than such actions have seen historically because of the increasing use of widespread and media- varied advertising. Government regulations that mandate price controls and limitations on patient access to its products or establish prices paid by government entities or programs for such products may impact Petros' business, and future results could be adversely affected by changes in such regulations or policies. Pharmaceutical product pricing is subject to enhanced government and public scrutiny and calls for reform. Some states have implemented, and other states are considering implementing, pharmaceutical price controls or patient access constraints under the Medicaid program, and some states are considering price- control regimes that would apply to broader segments of their populations that are not Medicaid- eligible. There have also been recent state legislative efforts to address drug costs, which generally have focused on increasing transparency around drug costs or limiting drug prices. If implemented, efforts by government officials or legislators to implement measures to regulate prices or payments for pharmaceutical products, including legislation on drug importation, could adversely affect Petros' business, financial condition and results of operations. Changes in laws could negatively impact Petros' business. Petros' future results could be adversely affected by changes in interpretations of existing laws and regulations, or changes in laws and regulations, including, among others, changes in taxation requirements, competition laws, privacy laws and environmental laws in the United States and other countries. ~~33Risks~~ -- **Risks** Related to Petros' Intellectual PropertyPetros' license agreement for Stendra ® is a sublicense that is dependent on Vivus' license agreement with a third party. Revenues from Stendra ® represent a significant percentage of Petros' overall revenues. Petros' rights to market, distribute and sell avanafil (the active ingredient in Stendra ®) are granted under the License Agreement, which is a sublicense under the MTPC License. The MTPC License contains certain termination rights that would allow MTPC to terminate the agreement if Vivus were to breach any of the terms of the MTPC License or become insolvent or bankrupt. In the event that MTPC terminates the MTPC License with Vivus because of any contractual breach, Petros has step- in rights with MTPC, which would allow Petros to continue to sell Stendra ®. ~~Vivus~~ **31Vivus** has granted a license to Hetero USA, Inc. and Hetero Labs Limited to manufacture and commercialize the generic version of Stendra ® in the United States once it comes off patent. On January 3, 2017, Vivus granted Hetero USA, Inc. and Hetero Labs Limited (collectively, " Hetero ") a license to manufacture and commercialize the generic version of Stendra ® described in its abbreviated new drug application (" ANDA ") filing in the United States as of the date that is the later of (a) October 29, 2024, which is 180 days prior to the expiration of the last to expire of the patents- in- suit, or (b) the date that Hetero obtains final approval from FDA of the Hetero ANDA. Future competition from generic versions could negatively impact the sales volume of Stendra ®, and prices for pharmaceutical products typically decline following generic entry onto the market. The date on which generic competition with Stendra ® begins may be different from the date that the patent or regulatory exclusivity expires, and instead may occur upon the loss or expiration of patent protection or upon the " at- risk " launch (despite pending patent infringement litigation against the generic product) by a generic manufacturer of a generic version of Stendra ®. If that should occur, Petros could lose a significant portion of revenues for Stendra ® which could adversely affect its business, financial condition and results of operations. If Petros fails to comply with its obligations under its license agreements, it could lose the rights to intellectual property that is important to its business. Petros' current license agreements impose on Petros various development obligations, payment of royalties and fees based on achieving certain milestones as well as other obligations. If Petros fail to comply with its obligations under these agreements, the licensor may have the right to terminate the license. In addition, if the licensor fails to enforce its intellectual property, the licensed rights may not be adequately maintained. The termination of any license agreements or failure to adequately protect such license agreements could prevent Petros from commercializing Petros' product candidates or possible future products covered by the licensed intellectual property. Any of these events could materially adversely affect Petros' business, prospects, financial condition and results of operation. If Petros fails to protect its intellectual property rights, its ability to pursue the development of its products would be negatively affected. Petros' long- term success largely depends on its ability to market technologically competitive products. Petros relies and expects to continue to rely on a combination of intellectual property, including patent, trademark, trade dress, copyright, trade secret and domain name protection laws, as well as confidentiality and license agreements, to protect its intellectual property and proprietary rights. If Petros or its licensors fail to obtain and maintain adequate intellectual property protection, it may not be able to prevent third parties from launching generic or biosimilar versions of its branded products using its proprietary technologies or from marketing products that are very similar or identical to those of Petros. In addition, the patents Petros has

licensed may not contain claims sufficiently broad to protect it against third parties with similar technologies or products or provide Petros with any competitive advantage, including exclusivity in a particular product area. Petros may be subject to challenges by third parties regarding its or its licensors' intellectual property, including, among others, claims regarding validity, enforceability, scope and effective term. ~~34The~~ -- **The** patent positions of life sciences companies, including Petros' patent position, involve complex legal and factual questions, and, therefore, the issuance, scope, validity and enforceability of any patent claims that Petros may obtain cannot be predicted with certainty. Patents, if issued, may be challenged, deemed unenforceable, invalidated, or circumvented. A third- party may submit prior art, or Petros may become involved in opposition, derivation, reexamination, inter partes review, post- grant review, supplemental examination, or interference proceedings challenging Petros' patent rights or the patent rights of its licensors or development partners. The costs of defending or enforcing Petros' proprietary rights in these proceedings can be substantial, and the outcome can be uncertain. An adverse determination in any such submission or proceeding could reduce the scope of, or invalidate, Petros' patent rights, allow third parties to commercialize Petros' technology or products and compete directly with Petros, or reduce Petros' ability to manufacture or commercialize products. Furthermore, if the scope or strength of protection provided by Petros' patents and patent applications is threatened, it could discourage companies from collaborating with Petros to license, develop or commercialize current or future products. The ownership of Petros' proprietary rights could also be challenged. Moreover, the issuance of a patent, while presumed valid and enforceable, is not conclusive as to its validity or its enforceability and it may not provide Petros with adequate proprietary protection or competitive advantages against competitors with similar products. Competitors may also be able to design around Petros' patents. Other parties may develop and obtain patent protection for more effective technologies, designs or methods. Petros may not be able to prevent the unauthorized disclosure or use of our technical knowledge or trade secrets by consultants, vendors, former employees and current employees. ~~Petros~~ **32Petros** ' ability to enforce its in- licensed patents also depends on the laws of individual countries and each country' s practice with respect to enforcement of intellectual property rights, and the extent to which certain sovereigns may seek to engage in policies or practices that may weaken its intellectual property framework (e. g., a policy of routine compulsory licensing (or threat of compulsory licensing) of pharmaceutical intellectual property). Patent rights are territorial, and patent protection extends only to those countries where Petros has issued patents. Filing, prosecuting and defending patents on Petros' products and product candidates in all countries and jurisdictions throughout the world would be prohibitively expensive, and Petros' intellectual property rights in some countries outside the United States could be less extensive than those in the United States. Some foreign countries lack rules and methods for defending intellectual property rights and do not protect proprietary rights to the same extent as the United States. Competitors may successfully challenge or avoid Petros' patents, or manufacture products in countries where Petros has not applied for patent protection. Changes in the patent laws in the U. S. or other countries may diminish the value of Petros' patent rights. As a result of these and other factors, the scope, validity, enforceability, and commercial value of Petros' patent rights are uncertain and unpredictable. As such, Petros may have difficulty protecting its proprietary rights in these foreign countries. Indeed, several companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of some countries do not favor the enforcement of patents and other intellectual property rights, which could make it difficult for Petros to stop the infringement, misappropriation or other violation of Petros' intellectual property rights generally. Proceedings to enforce Petros' intellectual property rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of Petros' business, could put Petros' patents at risk of being invalidated or interpreted narrowly and Petros' patent applications at risk of not issuing and could provoke third parties to assert claims against Petros. Petros may not prevail in any lawsuits that it initiates, and the damages or other remedies awarded, if any, may not be commercially meaningful. Furthermore, Petros' ability to enforce its patent rights depends on its ability to detect infringement. It is difficult to detect infringers who do not advertise the components that are used in their products. Moreover, it may be difficult or impossible to obtain evidence of infringement in a competitor' s or potential competitor' s product, particularly in litigation in countries other than the U. S. that do not provide an extensive discovery procedure. Any litigation to enforce or defend Petros' patent rights, if any, even if Petros were to prevail, could be costly and time- consuming and would divert the attention of Petros' management and key personnel from its business operations. Petros may not prevail in any lawsuits that it initiates and the damages or other remedies awarded if it were to prevail may not be commercially meaningful. ~~35In~~ **In** addition to patents, Petros relies on a combination of trade secrets, confidentiality, nondisclosure and other contractual provisions and security measures to protect its confidential and proprietary information. These measures do not guarantee protection of its trade secrets or other proprietary information ~~,~~and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, Petros cannot guarantee that it has executed these agreements with each party that may have or have had access to its trade secrets. Furthermore, if the employees and consultants who are parties to these agreements breach or violate the terms of these agreements, Petros may not have adequate remedies for any such breach or violation, and Petros could lose its trade secrets through such breaches or violations. There is risk that third parties could use Petros' technology and it could lose any competitive advantage it may have. In addition, others may independently develop similar proprietary information or techniques or otherwise gain access to Petros' trade secrets, which could impair any competitive advantage it may have. Furthermore, in some cases, Petros may rely on its licensors to conduct patent prosecution, patent maintenance, or enforce patents on its behalf. Therefore, Petros' ability to ensure that these patents are properly prosecuted, maintained, or defended may be limited, which may adversely affect Petros' rights to the licensed technology. Failure by a licensor to properly conduct patent prosecution, maintenance, or enforcement could materially harm Petros' ability to obtain suitable patent protection to cover its commercial products, thereby potentially reducing Petros' royalties from any sublicensee and / or limiting the patent barrier to competition. Petros may be involved in lawsuits to protect or enforce its patents, which could be expensive and time consuming. Petros' commercial success also depends upon its ability, and the ability of any third party with which it may partner, to develop, manufacture, market and sell its product

candidates and / or products, if approved, and use its patent- protected technologies without infringing the patents of third parties. The pharmaceutical industry has been characterized by extensive litigation regarding patents and other intellectual property rights, and companies have employed intellectual property litigation to gain a competitive advantage. ~~Petros~~ **33Petros** may not have identified all patents, published applications or published literature that affect its business either by blocking its ability to commercialize its products or potential products, by preventing the patentability of one or more aspects of its products or potential products to it or its licensors, or by covering the same or similar technologies that may affect its ability to market its products and potential products. For example, Petros (or the licensor of a product or potential product to it) may not have conducted a patent clearance search sufficient to identify potentially obstructing third party patent rights. Moreover, patent applications in the United States are maintained in confidence for up to 18 months after their filing. In some cases, however, patent applications remain confidential in the U. S. Patent and Trademark Office, or the USPTO, for the entire time prior to issuance as a U. S. patent. Patent applications filed in countries outside of the United States are not typically published until at least 18 months from their first filing date. Similarly, publication of discoveries in the scientific or patent literature often lags behind actual discoveries. Petros cannot be certain that it or its licensors were the first to invent, or the first to file, patent applications covering its products and candidates. Petros also may not know if its competitors filed patent applications for technology covered by its pending applications or if it was the first to invent the technology that is the subject of its patent applications. Competitors may have filed patent applications or received patents and may obtain additional patents and proprietary rights that block or compete with our patents. Petros may therefore become subject to infringement claims or litigation arising out of patents and pending applications of its competitors, additional interference proceedings declared by the United States Patent and Trade Office (“ USPTO ”) to determine the priority of inventions, or post- grant review, inter parties review, or re- examination proceedings filed with the USPTO. The defense and prosecution of intellectual property suits, USPTO proceedings and related legal and administrative proceedings are costly and time- consuming to pursue, and their outcome is uncertain. Litigation may be necessary to enforce Petros’ licensed patents, to protect its trade secrets and know- how, or to determine the enforceability, scope and validity of the proprietary rights of others. An adverse determination in litigation or USPTO post- issuance interference proceedings to which Petros may become a party could subject it to significant liabilities, require it to obtain licenses from third parties, restrict or prevent it from selling its products in certain markets, dissuade companies from collaborating with it, or permit third parties to directly compete with it. Although patent and intellectual property disputes might be settled through licensing or similar arrangements, the costs associated with such arrangements may be substantial and could include paying large, fixed payments and ongoing royalties. Furthermore, the necessary licenses may not be available on satisfactory terms or at all. ~~36Competitors~~ -- **Competitors** may infringe Petros’ licensed patents and Petros may file infringement claims to counter infringement or unauthorized use. This can be expensive, particularly for a company of Petros’ size, and time- consuming. In addition, in an infringement proceeding, a court may decide that a patent Petros has licensed is not valid or is unenforceable or may refuse to stop the other party from using the technology at issue on the grounds that Petros’ licensed patents do not cover the other party’ s technology. An adverse determination of any litigation or defense proceedings could put one or more of Petros’ licensed patents at risk of being invalidated or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation or USPTO post- issuance proceedings, there is a risk that some of Petros’ confidential information could be compromised by disclosure. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If Petros infringes the rights of third parties, it could be prevented from selling products and forced to pay damages and defend against litigation. If Petros’ products, methods, processes and other technologies infringe the proprietary rights of other parties, it could incur substantial costs and Petros may have to: obtain licenses, which may not be available on commercially reasonable terms, if at all; abandon an infringing product candidate; redesign its products or processes to avoid infringement; stop using the subject matter claimed in the patents held by others; pay damages; and / or defend litigation or administrative proceedings which may be costly whether Petros wins or loses, and which could result in a substantial diversion of its financial and management resources. ~~Petros~~ **34Petros** may be subject to claims that its employees, consultants or independent contractors have wrongfully used or disclosed confidential information of third parties. Petros may employ individuals who were previously employed at other biotechnology or pharmaceutical companies. It may be subject to claims that it or its employees, consultants or independent contractors have inadvertently or otherwise used or disclosed confidential information of our employees’ former employers or other third parties. Petros may also be subject to claims that former employers or other third parties have an ownership interest in its patents. Litigation may be necessary to defend against these claims. There is no guarantee of success in defending these claims, and if Petros does not prevail, it could be required to pay substantial damages and could lose rights to important intellectual property. Even if Petros is successful, litigation could result in substantial cost and be a distraction to its management and other employees. Changes in trends in the pharmaceutical and medical device industries, including changes to market conditions, could adversely affect Petros’ operating results. The pharmaceutical and medical device industries generally, and drug discovery and development companies more specifically, are subject to increasingly rapid technological changes. Petros’ competitors might develop technologies or products that are more effective or commercially attractive than Petros’ current or future technologies, or that render its technologies or products less competitive or obsolete. If competitors introduce superior technologies or products and Petros cannot make enhancements to its technologies or products to remain competitive, its competitive position and, in turn, its business, revenue and financial condition, may be materially and adversely affected. Obtaining and maintaining patent protection depends on compliance with various procedures and other requirements, and Petros’ patent protection could be reduced or eliminated in case of non- compliance with these requirements. Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and / or applications will be due to the relevant patent agencies in several stages over the lifetime of the patents and / or applications. The relevant patent agencies require compliance with a number of procedural, documentary, fee payment and other provisions during the patent application

process. In many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. However, there are situations in which the failure to comply with the relevant requirements can result in the abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, Petros' competitors might be able to use Petros' technologies and know- how which could have a material adverse effect on Petros' business, prospects, financial condition and results of operation. ~~37Risks~~ **35Risks** Related to Petros' Strategic TransactionsAcquisitions involve risks that could result in a reduction of our operating results, cash flows and liquidity. Petros has made, and in the future may continue to make, strategic acquisitions including licenses of third- party products. However, it may not be able to identify suitable acquisition and licensing opportunities. It may pay for acquisitions and licenses with equity or with convertible securities. In addition, acquisitions or licenses may expose Petros to operational challenges and risks, including: ● the ability to profitably manage acquired businesses or successfully integrate the acquired business' operations and financial reporting and accounting control systems into our business; ● increased indebtedness and contingent purchase price obligations associated with an acquisition; ● the ability to fund cash flow shortages that may occur if anticipated revenue is not realized or is delayed, whether by general economic or market conditions or unforeseen internal difficulties; ● the availability of funding sufficient to meet increased capital needs; ● diversion of management' s attention; and ● the ability to retain or hire qualified personnel required for expanded operations. In addition, acquired companies may have liabilities or risks that we fail, or are unable, to discover in the course of performing due diligence investigations. Petros cannot guarantee that the indemnification granted to it by sellers of acquired companies will be sufficient in amount, scope or duration to fully offset the possible liabilities associated with businesses or properties that are assumed upon consummation of an acquisition. Petros may learn additional information about acquired businesses that materially adversely affect it, such as unknown or contingent liabilities and liabilities related to compliance with applicable laws. Any such liabilities, individually or in the aggregate, could have a material adverse effect on its business. Failure to successfully manage the operational challenges and risks associated with, or resulting from, acquisitions could adversely affect Petros' results of operations, cash flows and liquidity. Borrowings or issuance of convertible securities associated with any acquisitions may also result in higher levels of indebtedness, which could impact its ability to service its debt within the scheduled repayment terms. Risks **Related to Our Series A Preferred StockHolders of our Series A Preferred Stock (issued in July 2023) are entitled to certain payments under the Certificate of Designations that may be paid in cash or in shares of common stock depending on the circumstances. If we make these payments in cash, we may be required to expend a substantial portion of our cash resources. If we make these payments in common stock, it may result in substantial dilution to the holders of our common stock. Under the Certificate of Designations (the " Certificate of Designations ") of our Series A Preferred Stock, par value $ 0. 0001 per share (the " Series A Preferred Stock "), we are required to redeem the shares of Series A Preferred Stock in monthly installments. Holders of Series A Preferred Stock are also entitled to receive dividends, payable in arrears monthly, and dividends payable on installment dates shall be paid as part of the applicable installment amount. Installment amounts are payable, at the company' s election, in shares of common stock or, subject to certain limitations, in cash. Installment amounts paid in cash must be paid in the amount of 107 % of the applicable payment amount due. For installment amounts paid in shares of common stock, the number of shares of common stock shall be calculated by dividing the applicable payment amount due by the " installment conversion price. " The installment conversion price shall be equal to the lower of (i) the Conversion Price (as defined in the Certificate of Designations) in effect as of the applicable payment date and (ii) the greater of (A) 80 % of the average of the three lowest closing prices of our common stock during the thirty trading day period immediately prior to the date the payment is due or (B) $ 0. 396 (subject to adjustment for stock splits, stock dividends, stock combinations, recapitalizations or other similar events) or, in any case, such lower amount as permitted, from time to time, by the Nasdaq Stock Market. 36Our ability to make payments due to the holders of Series A Preferred Stock using shares of common stock is subject to certain limitations set forth in the Certificate of Designations. If we are unable to make installment payments in shares of common stock, we may be forced to make such payments in cash. If we do not have sufficient cash resources to make these payments, we may need to raise additional equity or debt capital, and we cannot provide any assurance that we will be successful in doing so. If are unable to raise sufficient capital to meet our payment obligations, we may need to delay, reduce or eliminate certain research and development programs or other operations, sell some or all of our assets or merge with another entity. Our ability to make payments due to the holders of Series A Preferred Stock using cash is also limited by the amount of cash we have on hand at the time such payments are due, as well as certain provisions of the Delaware General Corporation Law. Further, we intend to make the installment payments due to holders of Series A Preferred Stock in the form of common stock to the extent allowed under the Certificate of Designations and applicable law in order to preserve our cash resources. The issuance of shares of common stock to the holders of our Series A Preferred Stock will increase the number of shares of common stock outstanding and could result in substantial dilution to the existing holders of our common stock. The Certificate of Designations for the Series A Preferred Stock and the warrants issued concurrently therewith contain anti- dilution provisions that may result in the reduction of the conversion price of the Series A Preferred Stock or the exercise price of such warrants in the future. These features may increase the number of shares of common stock being issuable upon conversion of the Series A Preferred Stock or upon the exercise of the warrants. The Certificate of Designations the Warrants contain anti- dilution provisions, which provisions require the lowering of the applicable conversion price or exercise, as then in effect, to the purchase price of equity or equity- linked securities issued in any subsequent offerings. If in the future, while any shares of Series A Preferred Stock or Warrants are outstanding, we issue securities for a consideration per share of common stock (the " New Issuance Price ") that is less than the Conversion Price of the Series A Preferred Stock or the exercise price of the Warrants, as then in effect, we will be required, subject to certain limitations and**

adjustments as provided in the Certificate of Designations or the Warrants, to reduce the Conversion Price or the exercise price to be equal to the New Issuance Price, which will result in a greater number of shares of common stock being issuable upon conversion of the Series A Preferred Stock and the exercise of the Warrants, which in turn will increase the dilutive effect of such conversions or exercises on existing holders of our common stock. It is possible that we will not have a sufficient number of shares available to satisfy the conversion of the Series A Preferred Stock or the exercise of the Warrants if we enter into a future transaction that reduces the applicable Conversion Price or exercise price. If we do not have a sufficient number of available shares for any Series A Preferred Stock conversions or Warrant exercises, we may need to seek shareholder approval to increase the number of authorized shares of our common stock, which may not be possible and will be time consuming and expensive. The potential for such additional issuances may depress the price of our common stock regardless of our business performance and may make it difficult for us to raise additional equity capital while any of the Series A Preferred Stock or Warrants are outstanding. Under the Purchase Agreement we are subject to certain restrictive covenants that may make it difficult to procure additional financing. The Securities Purchase Agreement pursuant to which we issued the Series A Preferred Stock (" Purchase Agreement ") contains the following restrictive covenants: (i) until no shares of Series A Preferred Stock are outstanding, we agreed not to enter into any variable rate transactions; (ii) for approximately six months after the date on which Conversion Shares and Warrant Shares are eligible for sale by the Investors under a registration statement declared effective by the SEC or pursuant to Rule 144 under the Securities Act, we agreed not to issue or sell any equity security or convertible security, subject to certain exceptions; and (iii) until the later of no shares of Series A Preferred Stock being outstanding and the maturity date of the Series A Preferred Stock, we agreed to offer to the investors party to the Purchase Agreement the opportunity to participate in any subsequent securities offerings by us. If we require additional funding while these restrictive covenants remain in effect, we may be unable to effect a financing transaction while remaining in compliance with the terms of the Purchase Agreement, or we may be forced to seek a waiver from the investors party to the Purchase Agreement. 37Risks Related to Petros' Common StockWe do not anticipate paying dividends on our common stock in the foreseeable future. We currently plan to invest all available funds and future earnings, if any, in the development and growth of our business. We currently do not anticipate paying any cash dividends on our common stock in the foreseeable future. **So long as any shares of Series A Preferred Stock are outstanding, as they are at this time, we are not able to declare or pay any cash dividend or distribution on any of our capital stock (other than as required by the Certificate of Designations) without the prior written consent of the Required Holders (as defined in the Certificate of Designations).** In addition, the terms of our existing and any future debt agreements may preclude us from paying dividends. As a result, a rise in the market price of our common stock, which is uncertain and unpredictable, will be our shareholders' sole source of potential gain in the foreseeable future and our shareholders should not rely on an investment in our common stock for dividend income. We are an " emerging growth company " and our election to delay adoption of new or revised accounting standards applicable to public companies may result in our financial statements not being comparable to those of other public companies. As a result of this and other reduced disclosure requirements applicable to emerging growth companies, our securities may be less attractive to investors. We are an " emerging growth company, " as defined in the JOBS Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not " emerging growth companies " including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes- Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of ~~38holding~~ -- **holding** a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. In addition, Section 107 of the JOBS Act also provides that an " emerging growth company " can take advantage of the extended transition period provided in Section 7 (a) (2) (B) of the Securities Act of 1933, as amended (the " Securities Act "), for complying with new or revised accounting standards. In other words, an " emerging growth company " can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We are electing to delay such adoption of new or revised accounting standards, and as a result, we may not comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non- emerging growth companies. As a result of such election, our financial statements may not be comparable to the **consolidated** financial statements of other public companies. We cannot predict whether investors will find our securities less attractive because it will rely on these exemptions. If some investors find the Company Common Stock less attractive as a result, there may be a less active trading market for the Company Common Stock and our stock price may be more volatile. We may take advantage of these reporting exemptions until we are no longer an " emerging growth company. " We could remain an " emerging growth company " until the earliest to occur of earliest of (i) the last day of the fiscal year in which we have total annual gross revenues of $ 1. 235 billion or more; (ii) December 31, 2025; (iii) the date on which we have issued more than $ 1 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC. Sales of a substantial number of shares of our common stock, or the perception that such sales may occur, may adversely impact the price of our common stock. Almost all of our outstanding shares of common stock, as well as a substantial number of shares of our common stock underlying outstanding options and warrants, are available for sale in the public market, either pursuant to Rule 144 under the Securities Act, or an effective registration statement. ~~We~~ **Except as provided in the Purchase Agreement, we** are generally not restricted from issuing additional common stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. ~~Pursuant to the shelf registration statement on Form S- 3 filed on January 29, 2021, we may sell up to $ 100, 000, 000 of our equity securities over the next several years, and approximately $ 82, 540, 022 of our equity securities is available for sale under such registration statement.~~ Sales of a substantial number of shares of our common stock in the public markets could depress the market price of our common stock and impair our ability to raise capital through the sale of

additional equity securities. **In addition, we may be required to issue shares of common stock to the holders of Series A Preferred Stock upon conversion of the Series A Preferred Stock and the payment of the dividends to the holders thereof in common stock as a result of the full ratchet anti- dilution price protection in the Certificate of Designations if the effective common stock purchase price in a subsequent offering is less than the then current Series A Preferred Stock conversion price, which in turn will increase the number of shares of common stock available for sale. Pursuant to the Registration Rights Agreement, we have agreed to file a registration statement covering the resale of 38such shares. See " Risk Factors — Risks Related to Our Series A Preferred Stock — The Certificate of Designations for the Series A Preferred Stock and the warrants issued concurrently therewith contain anti- dilution provisions that may result in the reduction of the conversion price of the Series A Preferred Stock or the exercise price of such warrants in the future. These features may increase the number of shares of common stock being issuable upon conversion of the Series A Preferred Stock or upon the exercise of the warrants. "** We cannot predict the effect that future sales of our common stock would have on the market price of our common stock. Our stock price may be volatile. The market price of our common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including the following: ● results of our operations and product development efforts; ● our ability to obtain working capital financing; ● additions or departures of key personnel; ● limited " public float " in the hands of a small number of persons whose sales or lack of sales could result in positive or negative pricing pressure on the market price for our common stock; ● our ability to execute our business plan; ● sales of our common stock and decline in demand for our common stock; ● regulatory developments; ● economic and other external factors; ● investor perception of our industry or our prospects; ~~and39~~ **and ● period- to- period fluctuations in our financial results. In addition, the securities markets have from time- to- time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. Our failure to meet the continued listing requirements of The Nasdaq Capital Market could result in a delisting of our common stock. As previously reported, on June 22, 2022, we received a letter from the Listing Qualifications Department of Nasdaq indicating that, based upon the closing bid price of our common stock for the 30 consecutive business day period between May 9, 2022, through June 21, 2022, we did not meet the minimum bid price requirement for continued listing on The Nasdaq Capital Market and had a compliance period of 180 calendar days, or until December 19, 2022, in which to regain compliance. On November 29, 2022, we filed a Certificate of Amendment of Amended and Restated Certificate of Incorporation with the Secretary of State of Delaware to effect a 1- for- 10 reverse stock split of the shares of our common stock, effective as of 4: 05 p. m. (Delaware time) on November 30, 2022. Although we have restored compliance with the listing requirements, we can provide no assurance that we will not fall out of compliance again. Should a delisting occur, an investor would likely find it significantly more difficult to dispose of, or to obtain accurate quotations as to the value of our common stock, and our ability to raise future capital through the sale of our common stock could be severely limited. Our largest shareholder maintains the ability to significantly influence all matters submitted to Petros' stockholders for approval. As of March 26, 2024, our largest shareholder, JCP III SM AIV, L. P., and its affiliates, in the aggregate, own approximately 8. 3 % of the issued and outstanding common stock of the Company. As a result, if these stockholders were to choose to act together, they could be able to significantly influence all matters submitted to Petros' stockholders for approval, as well as Petros' management and affairs. 39**