Risk Factors Comparison 2024-04-26 to 2023-03-31 Form: 10-K

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Investors should carefully consider the risks described below before deciding whether to invest in our securities. If any of the following risks actually occur, our business, financial condition or results of operations could be adversely affected. In such case, the trading price of our common stock could decline and you could lose all or part of your investment. Our actual results could differ materially from those anticipated in the forward- looking statements made throughout this Annual Report a result of different factors, including the risks we face described below. Risks Relating to our Financial Position and Capital Requirements To date, we have not generated significant revenue and we do not anticipate generating significant revenue in the near future. To date, we have not generated ~~any~~ **significant** revenue from ~~product sales~~ **our business** and substantially all of our revenue ~~to date~~ has been revenue from **lines of business in which we are no longer engaged. For the year ended December 31, 2023, we had a net loss of approximately $ 46. 8 million and our revenue was primarily derived from** one order of ANTHIM ®, **and prior to that our revenue was primarily derived from** grant revenue that Pelican has received from CPRIT and a small amount of revenue from a research funding agreement. We do not anticipate generating any significant revenue from ~~product sales~~ **the provision of CDMO services** for several years as ~~to date~~ we **are** ~~have only one product, ANTHIM ®, approved for commercial sale and it will take several years for us to manufacture additional quantity of ANTHIM ® for sale and receive any necessary regulatory approvals. Although we acquired inventory of ANTHIM ®, we did not acquire~~ a ~~significant amount~~ **new entrant into that line** of **business** ~~inventory for sale. Therefore, we do not anticipate generating significant revenue from ANTHIM ® sales for several years and in fact anticipate to incur additional expenses associated with such product before generating significant revenue from sales of ANTHIM ®~~. Even if we generate revenue from ~~product sales~~ **the provision of services**, which is not anticipated for several years, if at all, there can be no assurance that we will be profitable. In addition, we have entered into a new line of business, the provision of contract development and manufacturing services and no assurance can be given that we will be able to generate significant revenue as a contract development and manufacturing organization (" CDMO ") **We will** need to raise additional capital to support our long- term business plans and our failure to obtain funding when needed may force us to delay,reduce or eliminate our development programs or commercialization efforts.During the year ended December 31, ~~2023~~ **2022**,our operating activities used net cash of approximately $ ~~31.~~5 **.7** million and as of December 31, ~~2023~~ **2022**,our cash and cash equivalents and short- term investments were approximately $ ~~2~~ **44** . ~~4~~ **3** million.During the year ended December 31, ~~2022~~ **2021**,our operating activities used net cash of approximately $ ~~5~~ **38** . ~~7~~ **1** million and as of December 31, ~~2022~~ **2021** our cash and cash equivalents and short- term investments were approximately $ ~~44~~ **96** . ~~3~~ **4** million.We have experienced significant losses since inception and have a significant accumulated deficit.As of December 31, ~~2023~~ **2022**,our accumulated deficit totaled $ ~~254~~ **209** . ~~4~~ **2** million and as of December 31, ~~2022~~ **2021**,our accumulated deficit totaled $ ~~209~~ **165** . ~~2~~ **7** million on a consolidated basis.We expect to incur additional operating losses in the future and therefore expect our cumulative losses to increase.We ~~do not~~ or that we will be able to consummate our business strategy and plans. Financial, technological, market, or other limitations may force us to modify, alter, significantly delay, or significantly impede the implementation of such plans. The operation of the manufacturing facility required us to incur significant expenses before we realize any revenue from such facility. We have insufficient results for investors to use to identify historical trends. Investors should consider our prospects in light of the risk, expenses and difficulties we will encounter as an early- stage company. Our revenue and income potential is unproven and our business model is continually evolving. We are subject to the risks inherent to the operation of a new business enterprise and cannot assure you that we will be able to successfully address these risks. Our consolidated financial statements have been prepared assuming that we will continue as a going concern. -We have an accumulated deficit of $ ~~209~~ **254** . ~~2~~ **4** million as of December 31, ~~2022~~ **2023** and a net loss of approximately $ ~~43~~ **46** . ~~9~~ **8** million for the year ended December 31, ~~2022~~ **2023** and have not generated significant revenue or positive cash flows from operations. **We** ~~The Company expects~~ - **expect** to incur significant expenses and continued losses from operations for the foreseeable future. We expect our expenses to increase in connection with our ongoing activities, particularly as we ramp up operations in our in- house bioanalytic, process development and manufacturing facility in San Antonio, TX ~~, expand our infectious disease / biological threat program, and continue to support the development of, and commencement of operations at, a new biodefense- focused large molecule and biologies biomanufacturing facility in Manhattan, Kansas~~. Our audited financial statements for the fiscal year ended December 31, ~~2022~~ **2023** were prepared under the assumption that we will continue as a going concern; however, we have incurred significant losses from operations to date and we expect our expenses to increase in connection with our ongoing activities. These factors raise substantial doubt about our ability to continue as a going concern for one year after the financial statements are issued. Our auditors also included an explanatory paragraph in its report on our financial statements as of and for the year ended December 31, ~~2022~~ **2023** with respect to this uncertainty. There can be no assurance that funding will be available on acceptable terms on a timely basis, or at all. The various ways that we could raise capital carry potential risks. Any additional sources of financing will likely involve the issuance of our equity securities, which will have a dilutive effect on our stockholders. Any debt financing, if available, may involve restrictive covenants that may impact our ability to conduct our business. If we raise funds through collaborations and licensing arrangements, we might be required to relinquish significant rights to our technologies or tests or grant licenses on terms that are not favorable to us. If we do not succeed in raising additional funds on acceptable terms or at all, we may be unable to ~~complete planned build out of our Kansas facility or~~ develop any new product candidates that we acquire. As such, we cannot conclude that such plans will be effectively implemented within one year after the date that the financial statements included in this Annual Report are filed with

the SEC and there is uncertainty regarding our ability to maintain liquidity sufficient to operate our business effectively, which raises substantial doubt about our ability to continue as a going concern. **14We** ~~We have a limited operating history in our current lines of business. Our success is dependent upon our ability to obtain regulatory approval for commercial sale of our products and to sell such products. We have not yet demonstrated an ability to perform the functions necessary for the approval or successful commercialization of any product candidates. To date, we have not obtained approval for commercialization of any of the products we have developed and, due to our limited time owning ANTHIM ®, we have not proven that we can successfully commercialize any product. In addition, we have recently shifted our focus to the development and commercialization of biodefense products and provision of CDMO services. To date, we have generated $ 6. 0 million from new sales of ANTHIM ® subsequent to our acquisition of Elusys. To date, we have provided limited manufacturing services as a contract development and manufacturing organization and we have not proven that we can successfully operate a CDMO facility. The successful commercialization of any product candidates will require us to perform a variety of functions, including: ● undertaking preclinical development and successfully enrolling patients in clinical trials; ● participating in regulatory approval processes; ● formulating and manufacturing products; and ● conducting sales and marketing activities. Until the last few years, our operations have been limited primarily to organizing and staffing, acquiring, developing and securing our proprietary technology and undertaking preclinical trials and preparing for and conducting our Phase 1 and Phase 2 clinical and preclinical trials of our product candidates for cancer and related indications. These operations provide a limited basis for you to assess our ability to successfully commercialize ANTHIM ® and any other biodefense product we develop or acquire or to provide CDMO services. We~~ have incurred net losses every year since our inception and expect to continue to incur increased expenses and generate operating losses and experience negative cash flows and it is uncertain whether we will achieve profitability. For the years ended December 31, **2023 and** 2022 ~~and 2021~~, we incurred a net loss of $ **46. 8 million and $** 43. 9 ~~million and $ 35. 4~~ million, respectively. We have an accumulated deficit of $ ~~209~~ **254** . ~~2~~ **4** million through December 31, ~~2022~~ **2023** . We expect to continue to incur operating losses until such time, if ever, as we are able to achieve sufficient levels of revenue from operations. As stated above, we do not anticipate generating significant revenue from sales of our products for several years or from our manufacturing facility until such time as it is fully operational and operating at full capacity. Our ability to achieve profitability will depend on us successfully **as a CDMO** ~~manufacturing and receiving regulatory approval for ANTHIM ® and our other product candidates~~ and market acceptance of our ~~product offerings and~~ services and our capacity to develop, introduce and sell our ~~products and~~ services to our targeted markets ~~. There can be no assurance that future manufacturing of ANTHIM ® will be approved or any of our product candidates that are under development will be approved for commercial sale, or even product candidates and products that are approved for commercial sale we will ever generate significant sales or achieve profitability~~ . Furthermore, there can be no assurance that we generate sufficient revenue from manufacturing services to support the expenses anticipated to be incurred by the manufacturing facility. Accordingly, the extent of future losses and the time required to achieve profitability, if ever, cannot be predicted at this point. Even if we succeed in ~~developing and commercializing one or more product candidates, and are successful in selling ANTHIM ® or are successful in~~ generating revenue as a CDMO, we expect to incur substantial losses for the foreseeable future and may never become profitable. We also expect to continue to incur significant operating expenses and anticipate that our expenses will increase substantially in the foreseeable future as we: ~~● continue to undertake preclinical development and conduct clinical trials for product candidates; ● seek regulatory approvals for product candidates;~~ ● implement additional internal systems and infrastructure; ~~26~~ ● devote resources to constructing a facility for the **further** development of bioanalytics, process development and ~~manufacturing~~ **biomanufacturing** activities ~~; ● sell ANTHIM ® and engage in commercial scale manufacturing of ANTHIM ®~~ ; and ● hire additional personnel. ~~We~~ also expect to experience negative cash flows for the foreseeable future as we fund our operating losses. As a result, we will need to generate significant revenues or raise additional financing in order to achieve and maintain profitability. We may not be able to generate these revenues or achieve profitability in the future. Our failure to achieve or maintain profitability would likely negatively impact the value of our securities and financing activities. **If we** We will need to raise additional capital..... our cumulative losses to increase. We do not ~~expect to derive significant revenue from our CDMO services, any of our product candidates currently in development in the near future until we or our potential partners successfully commercialize our products and in order to generate significant revenue from ANTHIM ® sales we will need to engage in full scale manufacturing of ANTHIM ® which will take several years. We expect our expenses to increase if and when commence full scale manufacturing of ANTHIM ®. Our agreement with Lonza obligates us to pay for certain services upon placement of an order and only allows us to cancel manufacturing of batches for which we have placed orders under certain circumstances and based upon the order that we placed on March 31, 2023, we anticipate being obligated to pay over a two year period to Lonza approximately $ 34 million and and an additional $ 19 million for resins and other raw materials required for production. In addition, we expect our expenses to increase due to the operation of the manufacturing facility in San Antonio and the build out and purchase of equipment for the facility in Kansas. We will need to raise additional capital to fund our long~~ ~~term operations and we cannot be certain that funding will be available to us on acceptable terms on a timely basis, or at all. To meet our financing needs, we are considering multiple alternatives, including, but not limited to, additional equity financings, which we expect will include sales of common stock through at the market issuances, debt financings and / or funding from partnerships or collaborations. Our ability to~~ raise capital ~~through the sale of securities may be limited by our~~ **or successfully engage a stragtegic partner in** ~~number of authorized shares of common stock and various rules of~~ the **near term,** ~~SEC and the NYSE American that place limits on the number and dollar amount of securities that~~ we may **be required to delay, reduce, or terminate some or all of our operations,** sell **some** ~~. Any additional sources~~ of ~~financing will likely involve the issuance of our equity or~~ **our assets** ~~debt securities~~ , ~~which will have a dilutive effect on our stockholders, assuming we are able to sufficiently increase~~ --- **cease operations** ~~our authorized number of shares of common stock. To the extent that we raise additional funds by issuing equity securities~~ , **liquidate** ~~our stockholders may experience significant dilution. Any debt~~

financing, if available, may involve restrictive covenants that may impact our ability to conduct our business. If we fail to raise additional funds on acceptable terms, we may be unable to complete planned preclinical and clinical trials or **our assets** obtain approval of our -- **or reorganize** product candidates from the FDA and other -- **the Company,** regulatory authorities or continue to maintain our -- **or** listing on **a combination of** the NYSE American. In addition, we could be forced to delay, discontinue or curtail product development, forego **foregoing** sales and marketing efforts, and forego licensing in attractive business opportunities . Any additional sources of financing will likely involve the issuance of our equity or debt securities, which will have a dilutive effect on our stockholders. We face risks related to the restatement of our previously issued financial statements for the quarters ended June 30, 2022 and September 30, 2022. As **previously** discussed **disclosed** in the Explanatory Note and in Note 17 to the consolidated financial statements in this Annual Report , we reached a determination to restate our unaudited consolidated financial statements included in the quarterly reporting periods during fiscal year 2022, consisting of June 30, 2022 and September 30, 2022 and that such interim financial 27statements -- **statements** should no longer be relied upon. As a result, we have incurred unanticipated costs for accounting and legal fees in connection with or related to the restatement, and have become subject to a number of additional risks and uncertainties, which may affect investor confidence in the accuracy of our financial disclosures and may raise reputational issues for our business. we expect to continue to face many of the risks and challenges related to the restatement, including the following: ● we may fail to remediate material weaknesses in our internal control over financial reporting and other material weaknesses may be identified in the future, which would adversely affect the accuracy and timing of our financial reporting; ● the processes undertaken to effect the restatement may not have been adequate to identify and correct all errors in our historical financial statements and, as a result, we may discover additional errors and our financial statements remain subject to the risk of future restatement; ● the incurrence of restatement- related expenses; and ● diversion of management and other human resources attention from the operation of our business. We cannot assure that all of the risks and challenges described above will be eliminated and that lost business opportunities can be recaptured or that general reputational harm will not persist. If one or more of the foregoing risks or challenges persist, our business, operations and financial condition are likely to be materially and adversely affected **affected15We** We identified a material weakness in our internal control over financial reporting and determined that our disclosure controls and procedures were ineffective as of June 30, 2022 and September 30, 2022 as well as of December 31, 2022. As a result, we restated our quarterly financial results for the periods ending June 30, 2022 and September 30, 2022. **This material weakness continues to exist as of December 31, 2023.** In the future, we may identify additional material weaknesses or otherwise fail to maintain an effective system of internal control over financial reporting or adequate disclosure controls and procedures, which may result in material errors in our financial statements or cause us to fail to meet our period reporting obligations. Management and our Audit Committee, in consultation with BDO USA LLP **P. C.** (" BDO "), our independent registered public accounting firm, determined that our previously issued interim financial statements filed on the Form 10- Q, as of June 30, 2022, and for the three and six months ended June 30, 2022 and three and nine months ended September 30, 2022 should no longer be relied upon. Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for evaluating and reporting on the effectiveness of our system of internal control. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America. As a public company, we are required to comply with the Sarbanes- Oxley Act and other rules that govern public companies. In particular, we are required to certify our compliance with Section 404 of the Sarbanes- Oxley Act, which requires us to furnish annually a report by management on the effectiveness of our internal control over financial reporting. Management has concluded that in light of the errors described above, a material weakness disclosure of income taxes. A material weakness is a deficiency,or a combination of deficiencies,in internal control over financial reporting,such that there is a reasonable possibility that a material misstatement of a company' s annual or interim financial statements will not be prevented or detected on a timely basis.The existence of one or more material weaknesses precludes a conclusion by management that our **the Company' s** disclosure controls and procedures and internal control over financial reporting are effective.As a result of the material weakness, we **the Company** believe **believes** that our **its** internal control over financial reporting was not effective and our **its** disclosure controls and procedures were not effective for the Non- Reliance Periods. in the Company' s internal controls over financial reporting existed and **our** management' s assessment of the effectiveness of the Company' s disclosure controls **were ineffective. Management is committed** and procedures as of June 30, 2022 and September 30, 2022 set forth in it Quarterly Reports on Form 10- Q for the quarters ended June 30, 2022 and September 30, 2022 need to **the remediation of the** be modified to include a material weakness in **. Management** its -- **is** controls over financial reporting. The **actively engaged in the implementation of remediation efforts, as described above to address the** material weakness identified relates to the the ineffective design of management review controls over the computation and disclosure of income taxes . A material weakness is a deficiency,..... the Non- Reliance Periods. If we are not able to comply with the requirements of the Sarbanes- Oxley Act or if we are unable to maintain effective internal control over financial reporting, we may not be able to produce timely and accurate financial statements or guarantee that information required to be disclosed by us in the reports that we file with the SEC, is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms. Any failure of our internal control 28over -- **over** financial reporting or disclosure controls and procedures could cause our investors to lose confidence in our publicly reported information, cause the market price of our stock to decline, expose us to sanctions or investigations by the SEC or other regulatory authorities, or impact our results of operations. In order to develop ANTHIM ®, we will have to devote significant resources to ANTHIM ®. Pursuant to the terms of the Merger Agreement, we have agreed to use reasonable efforts to commercialize ANTHIM ®. Obtaining requisite regulatory approvals for the manufacture and sale of ANTHIM ® and manufacturing costs are anticipated to be significant. Our agreement with Lonza obligates us to pay for certain services upon placement of an order and only allows us to cancel manufacturing of batches for which we have placed orders

~~under certain circumstances. Based upon the order that we placed in March 2023, we anticipate being obligated to pay over a two year period to Lonza approximately $ 34 million and an additional $ 19 million for resins and other raw materials required for production. We have incurred significant losses from operations to date and expect our expenses to increase in connection with our ongoing activities, and the addition of Elusys' activities. There can be no assurance that funding will be available on acceptable terms on a timely basis, or at all.~~ Risks Related to Our ~~Company~~ **CompanyWe** ~~We~~ have a limited operating history conducting commercial development of bioanalytics, process development and manufacturing activities, which may limit the ability of investors to make an informed investment decision. To date, we have limited experience manufacturing products for third parties and ourselves. Because of the numerous risks and uncertainties associated with development and manufacturing, we are unable to predict if we will be successful in providing such services to ourselves or third parties. ~~Although we plan to use our anticipated facility to service our internal manufacturing needs, we also intend to generate revenue to offset the expenses we incur in operating the facility as well as the initial start- up expenses from third parties.~~ Our ability to generate this revenue will depend, in part, on our ability to attract and maintain customers for our development, manufacturing and technology transfer services and on the amount spent by the customers on such services. If our ~~anticipated~~ facility fails to attract customers and operate at sufficient capacity, our margins will suffer, and we may not be able to fund the costs we incur to operate **it** ~~the facility~~ . Our bioanalytics, process development ~~and~~ **16and** ~~manufacturing~~ **biomanufacturing** activities will also depend, in part, on our ability to attract and retain an appropriately skilled and sufficient workforce to operate our development and manufacturing facility and our ability to comply with various quality standards and environmental, health and safety laws and regulations. ~~-~~We depend on spending and demand from our customers for our contract manufacturing and development services and any reduction in spending or demand could have a material adverse effect on our business. ~~-~~The amount that our customers spend on the development and ~~manufacture~~ **manufacturing** of their products or product candidates, particularly the amount our customers choose to spend on outsourcing these services to us, substantially impacts our revenue ~~. For ANTHIM ®, the U. S government' s spending budget and allocations for defense spending significantly impacts our revenue from sales of ANTHIM ®~~ . The outcomes of our customers' research, development and marketing also significantly influence the amount that our customers choose to spend on our services and offerings. Our customers determine the amounts that they will spend on our services based upon, among other things, the clinical and market success of their products, available resources, access to capital and their need to develop new products which, in turn, depend upon a number of other factors, including their competitors' research, development and product initiatives and the anticipated market for any new products, as well as clinical and reimbursement scenarios for specific products and therapeutic areas. Further, increasing consolidation in the pharmaceutical industry may impact such spending, particularly in the event that any of our customers choose to develop or acquire integrated manufacturing operations. Any reduction in customer spending on biologics development and related services as a result of these and other factors could have a material adverse effect on our business, financial condition, and results of operations. Available resources, the need to develop new products, and consolidation in the industries in which our customers operate may have an impact on such spending. Our customers finance their research and development spending from private and public sources. A reduction in spending by our customers, which may be influenced by the recent sharp downturn in available private and public funding for small and emerging biotechnology companies, could have a material adverse effect on our business, financial condition, and ~~29results~~ -- **results** of operations. If our customers are not successful in attaining or retaining product sales due to market conditions, reimbursement issues, or other factors, our results of operations may be materially adversely affected. ~~-~~To date, our revenues have come from a limited number of customers, making us dependent on those few customers. For the year ended December 31, ~~2022~~ **2023** , **substantially** all of our revenue was derived from **a limited** ~~one ANTHIM ® purchase order and one customer for CDMO services. Prior to our acquisition of Elusys, ANTHIM ® sales were made solely by the prior management team of Elusys to U. S. Governmental agencies. If the U. S. government were to cut its healthcare spending and in particular its biodefense spending, our ability to generate revenue if we cannot compete successfully for market share against other drug companiesfrom ANTHIM ® sales will be adversely impacted. Our strategy is to expand the~~ number of ~~sales to such agencies as well as expand the customer~~ **customers** ~~base outside of the United States~~ . **Though** ~~To date, we have not had any experience with distribution and sales of commercial products. There can be no assurance that there will be additional demand for ANTHIM ® or that we will be successful in our distribution and sale efforts Although~~ we continue to expand our customer base, we remain dependent on a limited number of customers for a substantial majority of our revenues. **For the year ended December 31, 2023, revenue from two cusotomers accounted for 85 % of total revenue. For the year ended December 31, 2022, revenue from one customer accounted for 94 % of total revenue. One customer accounted for 36 % of our revenue for the fiscal year ended December 31, 2023, and is migrating to a larger CDMO for commercial manufacture of their product.** The loss of, or a significant reduction of business from **,** ~~the U. S government for ANTHIM ® or~~ any of our **primary** ~~current CDMO~~ customers ~~could~~ **will** have a material adverse effect on our business, financial condition, and results of ~~operations~~ - **operation** . ~~Our ability~~ **unless we are able** to **replace such customers** ~~generate product revenues from sales of ANTHIM ® is dependent upon government spending and compliance~~ with ~~the~~ **other primary customers** ~~government contracts. To date, substantially all of Elusys' revenue has been derived from the sale of ANTHIM ® to U. S. Governmental agencies. If the U. S. government were to cut its healthcare spending and in particular its biodefense spending, our ability to generate revenue after consummation of the Merger from ANTHIM ® sales will be adversely impacted~~ . We generally do not have long- term CDMO customer contracts and our backlog cannot be relied upon as a future indicator of revenues. ~~-~~We generally do not have long- term contracts with our CDMO customers, and existing contracts and purchase commitments may be canceled under certain circumstances. As a result, we are exposed to market and competitive price pressures on every order, and our agreements with customers do not provide assurance of future revenues. Our customers are not required to make minimum purchases and, in certain circumstances, may cease using our services at any time without penalty. Our backlog should not be relied on as a measure of anticipated demand or future revenue, because the orders

constituting our backlog may be subject to changes in delivery schedules or cancellation without significant penalty to the customer. Any reductions, cancellations or deferrals in customer orders would negatively impact our business. ~~Elusys has been manufacturing ANTHIM ® with one manufacturer. To date, all ANTHIM ® bulk drug substance has been manufactured by one manufacturer, Lonza, at a 5, 000 liter scale pursuant to the terms of an exclusive manufacturing agreement. Elusys' ability to manufacture additional batches of bulk drug substance will be dependent upon the slotting availability of the manufacturer. In addition, the manufacturer has decommissioned its 5, 000 liter assets and therefore any further manufacturing by the manufacturer will be at a 6, 000 liter scale. This new scale will require new regulatory approval from the FDA, timing of approval, if obtained, cannot be certain. In addition, there is no assurance that the bulk drug substance can be successfully manufactured at a 6, 000 liter scale in a cost efficient manner. We are substantially dependent on the success of ANTHIM ®. To date, a significant portion of our efforts and financial resources has been in the development of our product candidate, HS- 110, HS- 130 and PTX- 35 which were our only products for which we had clinical trials. We terminated our license with respect to those products and therefore currently our only product from which we have derived revenue is ANTHIM ®. Our future success depends heavily on our ability to successfully manufacture and sell ANTHIM ®. 30The ANTHIM ® product, although approved for commercial sale, will not be manufactured at the facility that manufactured ANTHIM ® previously sold by Elusys and therefore the facility where it will be manufactured will require regulatory approval. We and our product candidates are subject to extensive regulation by the FDA and comparable regulatory authorities in other countries governing, among other things, research, testing, clinical trials, manufacturing, labeling, promotion, marketing, adverse event reporting and recordkeeping of our product candidates. Until, and unless, we receive approval from the FDA and other regulatory authorities for our product candidates, we cannot commercialize our product candidates and will not have product revenues. In addition, the technology that we out- licensed is in the early stages of development and there is a low likelihood of success for any such technology at that stage, therefore there can be no assurance that any products will be developed by such licensee or that we will derive any revenue from such licensee. In addition, changes may occur that would consume our available capital at a faster pace than expected, including changes in and progress of our development activities, acquisitions of additional candidates and changes in regulation. Moreover, preclinical studies and clinical trials may not start or be completed as we forecast and may not achieve the desired results. Therefore, we expect that we will seek additional sources of funding, such as additional financing or grant funding, and additional financing may not be available on favorable terms, if at all. Our ability to raise capital through the sale of equity may be limited by the various rules of the Securities and Exchange Commission and the NYSE American that place limits on the number of shares of stock that may be sold. If we do not succeed in raising additional funds on acceptable terms, we may be unable to complete planned preclinical work or obtain approval of our product candidates from the FDA and other regulatory authorities. In addition, we could be forced to delay, discontinue or curtail product development, forego sales and marketing efforts, and forego licensing in attractive business opportunities. Any additional sources of financing will likely involve the issuance of our equity or debt securities, which will have a dilutive effect on our stockholders.~~ All of our manufacturing services are conducted at our facility situated in San Antonio, Texas, which increases our exposure to significant disruption to our business as a result of unforeseeable developments in a single geographic area. ~~-~~We operate one manufacturing facility in one location, San Antonio, Texas. It is possible that we could experience prolonged periods of reduced production due to unforeseen catastrophic events occurring in or around our facilities. It is ~~also~~ **17also** possible that operations could be disrupted due to other unforeseen circumstances such as power outages, explosions, fires, floods, earthquakes or accidents. As a result, we may be unable to shift manufacturing capabilities to alternate locations, accept materials from suppliers, meet customer shipment needs or address other severe consequences that may be encountered, and we may suffer damage to our reputation. Our financial condition and results of our operations could be materially adversely affected were such events to occur. ~~-~~The operations of our ~~CROs~~ **business** and **our** suppliers **' business** could also be subject to business interruptions. ~~-~~Our business and the business of the raw material suppliers could be materially and adversely affected by the risks, or the public perception of the risks, related to a pandemic or other health crisis, such as the ~~recent~~ outbreak of novel coronavirus (COVID- 19). A significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect our planned operations. Such events could result in the complete or partial closure of ~~one or~~ **our** ~~more~~ manufacturing facilities. In addition, it could impact economies and financial markets, resulting in an economic downturn that could impact our ability to raise capital or slow down potential partnering relationships. We rely on third parties to supply most of the necessary raw materials and supplies for the products we manufacture on behalf of our customers and our inability to obtain such raw materials or supplies may adversely impact our business, financial condition, and results of operations. ~~-~~Our operations require various raw materials, including proprietary media, resins, buffers, and filters, in addition to numerous additional raw materials supplied primarily by third parties. We or our customers specify the raw materials and other items required to manufacture their product and, in some cases, specify the suppliers from whom we must purchase these raw materials. In certain instances, the raw materials and other items can only be supplied by a limited number of suppliers and, in some cases, a single source, or in limited quantities. If third- party suppliers do not supply raw materials or other items on a timely basis, it may cause a manufacturing run to be delayed or canceled which would adversely impact our financial condition and results of operations. Additionally, we do not have long- term supply contracts with any of our single source suppliers. If we experience difficulties acquiring sufficient quantities of required materials or products from ~~31our~~ -- **our** existing suppliers, or if our suppliers are found to be non- compliant with the FDA' s quality system regulation, CGMPs or other applicable laws or regulations, we would be required to find alternative suppliers. If our primary suppliers become unable or unwilling to perform, any resulting delays or interruptions in the supply of raw materials required to support our manufacturing of CGMP pharmaceutical- grade products would ultimately delay our manufacture of products for our customers, which could materially and adversely affect our financial condition and operating results. Furthermore, third- party suppliers may fail to provide us with raw materials and other items that meet the qualifications and specifications required by us or our customers. If third- party

suppliers are not able to provide us with raw materials that meet our or our customers' specifications on a timely basis, we may be unable to manufacture their product or it could prevent us from delivering products to our customers within required timeframes. Any such delay in delivering our products may create liability for us to our customers for breach of contract or cause us to experience order cancellations and loss of customers. In the event that we manufacture products with inferior quality components and raw materials, we may become subject to product liability claims caused by defective raw materials or components from a third- party supplier or from a customer, or our customer may be required to recall its products from the market. -Our manufacturing services are highly complex, and if we are unable to provide quality and timely services to our customers, our business could suffer. -The manufacturing services we offer are highly complex, due in part to strict regulatory requirements. A failure of our quality control systems in our facility could cause problems to arise in connection with facility operations for a variety of reasons, including equipment malfunction, viral contamination, failure to follow specific manufacturing instructions, protocols and standard operating procedures, problems with raw materials or environmental factors. Such problems could affect production of a single manufacturing run or a series of runs, requiring the destruction of products, or could halt manufacturing operations altogether. In addition, our failure to meet required quality standards may result in our failure to timely deliver products to our customers which, in turn, could damage our reputation for quality and service. Any such incident could, among other things, lead to increased costs, lost revenue, reimbursement to customers for lost drug substance, damage to and possibly termination of existing customer relationships, time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other manufacturing runs. With respect to our ~~commercial~~ **18commercial** manufacturing, if problems are not discovered before the product is released to the market, we may be subject to regulatory actions, including product recalls, product seizures, injunctions to halt manufacture and distribution, restrictions on our operations, civil sanctions, including monetary sanctions, and criminal actions. In addition, such issues could subject us to litigation, the cost of which could be significant. ~~Our~~ **We are dependent upon our** customers' ~~failure~~ **ability** to receive ~~or~~ **and** maintain regulatory approval for their product candidates ~~could~~ **which** negatively impact our revenues and profitability. -Our success depends upon the regulatory approval of the products we manufacture. As such, if our customers experience a delay in, or failure to receive, approval for any of their product candidates or fail to maintain regulatory approval of their products and we are not able to manufacture these products, our revenue and profitability could be adversely affected. Additionally, if the FDA or a comparable foreign regulatory authority does not approve of our facilities for the manufacture of a customer product or if it withdraws such approval in the future, our customers may choose to identify alternative manufacturing facilities and / or relationships, which could significantly impact our ability to expand our manufacturing capacity and capabilities and achieve profitability. -**Our business is dependent upon the demand for our services by our customers. Our business is dependent upon the amount of money our customers choose to spend on development and manufacturing services. A decrease in the budget of our customers for spending on development and manufacturing services will negatively impact our revenue and profitability. Early stage customers may be forced to delay or cancel our services in an effort to conserve cash which could have a material adverse effect on our revenues and profitability. In addition, the outcomes of our customers' research, development and marketing also significantly influence the amount that our customers choose to spend on our services and offerings. Further, increasing consolidation in the pharmaceutical industry may impact such spending, particularly in the event that any of our customers choose to develop or acquire integrated manufacturing operations. Any reduction in customer spending on biologics development and related services as a result of these and other factors could have a material adverse effect on our business, financial condition, and results of operations.** If we use hazardous and biological materials in a manner that causes injury or violates applicable law, we may be liable for damages. -Our contract manufacturing operations involve the controlled use of hazardous materials and chemicals. We are subject to federal, state and local laws and regulations in the United States governing the use, manufacture, storage, handling and disposal of hazardous materials and chemicals. Although we believe that our procedures for using, handling, storing and disposing of these materials comply with legally prescribed standards, we may incur significant additional costs to comply with applicable laws in the future. Also, even if we are in compliance with applicable laws, we cannot completely eliminate the risk of contamination or injury resulting from hazardous materials or chemicals. As a result of any such contamination or injury, we may incur liability or local, city, state or federal authorities may curtail the use of these materials and interrupt our business operations. In the event of an accident, we could be held liable for damages or penalized with fines, and the ~~32liability~~ -- **liability** could exceed our resources. Compliance with applicable environmental laws and regulations is expensive, and current or future environmental regulations may impair our contract manufacturing operations, which could materially harm our business, financial condition and results of operations. -If our acquired intangible assets become impaired, we may be required to record a significant charge to earnings. We regularly review acquired intangible assets for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. We test goodwill and indefinite- lived intangible assets for impairment at least annually. Factors that may be considered a change in circumstances, indicating that the carrying value of the intangible assets may not be recoverable, include: macroeconomic conditions, such as deterioration in general economic conditions; industry and market considerations, such as deterioration in the environment in which we operate; cost factors, such as increases in labor or other costs that have a negative effect on earnings and cash flows; our financial performance, such as negative or declining cash flows or a decline in actual or planned revenue or earnings compared with actual and projected results of relevant prior periods; other relevant entity- specific events, such as changes in management, key personnel, ~~strategy~~ **19strategy** , or customers; and sustained decreases in share price **. In 2023, goodwill impairment of $ 3. 9 million and intangible asset impairment of $ 2. 3 million was recorded but is now reported with discontinued operations. Refer to Note 2, " Discontinued Operations " of the Notes to Consolidated Financial Statements for additional information** . During the year ended December 31, 2022 we recorded ~~a~~ **an** indefinite- lived intangible assets impairment charge of $ 3. 5 million. **If Elusys Holdings should fail to fulfill the royalty payment obligations under the Merger Agreement, we will be liable for such payments. The Merger**

Agreement provides that Elusys Therapeutics will pay earn out payments for a period of 12 years from the Closing Date equal to 10 % of the gross dollar amount of payments received ~~During~~ **during** ~~the~~ **each one** year ~~ended December 31~~ **period during such twelve year period with respect to any sale** , ~~2021 we recorded~~ **license or commercialization anywhere in the world of ANTHIM ® that either: (** a ~~indefinite- lived intangible assets impairment charge totaling~~ **) occurs during the first nine years after the Closing Date in any respect; or (b) occurs thereafter pursuant to any contract, agreement, commitment or order that is placed, granted, awarded or entered into during the first nine years after the Closing Date. The Merger Agreement also provides that we will remain liable for royalty payment obligations if any buyer of Elusys Therapeutics fails to satisfy this obligation. We rely on key executive officers and scientific and medical advisors, and their knowledge of our business and technical expertise would be difficult to replace. We are highly dependent on our principal scientific, regulatory and medical advisors and our chief executive officer. Other than a** $ 2. ~~4~~ **0** million ~~and goodwill impairment charge~~ **insurance policy we hold on the life** of ~~$ 1~~ **Jeffrey Wolf, we do not have " key person " life insurance policies for any of our officers or advisors** . ~~5 million~~ **The loss of the technical knowledge, management and industry expertise of any of our key personnel could result in delays in product development, loss of customers and sales and diversion of management resources, which could adversely affect our operating results** . ~~-~~**Certain members of our management team serve as executive officers of the entity that owns Elusys Therapeutics, which may give rise to potential conflicts of interest. Our Chief Executive Officer and Chief Financial Officer are also officers and / or directors of the entity that owns Elusys Therapeutics. Accordingly, there may be possible conflicts of interest if we should perform manufacturing services for such entity as well as with respect to allocation of time.** Risks Related to Regulatory Approval and ~~Commercialization~~ **CommercializationFailure** ~~Failure~~ to comply with existing and future regulatory requirements for our CDMO ~~and sales of ANTHIM ®~~ could adversely affect our business, financial condition, and results of operations. ~~-~~Our industry is highly regulated. We are required to comply with the regulatory requirements of various local, state, provincial, national and international regulatory bodies having jurisdiction in the countries or localities in which we manufacture products or in which our customers' products are distributed. In particular, our CDMO is subject to laws and regulations concerning development, testing, manufacturing processes, equipment and facilities, including compliance with CGMPs, import and export, and product registration and listing, among other things. As a result, our facility is subject to regulation by the FDA, as well as regulatory bodies of other jurisdictions where our customers have marketing approval for their products including, but not limited to, the EMA, ANVISA and / or Health Canada, depending on the countries in which our customers market and sell the products we manufacture on their behalf ~~. As we expand our operations, including building our facility in Kansas, we may be exposed to more complex and new regulatory and administrative requirements and legal risks, any of which may require expertise in which we have little or no experience~~ . It is possible that compliance with new regulatory requirements could impose significant compliance costs on us. Such costs could have a material adverse effect on our business, financial condition and results of operations. ~~-~~These regulatory requirements impact many aspects of our operations, including manufacturing, developing, storage, distribution, import and export and record keeping related to customers' products. Noncompliance with any applicable regulatory requirements can result in government refusal to approve: (i) facilities for testing or manufacturing products or (ii) products for commercialization. The FDA and other regulatory agencies can delay, limit or deny approval for many reasons, including: ~~-~~**20** ● changes to the regulatory approval process, including new data requirements for product candidates in those jurisdictions, including the United States, in which our customers may be seeking approval; ● that a customer' s product candidate may not be deemed to be safe or effective; ~~and~~ ● the inability of the regulatory agency to provide timely responses as a result of its resource constraints; **and** ● that the manufacturing processes or facilities may not meet the applicable requirements. ~~-~~In addition, if new legislation or regulations are enacted or existing legislation or regulations are amended or are interpreted or enforced differently, we may be required to obtain additional approvals or operate according to different manufacturing or operating standards. This may require a change in our development and manufacturing techniques or additional capital investments in our facilities. Any related costs may be significant. If we fail to comply with applicable regulatory requirements in the future, then we may be subject to warning letters and / or civil or criminal penalties and fines, suspension ~~33or~~ **or** withdrawal of regulatory approvals, product recalls, seizure of products, restrictions on the import and export of ~~our~~ **the** products **we manufacture** , debarment, exclusion, disgorgement of profits, operating restrictions and criminal prosecution and the loss of contracts and resulting revenue losses. Inspections by regulatory authorities that identify any deficiencies could result in remedial actions, production stoppages or facility closure, which would disrupt the manufacturing process and supply of product to our customers. In addition, such failure to comply could expose us to contractual and product liability claims, including claims by customers for reimbursement for lost or damaged active pharmaceutical ingredients or recall or other corrective actions, the cost of which could be significant. ~~-~~In addition, certain products we manufacture must undergo pre- clinical and clinical evaluations relating to product safety and efficacy before they are approved as commercial therapeutic products. The regulatory authorities having jurisdiction in the countries in which our customers intend to market their products may delay or put on hold clinical trials or delay approval of a product or determine that the product is not approvable. The FDA or other regulatory agencies can delay approval of a drug if our manufacturing facility, including any newly commissioned facility, is not able to demonstrate compliance with CGMPs, pass other aspects of pre- approval inspections or properly scale up to produce commercial supplies. The FDA and comparable government authorities having jurisdiction in the countries in which we or our customers intend to market their products have the authority to withdraw product approval or suspend manufacture if there are significant problems with raw materials or supplies, quality control and assurance or the product we manufacture is adulterated or misbranded. If our manufacturing facilities and services are not in compliance with FDA and comparable government authorities, we may be unable to obtain or maintain the necessary approvals to continue manufacturing products for our customers, which would materially adversely affect our financial condition and results of operations. ~~If we do not obtain the necessary regulatory approvals in the United States and / or other countries, we will not be~~

able to sell our product candidates. We cannot assure you that we will receive the approvals necessary to commercialize any of our product candidates, including obtaining necessary approvals for the sale of ANTHIM ® in light of the fact that the manufacturing of the ANTHIM ® will not be at the facility that manufactured ANTHIM ® previously sold by Elusys and therefore the facility where it will be manufactured will require regulatory approval. We will need FDA approval to commercialize our product candidates in the United States and approvals from the FDA- equivalent regulatory authorities in foreign jurisdictions to commercialize our product candidates in those jurisdictions. In order to obtain FDA approval of any product candidate, we must submit to the FDA a BLA, demonstrating that the product candidate is safe, pure and potent, or effective for its intended use. This demonstration requires significant research including preclinical studies, as well as clinical trials. Satisfaction of the FDA' s regulatory requirements typically takes many years, depends upon the type, complexity and novelty of the product candidate and requires substantial resources for research, development and testing. We cannot predict whether our clinical trials will demonstrate the safety and efficacy of our product candidates or if the results of any clinical trials will be sufficient to advance to the next phase of development or for approval from the FDA. We also cannot predict whether our research and clinical approaches will result in drugs or therapeutics that the FDA considers safe and effective for the proposed indications. The FDA has substantial discretion in the drug approval process. The approval process may be delayed by changes in government regulation, future legislation or administrative action or changes in FDA policy that occur prior to or during our regulatory review. Delays in obtaining regulatory approvals may: ● prevent or delay commercialization of, and our ability to derive product revenues from, our product candidates; and ● diminish any competitive advantages that we may otherwise believe that we hold. Even if we comply with all FDA requests, the FDA may ultimately reject one or more of our BLAs. We may never obtain regulatory clearance for any of our product candidates. Failure to obtain FDA approval of any of our product candidates will severely undermine our business by leaving us without a saleable product, and therefore without any source of revenues, until another product candidate can be developed. There is no guarantee that we will ever be able to develop or acquire another product candidate. In addition, the FDA may require us to conduct additional preclinical and clinical testing or to perform post- marketing studies, as a condition to granting marketing approval of a product. Regulatory approval of oncology products often requires that patients in clinical trials be followed for long periods to assess their overall survival. The results generated 34after approval could result in loss of marketing approval, changes in product labeling, and / or new or increased concerns about the side effects or efficacy of a product. The FDA has significant post- market authority, including the explicit authority to require post- market studies and clinical trials, labeling changes based on new safety information, and compliance with FDA- approved risk evaluation and mitigation strategies. The FDA' s exercise of its authority has in some cases resulted, and in the future, could result, in delays or increased costs during product development, clinical trials and regulatory review, increased costs to comply with additional post- approval regulatory requirements and potential restrictions on sales of approved products. In foreign jurisdictions, we must also receive approval from the appropriate regulatory authorities before we can commercialize any vaccines. Foreign regulatory approval processes generally include all of the risks associated with the FDA approval procedures described above. There can be no assurance that we will receive the approvals necessary to commercialize our product candidates for sale outside the United States. Our product candidates are in early stages of development, and therefore they will require extensive preclinical and clinical testing. Because our product candidates are in early stages of development, they will require extensive preclinical and clinical testing. All of the products being developed by Skunkworx are in the preclinical stage of development. We cannot predict with any certainty if or when we might submit a BLA for regulatory approval for any of our product candidates or whether any such BLA will be accepted for review by the FDA, or whether any BLA will be approved upon review. Even if we perform our clinical trials on any of those product candidates, we cannot be certain that their results will support our proposed indications. Success in preclinical testing and early clinical trials does not ensure that later clinical trials will be successful, and we cannot be sure that the results of later clinical trials will replicate the results of prior clinical trials and preclinical testing. The clinical trial process may fail to demonstrate that our product candidates are safe and effective for their proposed uses. This failure could cause us to abandon a product candidate and may delay development of other product candidates. Any delay in, or termination of, our clinical trials will delay and possibly preclude the filing of any BLAs with the FDA and, ultimately, our ability to commercialize our product candidates and generate product revenues. Clinical trials are very expensive, time- consuming, and difficult to design and implement. As part of the regulatory process, we must conduct clinical trials for each product candidate to demonstrate safety and efficacy to the satisfaction of the FDA and other regulatory authorities. The number and design of the clinical trials that will be required varies depending upon product candidate, the condition being evaluated and the trial results themselves. Therefore, it is difficult to accurately estimate the cost of the clinical trials. Clinical trials are very expensive and difficult to design and implement, in part because they are subject to rigorous regulatory requirements. The clinical trial process is also time consuming. We estimate that clinical trials of our product candidates will take at least several years to complete. Furthermore, failure can occur at any stage of the trials, and we could encounter problems that cause us to abandon or repeat clinical trials. The commencement and completion of clinical trials may be delayed or prevented by several factors, including: ● unforeseen safety issues; ● failure to determine appropriate dosing; ● greater than anticipated cost of our clinical trials; ● failure to demonstrate effectiveness during clinical trials; ● slower than expected rates of patient recruitment or difficulty obtaining investigators; ● patient drop- out or discontinuation; ● inability to monitor patients adequately during or after treatment; ● third party contractors failing to comply with regulatory requirements or meet their contractual obligations to us in a timely manner; ● insufficient or inadequate supply or quality of product candidates or other necessary materials to conduct our trials; ● potential additional safety monitoring, or other conditions required by FDA or comparable foreign regulatory authorities regarding the scope or design of our clinical trials, or other studies requested by regulatory agencies; 35 ● problems engaging IRBs to oversee trials or in obtaining and maintaining IRB approval of studies; ● imposition of clinical hold or suspension of our clinical trials by regulatory authorities; and ● inability or unwillingness of medical investigators to follow our clinical protocols. In addition, we or the FDA may

suspend or terminate our clinical trials at any time if it appears that we are exposing participants to unacceptable health risks or if the FDA finds deficiencies in our IND submissions or the conduct of these trials. Therefore, we cannot predict with any certainty when, if ever, future clinical trials will commence or be completed. There is uncertainty as to market acceptance of our technology and product candidates. There can be no assurance that ANTHIM ® or any product we develop in the future, even if approved by the FDA will gain broad market acceptance among governments, physicians, healthcare payers, patients, and the medical community. In addition, there can be no assurance that our CDMO services will gain market acceptance. We have conducted our own research into the markets for ANTHIM ® and CDMO services generally; however, we cannot guarantee market acceptance. Our industry is susceptible to rapid technological developments and there can be no assurance that we will be able to match any new technological advances. If we are unable to match the technological changes in the needs of our customers the demand for our products will be reduced. Acceptance and use of any products or services we market will depend upon a number of factors including: ● perceptions by members of the health care community, including physicians, about the safety and effectiveness of our products; ● limitation on use or warnings required by FDA in our product labeling; ● cost-effectiveness of our products relative to competing products; ● convenience and ease of administration; ● potential advantages of alternative treatment methods; ● availability of reimbursement for our products from government or other healthcare payers; and ● effectiveness of marketing and distribution efforts by us and our licensees and distributors, if any. Because we expect virtually all of our product revenues for the foreseeable future to be generated from sales of our current product candidates, if approved, the failure of these therapeutics to find market acceptance would substantially harm our business and would adversely affect our revenue. If we cannot compete successfully for market share against other drug companies, we may not achieve sufficient product revenues and our business will suffer. The market for our product candidates is characterized by intense competition and rapid technological advances. ANTHIM ® competes with one other Anthrax therapeutic, the manufacturer of which is larger than we are and has more resources to enable it to market its product. If any of our product candidates receives FDA approval, it will compete with a number of existing and future drugs and therapies developed, manufactured and marketed by others. Existing or future competing products may provide greater therapeutic convenience or clinical or other benefits for a specific indication than our products or may offer comparable performance at a lower cost. If our products fail to capture and maintain market share, we may not achieve sufficient product revenues and our business will suffer. Our CDMO competes for customers with several other CDMOs that are well established and have a longer operating history than our company. We will compete against fully integrated pharmaceutical companies and smaller companies that are collaborating with larger pharmaceutical companies, academic institutions, government agencies and other public and private research organizations. In addition, many of these competitors, either alone or together with their collaborative partners, operate larger research and development programs or have substantially greater financial resources than we do, as well as significantly greater experience in: ● developing drugs, biologics and other therapies; ● undertaking preclinical testing and clinical trials; ● obtaining FDA and other regulatory approvals of drugs, biologics and other therapies; 36 ● formulating and manufacturing drugs, biologics and other therapies; and ● launching, marketing and selling drugs, biologics and other therapies. Our development program partially depends upon third- party researchers who are outside our control. We are dependent upon independent investigators and collaborators, such as universities and medical institutions, to conduct our clinical trials under agreements with us. These collaborators are not our employees and we cannot control the amount or timing of resources that they devote to our programs. These investigators may not assign as great a priority to our programs or pursue them as diligently as we would if we were undertaking such programs ourselves. If outside collaborators fail to devote sufficient time and resources to our development programs, or if their performance is substandard, the approval of our FDA applications, if any, and our introduction of new product candidates, if any, will be delayed if obtained at all. These collaborators may also have relationships with other commercial entities, some of whom may compete with us. If our collaborators assist our competitors at our expense, our competitive position would be harmed. We rely significantly on third parties to formulate and manufacture our product candidates. We have developed certain expertise in the formulation, development and / or manufacturing of biologics; however to date we have relied on third parties for substantially all of our manufacturing needs. We have performed assay development work at our Texas laboratory to support our clinical needs as well as those of third parties. However, Scorpius does not have FDA approval to manufacture commercial quantities of ANTHIM ®. Although there are other manufacturers that could manufacture ANTHIM ®, including the manufacturer that to date has manufactured ANTHIM ® and with whom we have an agreement to manufacture future batches of ANTHIM ®, it will be several years before that manufacturer can manufacture ANTHIM ® for us. To date, the manufacturer has only manufactured ANTHIM ® at a 5, 000 liter scale and the manufacturer plans to manufacture at a 6, 000 liter scale at a new facility. In addition, there is no assurance that the bulk drug substance can be successfully manufactured at a 6, 000 liter scale in a cost efficient manner. Therefore, future manufacture of ANTHIM ® by such manufacturer will require additional regulatory approvals for the new manufacturing site and new scale. Our anticipated future reliance on a limited number of third- party manufacturers exposes us to the following risks: ● We may be unable to renew or renegotiate current agreements on favorable terms or identify manufacturers on acceptable terms or at all because the number of potential manufacturers with appropriate expertise and facilities is limited. ● If we change manufacturers at any point during the development process or after approval we will be required to demonstrate comparability between the products made by the old and new manufacturers. If we are unable to do so, we may need to conduct additional clinical trials with product manufactured by the new manufacturer. Accordingly, it may be necessary to evaluate the comparability of our product candidates produced by the two different manufacturers at some point during the clinical development process. ● If we change the manufacturer of a product subsequent to the approval of the product, we will need to obtain approval from the FDA of the change in manufacturer. Any such approval would likely require significant testing and expense, and the new manufacturer may be subject to a cGMP inspection prior to approval. Our third- party manufacturers might be unable to formulate and manufacture our product candidates in the volume and with the quality required to meet our clinical needs and commercial needs, if any. ●

Our third- party manufacturers might be unable to formulate and manufacture our product candidates in the volume and with the quality required to meet our clinical needs and commercial needs, if any. ● Our contract manufacturers may not perform as agreed or may not remain in the contract manufacturing business for the time required to supply our clinical trials or to successfully produce, store and distribute our product candidates. 37 ● Drug manufacturers are subject to ongoing periodic unannounced inspection by the FDA, and corresponding state agencies to ensure compliance with cGMPs and other government regulations and corresponding foreign standards. We do not have control over third- party manufacturers' compliance with these regulations and standards. ● If any third- party manufacturer makes improvements in the manufacturing process for our products, we may not own, or may have to share, the intellectual property rights to the innovation. ● Our contract manufacturers have in the past and may in the future encounter difficulties in achieving quality control and quality assurance and may experience shortages in qualified personnel. Our contract manufacturers are subject to inspections by the FDA and comparable agencies in other jurisdictions to assess compliance with applicable regulatory requirements. Any failure to follow cGMP or other regulatory requirements or delay, interruption or other issues that arise in the manufacture, packaging, or storage of our products as a result of a failure of the facilities or operations of third parties to comply with regulatory requirements or pass any regulatory authority inspection could significantly impair our ability to develop and commercialize our products, including leading to significant delays in the availability of products for our clinical studies or the termination or hold on a clinical study, or the delay or prevention of a filing or approval of marketing applications for our product candidates. Significant noncompliance could also result in the imposition of sanctions, including fines, injunctions, civil penalties, failure of regulatory authorities to grant marketing approvals for our product candidates, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could damage our reputation. If we or our contract manufacturers are not able to maintain regulatory compliance, we may not be permitted to market our products and / or may be subject to product recalls, seizures, injunctions, or criminal prosecution. ● If we establish in- house development and manufacturing capabilities, there are a number of risks that could impact our financial condition, operating results and cash flows due to disruption of operations at the location or facility which may impede our ability to deliver assays or manufacture our products. Each of these risks could delay our clinical trials, the approval, if any, of our product candidates by the FDA or the commercialization of our product candidates or could also result in higher costs or deprive us of potential product revenues. We have and will in the future rely on third parties to conduct, supervise and monitor any clinical trials we may conduct, and if those third parties perform in an unsatisfactory manner, it may harm our business. We have in the past and will in the future rely on CROs and clinical trial sites to ensure the proper and timely conduct of our clinical trials, and we expect to have limited influence over their actual performance if we should conduct any future clinical trials. We also expect to rely upon CROs to monitor and manage data for any future clinical programs we may have, as well as the execution of future nonclinical studies. We expect to control only certain aspects of our CROs' activities. Nevertheless, we will be responsible for ensuring that each of our studies we may conduct is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards and our reliance on the CROs does not relieve us of our regulatory responsibilities. We and our CROs will be required to comply with the Good Laboratory Practices and GCPs, which are regulations and guidelines enforced by the FDA and are also required by the Competent Authorities of the Member States of the European Economic Area and comparable foreign regulatory authorities in the form of International Conference on Harmonization of Technical Requirements for Pharmaceuticals for Human Use guidelines for any of our product candidates that are in preclinical and clinical development. The Regulatory authorities enforce GCPs through periodic inspections of trial sponsors, principal investigators and clinical trial sites. If we or our CROs fail to comply with GCPs, the clinical data generated in any clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. Accordingly, if our CROs fail to comply with these regulations or fail to recruit a sufficient number of subjects, we may be required to repeat clinical trials, which would delay the regulatory approval process. 38Our CROs will not be our employees, and we will not control whether or not they devote sufficient time and resources to our future clinical and nonclinical programs. These CROs may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical trials, or other drug development activities which could harm our competitive position. We face the risk of potential unauthorized disclosure or misappropriation of our intellectual property by CROs, which may reduce our trade secret protection and allow our potential competitors to access and exploit our proprietary technology. If our CROs do not successfully carry out their contractual duties or obligations, fail to meet expected deadlines, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements or for any other reasons, our clinical trials may be extended, delayed or terminated, and we may not be able to obtain regulatory approval for, or successfully commercialize any product candidate that we develop. As a result, our financial results and the commercial prospects for any product candidate that it develops would be harmed, its costs could increase, and our ability to generate revenues could be delayed. If our relationship with these CROs terminate, we may not be able to enter into arrangements with alternative CROs or do so on commercially reasonable terms. Switching or adding additional CROs involves substantial cost and requires management time and focus. In addition, there is a natural transition period when a new CRO commences work. As a result, delays occur, which can materially impact our ability to meet our desired clinical development timelines. Though we intend to carefully manage our relationships with our CROs, there can be no assurance that it will not encounter challenges or delays in the future or that these delays or challenges will not have an adverse impact on our business, financial condition and prospects. Even if we are able to obtain regulatory approval for our product candidates, we will continue to be subject to ongoing and extensive regulatory requirements, and our failure, or the failure of our contract manufacturers, to comply with these requirements could substantially harm our business. If the FDA approves any of our product candidates, the labeling, manufacturing, packaging, adverse event reporting, storage, advertising, promotion and record keeping for our products will be subject to ongoing FDA requirements and continued regulatory oversight

and review. As stated above, our manufacture of ANTHIM ® will require additional regulatory approval. We may also be subject to additional FDA post- marketing obligations. If we are not able to maintain regulatory compliance, we may not be permitted to market our product candidates and / or may be subject to product recalls or seizures. The subsequent discovery of previously unknown problems with any marketed product, including AEs of unanticipated severity or frequency, may result in restrictions on the marketing of the product, and could include withdrawal of the product from the market. We have minimal experience selling, marketing or distributing products, and have no internal capability to do so. To date, we have not had any significant sales, marketing or distribution capabilities. Although we have hired some of the Elusys employees who have such experience and Scorpius has hired sales representatives, we do not anticipate having the resources in the foreseeable future to allocate to the sales and marketing of our other proposed products, if approved. Our future success depends, in part, on our ability to enter into and maintain collaborative relationships for such capabilities, the collaborator' s strategic interest in ANTHIM ® and the products under development and such collaborator' s ability to successfully market and sell any such products. We intend to pursue collaborative arrangements regarding the sales and marketing of our products, however, there can be no assurance that we will be able to establish or maintain such collaborative arrangements, or if able to do so, that our collaborators will have effective sales forces. To the extent that we decide not to, or are unable to, enter into collaborative arrangements with respect to the sales and marketing of our proposed products, significant capital expenditures, management resources and time will be required to establish and develop an in- house marketing and sales force with technical expertise. There can also be no assurance that we will be able to establish or maintain relationships with third party collaborators or develop in- house sales and distribution capabilities. To the extent that we depend on third parties for marketing and distribution, any revenues we receive will depend upon the efforts of such third parties, and there can be no assurance that such efforts will be successful. In addition, there can also be no assurance that we will be able to successfully market and sell our products in the United States or overseas on our own. 39We may not be successful in establishing and maintaining strategic partnerships, which could adversely affect our ability to develop and commercialize products. We may seek to enter into strategic partnerships in the future, including alliances with other biotechnology or pharmaceutical companies, to enhance and accelerate the development and commercialization of our products. We face significant competition in seeking appropriate strategic partners and the negotiation process is time- consuming and complex. Moreover, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for any future product candidates and programs because our research and development pipeline may be insufficient, our product candidates and programs may be deemed to be at too early of a stage of development for collaborative effort and / or third parties may not view our product candidates and programs as having the requisite potential to demonstrate safety and efficacy or return on investment. Even if we are successful in our efforts to establish strategic partnerships, the terms that we agree upon may not be favorable to us and we may not be able to maintain such strategic partnerships if, for example, development or approval of a product candidate is delayed or sales of an approved product are disappointing. If we ultimately determine that entering into strategic partnerships is in our best interest, but either fail to enter into, are delayed in entering into or fail to maintain such strategic partnerships: ● the development of certain of our current or future product candidates may be terminated or delayed; ● our cash expenditures related to development of certain of our current or future product candidates may increase significantly and we may need to seek additional financing; ● we may be required to hire additional employees or otherwise develop expertise, such as sales and marketing expertise, for which we have not budgeted; ● we will bear all of the risk related to the development of any such product candidates; and ● the competitiveness of any product candidate that is commercialized could be reduced. To the extent we elect to enter into licensing or collaboration agreements to partner our product candidates, our dependence on such relationships may adversely affect our business. Our commercialization strategy for certain of our product candidates may depend on our ability to enter into agreements with collaborators to obtain assistance and funding for the development and potential commercialization of these product candidates. Supporting diligence activities conducted by potential collaborators and negotiating the financial and other terms of a collaboration agreement are long and complex processes with uncertain results. Even if we are successful in entering into one or more collaboration agreements, collaborations may involve greater uncertainty for us, as we have less control over certain aspects of our collaborative programs than we do over our proprietary development and commercialization programs. We may determine that continuing collaboration under the terms provided is not in our best interest, and we may terminate the collaboration. Our collaborators could delay or terminate their agreements, and our product candidates subject to collaborative arrangements may never be successfully developed or commercialized. Further, our future collaborators may develop alternative products or pursue alternative technologies either on their own or in collaboration with others, including our competitors, and the priorities or focus of our collaborators may shift such that our programs receive less attention or fewer resources than we would like, or they may be terminated altogether. Any such actions by our collaborators may adversely affect our business prospects and ability to earn revenues. In addition, we could have disputes with our future collaborators, such as the interpretation of terms in our agreements. Any such disagreements could lead to delays in the development or commercialization of any potential products or could result in time- consuming and expensive litigation or arbitration, which may not be resolved in our favor. Our ability to generate product revenues will be diminished if our products sell for inadequate prices or patients are unable to obtain adequate levels of reimbursement. Our ability to commercialize our products, alone or with collaborators, will depend in part on the extent to which reimbursement will be available from: ● government and health administration authorities; 40 ● private health maintenance organizations and health insurers; and ● other healthcare payers. Significant uncertainty exists as to the reimbursement status of newly approved healthcare products. Healthcare payers, including Medicare, are challenging the prices charged for medical products and services. Cost control initiatives could decrease the price that we would receive for any products in the future, which would limit our revenue and profitability. Government and other healthcare payers increasingly attempt to contain healthcare costs by limiting both coverage and the level of reimbursement for drugs and therapeutics. We might need to conduct post- marketing studies in order to demonstrate the cost- effectiveness of any future products to such

payers' satisfaction. Such studies might require us to commit a significant amount of management time and financial and other resources. Our future products might not ultimately be considered cost- effective. Even if one of our product candidates is approved by the FDA, insurance coverage may not be available, and reimbursement levels may be inadequate, to cover such therapies. If government and other healthcare payers do not provide adequate coverage and reimbursement levels for one of our products, once approved, market acceptance of such product could be reduced. Legislative and regulatory changes affecting the health care industry could adversely affect our business. Political, economic and regulatory influences are subjecting the health care industry to potential fundamental changes that could substantially affect our results of operations. In many countries, the government controls the pricing and profitability of prescription pharmaceuticals. In the United States, we expect that there will continue to be federal and state proposals to implement similar governmental controls. In addition, recent changes in the Medicare program and increasing emphasis on managed care in the United States will continue to put pressure on pharmaceutical product pricing. It is uncertain whether or when any legislative proposals will be adopted or what actions federal, state, or private payers for health care treatment and services may take in response to any health care reform proposal or legislation. We cannot predict the effect health care reforms may have on our business and we can offer no assurances that any of these reforms will not have a material adverse effect on our business. These actual and potential changes are causing the marketplace to put increased emphasis on the delivery of more cost- effective treatments. In addition, uncertainly remains regarding proposed significant reforms to the U. S. health care system. In the United States and some foreign jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could, among other things, prevent or delay marketing approval of our clinical product candidate, restrict or regulate post- approval activities and affect our ability to profitably sell any product candidate for which we obtain marketing approval. Changes in regulations, statutes or the interpretation of existing regulations could impact our business in the future by requiring, for example: (i) changes to our manufacturing arrangements, (ii) additions or modifications to product labeling, (iii) the recall or discontinuation of our products or (iv) additional record- keeping requirements. If any such changes were to be imposed, they could adversely affect our business, financial condition and results of operations. Among policy makers in the United States and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality and / or expanding access. In the United States, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major legislative initiatives. In March 2010, The Patient Protection and Affordable Care Act (ACA), was passed, which substantially changed the way healthcare is financed by both the government and private insurers, and significantly impacts the U. S. pharmaceutical industry. The ACA, among other things, subjects biological products to potential competition by lower- cost biosimilars, addresses a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected, increases the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program and extends the rebate program to individuals enrolled in Medicaid managed care organizations, establishes annual fees and taxes on manufacturers of certain branded prescription drugs, and creates a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 70 % point- of- sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer' s outpatient drugs to be covered under Medicare Part D. 41Some of the provisions of the ACA have yet to be fully implemented, while certain provisions have been subject to judicial and Congressional challenges. It is unclear how these challenges and other efforts to replace the ACA will impact our business in the future. Moreover, the Drug Supply Chain Security Act imposes obligations on manufacturers of prescription drugs in finished dosage forms. We have not yet adopted the significant measures that will be required to comply with this law. We are not sure whether additional legislative changes will be enacted, or whether the current regulations, guidance or interpretations will be changed, or what the impact of such changes on our business, if any, may be. There have been, and likely will continue to be, legislative and regulatory proposals at the foreign, federal and state levels directed at broadening the availability of healthcare and containing or lowering the cost of healthcare. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our products. Such reforms could have an adverse effect on anticipated revenue from product candidates that we may successfully develop and for which we may obtain regulatory approval and may affect our overall financial condition and ability to develop product candidates. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products, which could result in reduced demand for our clinical product candidate or additional pricing pressures. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors.

We may be exposed to liability claims associated with the use of biological and hazardous materials and chemicals. Our research and development activities and CDMO services we provide may involve the controlled use of biological and hazardous materials and chemicals. Although we believe that our safety procedures for using, storing, handling and disposing of these materials comply with federal, state and local laws and regulations, we cannot completely eliminate the risk of accidental injury or contamination from these materials. We currently operate ~~one laboratory in North Carolina, one laboratory in New Jersey and Pelican operates~~ a ~~laboratory~~ **facility** in Texas **where** ~~. In our laboratory in Texas,~~ we ~~will~~ perform contract services for third parties that could involve the use of biological and hazardous materials and chemicals. In the event of such an accident, we could be held liable for any resulting damages and any liability could materially adversely affect our business, financial condition and results of operations. In addition, the federal, state and local laws and regulations governing the use, manufacture, storage, handling and disposal of hazardous or radioactive materials and waste products may require us to incur substantial compliance costs that could materially adversely affect our business, financial condition and results of operations. ~~We~~ **21We** may incur substantial liabilities and may be required to limit commercialization of our products in response to product liability lawsuits. The testing and marketing of drug and biological product candidates entail an inherent risk of product liability. Product

liability claims might be brought against us by consumers, health care providers or others selling or otherwise coming into contact with our products. ~~We currently operate one laboratory in North Carolina, one laboratory in New Jersey and Pelican operates a laboratory in Texas.~~ In ~~our laboratory in Texas we perform contract services for third parties. In addition, in~~ our facility in San Antonio we perform CDMO services for third parties. We could incur liability in the performance of these services, including liability for damage to materials supplied to us. If any of the products or services we develop are used in clinical trials, clinical trial liability claims may be filed against us for damages suffered by clinical trial subjects or their families. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our products which could impact our ability to continue as a going concern. Our inability to obtain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of pharmaceutical products we develop, alone or with collaborators. In addition, regardless of merit or eventual outcome, product liability claims may result in: ● decreased demand for any approved product candidates; ● impairment of our business reputation; ● withdrawal of clinical trial participants; ~~42~~ ● costs of related litigation; ● distraction of management' s attention; ● substantial monetary awards to patients or other claimants; ● loss of revenues; and ● the inability to successfully commercialize any approved drug candidates. ~~International expansion of our business exposes us to business, regulatory, political, operational, financial and economic risks associated with doing business outside of the United States. Our business strategy incorporates international expansion, including establishing and maintaining clinician marketing and education capabilities outside of the United States, expanding our relationships with distributors and manufacturers and expanding sales of ANTHIM ®. Doing business internationally involves a number of risks, including: ● multiple, conflicting and changing laws and regulations such as tax laws, export and import restrictions, employment laws, regulatory requirements and other governmental approvals, permits and licenses; ● failure by us or our distributors to obtain regulatory approvals for the sale or use of our product candidates in various countries; ● difficulties in managing foreign operations; ● complexities associated with managing multiple payer- reimbursement regimes or self- pay systems; ● limits on our ability to penetrate international markets if our product candidates cannot be processed by a manufacturer appropriately qualified in such markets; ● financial risks, such as longer payment cycles, difficulty enforcing contracts and collecting accounts receivable and exposure to foreign currency exchange rate fluctuations; ● reduced protection for intellectual property rights; ● natural disasters, political and economic instability, including wars, terrorism and political unrest, outbreak of disease, boycotts, curtailment of trade and other business restrictions; and ● failure to comply with the Foreign Corrupt Practices Act, including its books and records provisions and its anti- bribery provisions, by maintaining accurate information and control over sales and distributors' activities. Any of these risks, if encountered, could significantly harm our future international expansion and operations and, consequently, have a material adverse effect on our financial condition, results of operations and cash flows. We may acquire other businesses or form joint ventures or make investments in other companies or technologies or new lines of business that could harm our operating results, dilute our stockholders' ownership, increase our debt or cause us to incur significant expense. As part of our business strategy, we may pursue acquisitions of businesses and assets, such as we did with Pelican and Elusys. We may also make investments in other companies of technologies, new lines of business, or expansion of research bioanalytical development and manufacturing capacities. We also may pursue strategic alliances and joint ventures that leverage our core technology and industry experience to expand our offerings or distribution. Other than our acquisition of the equity of Pelican in 2017 and acquisition of Elusys in 2022, we have no experience with acquiring other companies and limited experience with forming strategic alliances and joint ventures. We may not be able to find suitable partners or acquisition candidates, and we may not be able to complete such transactions on favorable terms, if at all. If we make any acquisitions, we may not be able to integrate these acquisitions successfully into our existing business, and we could assume unknown or contingent liabilities. Any future acquisitions or investments in other companies or technologies or new lines of business also could result in significant write- offs or the incurrence of debt and contingent liabilities, any of which could have a material adverse effect on our financial condition, results of operations and cash flows. Integration of an acquired company also may disrupt ongoing operations and require management resources that would otherwise focus on developing our existing business. We may experience losses related to investments in other companies, which could have a material negative effect on our results of operations. We may not identify or complete these transactions in a timely manner, on a cost- effective basis, or at all, and we may not realize the anticipated benefits of any acquisition, technology license, strategic alliance or joint venture. 43To finance any acquisitions or joint ventures, we may choose to issue shares of our common stock as consideration, which would dilute the ownership of our stockholders. If the price of our common stock is low or volatile, we may not be able to acquire other companies or fund a joint venture project using our stock as consideration. Alternatively, it may be necessary for us to raise additional funds for acquisitions through public or private financings. Additional funds may not be available on terms that are favorable to us, or at all.~~ Uncertainty regarding health care reform and declining general economic or business conditions may have a negative impact on our business. Continuing concerns over U. S. health care reform legislation and energy costs, geopolitical issues, the availability and cost of credit and government stimulus programs in the United States and other countries have contributed to increased volatility and diminished expectations for the global economy. If the economic climate does not improve or continues to be uncertain, our business, as well as the financial condition of our **customers and** suppliers ~~and our third- party payors~~ , could be adversely affected, resulting in a negative impact on our business, financial condition and results of operations. We rely extensively on our information technology systems and are vulnerable to damage and interruption. We rely on our information technology systems and infrastructure to process transactions, summarize results and manage our business, including maintaining client and supplier information. Additionally, we utilize third parties, including cloud providers, to store, transfer and process data. Our information technology systems, as well as the systems of our suppliers and other partners, whose systems we do not control, are vulnerable to outages and an increasing risk of continually evolving deliberate intrusions to gain access to company sensitive information. Likewise, data security incidents and breaches by employees and others with or

without permitted access to our systems pose a risk that sensitive data may be exposed to unauthorized persons or to the public. A cyber- attack or other significant disruption involving our information technology systems, or those of our vendors, suppliers and other partners, could also result in disruptions in critical systems, corruption or loss of data and theft of data, funds or intellectual property. We may be unable to prevent outages or security breaches in our systems. We remain potentially vulnerable to additional known or yet unknown threats as, in some instances, we, our suppliers and our other partners may be unaware of an incident or its magnitude and effects. We also face the risk that we expose our vendors or partners to cybersecurity attacks. Any or all of the foregoing could adversely affect our results of operations and our business reputation. ~~Any~~ **22Any** failure to maintain the security of information relating to our customers, employees and suppliers, whether as a result of cybersecurity attacks or otherwise, could expose us to litigation, government enforcement actions and costly response measures, and could disrupt our operations and harm our reputation ~~. We are a smaller reporting company, and we cannot be certain if the reduced reporting requirements applicable to smaller reporting companies will make our common stock less attractive to investors~~ . In connection with the sales and marketing of our products and services, we may from time to time transmit confidential information. We also have access to, collect or maintain private or confidential information regarding our clinical trials and the patients enrolled therein, employees, and suppliers, as well as our business. Cyberattacks are rapidly evolving and becoming increasingly sophisticated. In addition, **if we manufacturer biodefense products sold to the U. S. government, such** as **ANTHIM** ~~the manufacturer of biodefense product sold to the U. S. government~~ , ~~Elusys has~~ **we will have** access to highly confidential government information. It is possible that computer hackers and others might compromise our security measures, or security measures of those parties that we do business with now or in the future and obtain the personal information of patients in our clinical trials, vendors, employees and suppliers or our business information. A security breach of any kind, including physical or electronic break- ins, computer viruses and attacks by hackers, employees or others, could expose us to risks of data loss, litigation, government enforcement actions, regulatory penalties and costly response measures, and could seriously disrupt our operations. Any resulting negative publicity could significantly harm our reputation, which could cause us to lose market share and have an adverse effect on our results of operations. ~~44We may face particular data protection, data security and privacy risks in connection with the European Union' s Global Data Protection Regulation and other privacy regulations. Outside of the United States, the laws, regulations and standards in many jurisdictions apply broadly to the collection, use, and other processing of personal information. If we should engage in business in the European Union, including selling products such as ANTHIM ®, we will be subject to such laws. For example, in the European Union, the collection and use of personal data is governed by the provisions of the General Data Protection Regulation (the " GDPR "). The GDPR, together with national legislation, regulations and guidelines of the European Union member states governing the processing of personal data, impose strict obligations on entities subject to the GDPR, including but not limited to: (i) accountability and transparency requirements, and enhanced requirements for obtaining valid consent from data subjects; (ii) obligations to consider data protection as any new products or services are developed and to limit the amount of personal data processed; (iii) obligations to comply with the data protection rights of data subjects; and (iv) obligations to report certain personal data breaches to governmental authorities and individuals. Data protection authorities from the different E. U. member states and other European countries may enforce the GDPR and national data protection laws differently, and introduce additional national regulations and guidelines, which adds to the complexity of processing European personal data. Failure to comply with the requirements of the GDPR and the related national data protection laws may result in significant monetary fines and other administrative penalties (the GDPR authorizes fines for certain violations of up to 4 % of global annual revenue or € 20 million, whichever is greater) as well as civil liability claims from individuals whose personal data was processed. Additionally, expenses associated with compliance could reduce our operating margins. The GDPR also prohibits the transfer of personal data from the E. U. to countries outside of the E. U. unless made to a country deemed by the European Commission to provide adequate protection for personal data or accomplished by means of an approved data transfer mechanism (e. g., standard contractual clauses). Data protection authority guidance and enforcement actions that restrict companies' ability to transfer data may increase risk relating to data transfers or make it more difficult or impossible to transfer E. U. personal data to the U. S.~~ Our operating results may be adversely affected by fluctuations in foreign currency exchange rates and restrictions on the deployment of cash across global operations. ~~-~~Although we report operating results in U. S. dollars, if we engage in sales of products internationally, our revenues and expenses are or will be denominated in currencies other than the U. S. dollar, particularly in Europe. Fluctuations in foreign currency exchange rates can have a number of adverse effects on us. Because our consolidated financial statements are presented in U. S. dollars, we will be required to translate revenues, expenses and income, as well as assets and liabilities, into U. S. dollars at exchange rates in effect during or at the end of each reporting period. Therefore, changes in the value of the U. S. dollar against other currencies will affect revenues, income from operations, other income (expense), net and the value of balance sheet items originally denominated in other currencies. There is no guarantee that our financial results will not be adversely affected by currency exchange rate fluctuations. In addition, in some countries we could be subject to strict restrictions on the movement of cash and the exchange of foreign currencies, which could limit our ability to use these funds across our global operations. ~~-~~We could be adversely affected by violations of the U. S. Foreign Corrupt Practices Act **(" FCPA ")** and other worldwide anti- bribery laws. ~~-~~The FCPA and anti- bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business or other commercial advantage. Our policies mandate compliance with these anti- bribery laws, which often carry substantial penalties, including criminal and civil fines, potential loss of export licenses, possible suspension of the ability to do business with the federal government, denial of government reimbursement for products and exclusion from participation in government health care programs. We may operate in jurisdictions that have experienced governmental and private sector corruption to some degree, and, in certain circumstances, strict compliance with anti- bribery laws may conflict with certain local customs and practices. We cannot assure **you** that the internal control policies and procedures always will

protect us from reckless or other inappropriate acts committed by affiliates, employees or agents. Violations of these laws, or allegations of such violations, could have a material adverse effect on our business, financial position and results of operations. 45 Risks Related to Intellectual PropertyWe have limited protection for our intellectual property, which could impact our competitive position. We intend to rely on a combination of common law copyright, patent, trademark, and trade secret laws and measures to protect our proprietary information **and technology** . We **may be unable** have obtained exclusive rights to license the technology for which patent protection has been obtained; however, such protection does not prevent unauthorized use of such **information and** technology **. Patent,** Trademark **trademark** and copyright protections may be limited, and enforcement could be too costly to be effective. It may also be possible for unauthorized third parties to copy aspects of, or otherwise obtain and use, our proprietary information without authorization, including, but not limited to, product design, software, customer and prospective **23prospective** customer lists, trade secrets, copyrights, patents and other proprietary rights and materials. Other parties can use and register confusingly similar business, product and service names, as well as domain names, which could divert customers, resulting in a material adverse effect on our business, operating results and financial condition. Intellectual property rights may also be unavailable or limited in some foreign countries, which could make it easier for competitors to capture market share. Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property protection, particularly those relating to biotechnology products, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. Many countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. As a result, in response to the COVID- 19 pandemic, it is possible that certain countries may take steps to facilitate compulsory licenses that permit the distribution of a COVID- 19 vaccine in those countries. In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of the relevant patent rights. If we or any of our licensors is forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired, and our business, financial condition, results of operations, and prospects may be adversely affected. If we fail to successfully enforce our intellectual property rights, our competitive position could suffer, which could harm our operating results. Competitors may challenge the validity or scope of our **intellectual property rights** patents or future patents we may obtain . In addition, our licensed patents may not provide us with a meaningful competitive advantage . We may be required to spend significant resources to monitor and police our licensed intellectual property rights. We may not be able to detect infringement and our competitive position may be harmed. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. In addition, competitors may design around our technology or develop competing technologies. The **Our** technology we license , our products or our development efforts may be found to infringe upon third- party intellectual property rights. Third parties may in the future assert claims or initiate litigation related to their patent, copyright, trademark and other intellectual property rights in technology that is important to us. The asserted claims and / or litigation could include claims against us, our licensors or our suppliers alleging infringement of intellectual property rights with respect to our **proprietary rights** products or components of those products . Regardless of the merit of the claims, they could be time consuming, result in costly litigation and diversion of technical and management personnel, or require us to develop a non- infringing technology or enter into license agreements. We have not undertaken an exhaustive search to discover any third party intellectual patent rights, which might be infringed by commercialization of the product candidates described herein. Although we are not currently aware of any such third- party intellectual patent rights, it is possible that such rights currently exist or might be obtained in the future. In the event that a third party controls such rights and we are unable to obtain a license to such rights on commercially reasonable terms, we may not be able to sell or continue to develop our products, and may be liable for damages for such infringement. We cannot assure you that licenses will be available on acceptable terms, if at all. 46Furthermore -- **Furthermore** , because of the potential for significant damage awards, which are not necessarily predictable, it is not unusual to find even arguably unmeritorious claims resulting in large settlements. If any infringement or other intellectual property claim made against us by any third party is successful, or if we fail to develop non- infringing technology or license the proprietary rights on commercially reasonable terms and conditions, our business, operating results and financial condition could be materially adversely affected. If our products, methods, processes and other technologies infringe the proprietary rights of other parties, we could incur substantial costs and we may have to: ● obtain licenses, which may not be available on commercially reasonable terms, if at all; ● abandon an infringing drug or therapy candidate; ● redesign our products or processes to avoid infringement; ● stop using the subject matter claimed in the patents held by others; ● pay damages; or ● defend litigation or administrative proceedings which may be costly whether we win or lose, and which could result in a substantial diversion of our financial and management resources. We rely on licenses to use various technologies that are material to our business and if the agreements were to be terminated or if other rights that may be necessary or we deem advisable for commercializing our intended products cannot be obtained, it would halt our ability to market our products and technology, as well as have an immediate material adverse effect on our business, operating results and financial condition. We have licensing agreements with certain universities granting us the right to use certain critical intellectual property. The terms of the licensing agreements continue until the end of the life of the last patent to expire. If we breach the terms of these licensing agreements, including any failure to make minimum royalty payments required thereunder or failure to reach certain developmental milestones, using best efforts to introduce a licensed product in certain territories by certain dates, the licensor has the right to terminate the license. If we were to lose or otherwise be unable to maintain these licenses on

~~acceptable terms, or find that it is necessary or appropriate to secure new licenses from other third parties, it would halt our ability to market our products and technology, which would have an immediate material adverse effect on our business, operating results and financial condition. The U. S. government may have " march- in rights " to certain of our intellectual property. Because federal grant monies were used in support of the research and development activities that resulted in certain of our issued U. S. patents of pending U. S. patent applications, the federal government retains what are referred to as " march- in rights " to patents that are granted on these applications. In particular, the U. S Army, which administered grant monies to the primary inventor of the technology we license, technically retain the right to require us, under certain specific circumstances, to grant the U. S. government either a nonexclusive, partially exclusive or exclusive license to the patented invention in any field of use, upon terms that are reasonable for a particular situation. Circumstances that trigger march- in rights include, for example, failure to take, within a reasonable time, effective steps to achieve practical application of the invention in a field of use, failure to satisfy the health and safety needs of the public and failure to meet requirements of public use specified by federal regulations. The U. S. Army can elect to exercise these march- in rights on their own initiative or at the request of a third- party.~~ ~~General~~ **24General** Risk FactorsChanges in general economic conditions, geopolitical conditions, domestic and foreign trade policies, monetary policies and other factors beyond our control may adversely impact our business and operating results. Our operations and performance depend on global, regional and U. S. economic and geopolitical conditions. General worldwide economic conditions have experienced significant instability in recent years including the recent global economic uncertainty and financial market conditions. Russia' s invasion and military attacks on Ukraine have triggered significant sanctions from U. S. and European leaders and financial markets around the world experienced volatility ~~47following~~ **following** the invasion of Ukraine by Russia in February 2022. Resulting changes in U. S. trade policy could trigger retaliatory actions by Russia, its allies and other affected countries, including China, resulting in a " trade war. " Furthermore, if other countries, including the U. S., become further involved in the conflict, we could face significant adverse effects to our business and financial condition **. In addition, the global macroeconomic environment could be negatively affected by, among other things, instability in global economic markets, increased U. S. trade tariffs and trade disputes with other countries, instability in the global credit markets, supply chain weaknesses, instability in the geopolitical environment as a result of the withdrawal of the United Kingdom from the European Union, the war in the Middle East and other political tensions, and foreign governmental debt concerns. Such challenges have caused, and may continue to cause, uncertainty and instability in local economies and in global financial markets** . The uncertain financial markets, disruptions in supply chains, mobility restraints, and changing priorities as well as volatile asset values could impact our business in the future. The COVID- 19 outbreak and government measures taken in response to the pandemic have also had a significant impact, both direct and indirect, on businesses and commerce, as worker shortages have occurred; supply chains have been disrupted; facilities and production have been suspended; and demand for certain goods and services, such as medical services and supplies, have spiked, while demand for other goods and services, such as travel, have fallen. **A resurgence** ~~The future progression~~ of **COVID 19, or** ~~the~~ **other** ~~pandemic~~ **pandemics or epidemics could have** ~~and~~ **an** ~~its~~ **adverse** ~~effects~~ **effect** on our business and operations are uncertain. ~~-~~Further, although we have not experienced any material adverse effects on our business due to increasing inflation, it has raised operating costs for many businesses and, in the future, could impact demand or pricing manufacturing of our drug candidates or services providers, foreign exchange rates or employee wages. Inflation rates, particularly in the United States and United Kingdom, have increased recently to levels not seen in years, and increased inflation may result in increases in our operating costs (including our labor costs), reduced liquidity and limits on our ability to access credit or otherwise raise capital. In addition, the Federal Reserve has raised, and may again raise, interest rates in response to concerns about inflation, which coupled with reduced government spending and volatility in financial markets may have the effect of further increasing economic uncertainty and heightening these risks. ~~-~~Actual events involving reduced or limited liquidity, defaults, non- performance or other adverse developments that affect financial institutions or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds, have in the past and may in the future lead to market- wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank ~~,~~ was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation as receiver. Although we did not have any cash or cash equivalent balances on deposit with Silicon Valley Bank, uncertainty and liquidity concerns in the broader financial services industry remain and the failure of Silicon Valley Bank and its potential near- and long- term effects on the biotechnology industry and its participants such as our vendors, suppliers, and investors, may also adversely affect our operations and stock price. We are actively monitoring the effects these disruptions and increasing inflation could have on our operations. These conditions make it extremely difficult for us to accurately forecast and plan future business activities. **These conditions make it extremely difficult for us to accurately forecast and plan future business activities.** In addition, the outbreak of a pandemic could disrupt our operations due to absenteeism by infected or ill members of management or other employees, or absenteeism by members of management and other employees who elect not to come to work due to the illness affecting others in our office or laboratory facilities, or due to quarantines. Pandemics could also impact members of our Board of Directors resulting in absenteeism from meetings of the directors or committees of directors, and making it more difficult to convene the quorums of the full Board of Directors or its committees needed to conduct meetings for the management of our affairs. **25We** ~~We~~ may not successfully effect our intended expansion, which would harm our business prospects. Our success will depend upon the expansion of our operations and the effective management of our growth, which will place a significant strain on our management, and on our administrative, operational and financial resources. To manage this growth, we must expand our facilities; augment our operational, financial and management systems; and hire and train additional qualified personnel. If we are unable to manage our growth effectively, our business would be harmed. ~~48Our~~ **Our** stock price has fluctuated in the past, has recently been volatile and may be volatile in the future, and as a result, investors in our common stock could incur substantial losses and our ability to raise funds may be impacted. Our stock price has fluctuated in

the past, has recently been volatile and may be volatile in the future. On ~~January 3~~ **December 19** , ~~2022~~ **2023** , the reported low sale price of our common stock was $ ~~3~~ **0** . ~~05~~ **258** per share and the reported high sales price was $ ~~3~~ **1** . ~~59~~ **29** per share **on January 24, 2023** . For comparison purposes, on December ~~30~~ **29** , ~~2022~~ **2023** , the price of our common stock closed at $ 0. ~~81~~ **44** per share. We may incur rapid and substantial decreases in our stock price in the foreseeable future that are unrelated to our operating performance or prospects. The stock market generally and the market for biotechnology and pharmaceutical companies in particular ~~have~~ **has** experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, investors may experience losses on their investment in our common stock. The market price for our common stock may be influenced by many factors, including the following: ● investor reaction to our business strategy; ● the success of competitive products or technologies; ● our continued compliance with the listing standards of the NYSE American; ● regulatory or legal developments in the United States and other countries, especially changes in laws or regulations applicable to our products ~~; ● results of our clinical trials~~ ; ● actions taken by regulatory agencies with respect to ~~our~~ **the** products **we manufacture** ~~, clinical studies~~ , manufacturing process ~~or sales and marketing terms;~~ ● variations in our financial results or those of companies that are perceived to be similar to us; ● the success of our efforts to acquire or in- license additional products or product candidates; ● developments concerning our collaborations or partners; ● developments or disputes concerning patents or other proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our products; ● our ability to generate revenue from ~~ANTHIM ® sales; ● our ability to generate revenue from~~ our CDMO facility; ● our ability or inability to raise additional capital and the terms on which we raise it; ● declines in the market prices of stocks generally; ● trading volume of our common stock; ● sales of our common stock by us or our stockholders; ● general economic, industry and market conditions; and ● other events or factors, including those resulting from such events, or the prospect of such events, including war, terrorism and other international conflicts, such as the ~~recent~~ Russian invasion of Ukraine ~~as well as continued and new sanctions against Russia by~~ , ~~among others, the European Union~~ and the **Israeli conflict** ~~Unites States, which restrict a wide range of trade and financial dealings with Russia and Russia parties~~ , public health issues including health epidemics or pandemics, and natural disasters such as fire, hurricanes, earthquakes, tornados or other adverse weather and climate conditions, whether occurring in the United States or elsewhere, could disrupt our operations, disrupt the operations of our suppliers or result in political or economic instability. ~~-~~These broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance. Since the stock price of our common stock has fluctuated in the past, has been recently volatile and may be volatile in the future, investors in our common stock could incur substantial losses. In the past, following periods of volatility in the market, securities class- action litigation has often been instituted against companies. Such litigation, if instituted against us, could result in substantial costs and diversion of management' s attention and resources, which could materially and adversely affect our business, financial condition, results of operations and growth prospects. ~~There~~ **26There** can be no guarantee that our stock price will remain at current prices or that future sales of our common stock will not be at prices lower than those sold to investors. ~~49- We rely on key executive officers and scientific and medical advisors, and their knowledge of our business and technical expertise would be difficult to replace. We are highly dependent on our principal scientific, regulatory and medical advisors and our chief executive officer. Other than a $ 2. 0 million insurance policy we hold on the life of Jeffrey Wolf, we do not have " key person " life insurance policies for any of our officers or advisors. The loss of the technical knowledge, management and industry expertise of any of our key personnel could result in delays in product development, loss of customers and sales and diversion of management resources, which could adversely affect our operating results.~~ If we are unable to hire additional qualified personnel, our ability to grow our business may be harmed. We will need to hire additional qualified personnel with expertise in preclinical and clinical research, government regulation, formulation and manufacturing, sales and marketing and accounting and financing. Over the next 12 months, we expect to hire additional new employees ~~both in North Carolina and for Scorpius~~ in Texas. We compete for qualified individuals with numerous biopharmaceutical companies, universities, and other research institutions. Competition for such individuals is intense, and we cannot be certain that our search for such personnel will be successful ~~especially in light of the CPRIT Grant requirements, including the requirement that Pelican maintain its headquarters in Texas and use certain vendors, consultants and employees located in Texas~~ . Attracting and retaining qualified personnel will be critical to our success. ~~-~~We are a smaller reporting company, and we cannot be certain if the reduced reporting requirements applicable to smaller reporting companies will make our common stock less attractive to investors. ~~-~~We are a smaller reporting company under Rule 12b- 2 of the Exchange Act. For as long as we continue to be a smaller reporting company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not smaller reporting companies, including reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We cannot predict if investors will find our common stock less attractive because we may rely on smaller reporting company exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock, and our stock price may be more volatile. There can be no assurance that we will be able to comply with the applicable regulations in a timely manner, if at all. Our failure to meet the continued listing requirements of the NYSE American LLC (the " NYSE American ") could result in a de- listing of our common stock. Our shares of common stock are currently listed on the NYSE American. **On April 17, 2024, we received an official notice of noncompliance (the " NYSE American Notice ") from NYSE Regulation stating that we are not in compliance with NYSE American continued listing standards (the " Filing Delinquency Notification ") under the timely filing criteria included in Section 1007 of the NYSE American Company Guide (the" Company Guide") due to the failure to timely file this Annual Report on Form 10- K (the " Delinquent Report ") by the filing due date of April 16, 2024 (the " Filing Delinquency ".) We believe that upon the filing of this Annual Report on Form 10- K we will have cured the Filing Delinquency, however there can be no assurance that we will continue to comply with the NYSE American continued listing requirements.** If we fail to satisfy the continued listing requirements of the NYSE American, such as the corporate governance requirements, minimum bid price requirement or

the minimum stockholder' s equity requirement, NYSE American may take steps to de- list our common stock **. In determining whether to afford a company a cure period prior to commencing suspension or delisting procedures, the NYSE American does analyze all relevant facts including any past history of late filings** . Any de- listing would likely have a negative effect on the price of our common stock and would impair stockholders' ability to sell or purchase their common stock when they wish to do so. ~~In the past our common stock was listed on the Nasdaq Capital Market and we received notices from the Listing Qualifications Department of Nasdaq Stock Market LLC (" Nasdaq ") that we failed to comply with the stockholder' s equity requirements and the minimum closing bid requirements. On June 21, 2019, we received written notice from the Listing Qualifications Department of the Nasdaq Stock Market LLC notifying us that for the preceding 30 consecutive business days (May 9, 2019 through June 20, 2019), our common stock did not maintain a minimum closing bid price of $ 1. 00 per share (" Minimum Bid Price Requirement ") as required by Nasdaq Listing Rule 5550 (a) (2). On July 24, 2020, we received written notice from The Nasdaq Capital Market that from July 10, 2020 through July 23, 2020, the closing bid price of our common stock has been at $ 1. 00 per share or greater and accordingly we had regained compliance with Nasdaq Listing Rule 5550 (a) (2) and the matter was now closed.~~ There can be no assurance given that we will be able to continue to satisfy our continued listing requirements and maintain the listing of our common stock on the NYSE American going forward. ~~50The~~ -- **The** possible issuance of common stock subject to options, restricted stock units and warrants may dilute the interests of stockholders. As of ~~March 31~~ **April 26** , ~~2023~~ **2024** , awards for 6, ~~980~~ **220** , ~~764~~ **623** shares of common stock are outstanding under our equity compensation plans and **1,** 243, ~~873~~ **504** shares of common stock remain available for grants under the plans. ~~In addition, as of March 31, 2023, we have warrants exercisable for 716, 383 shares of our common stock to third parties in connection with our public offerings.~~ To the extent that outstanding stock options and warrants are exercised, or additional securities are issued, dilution to the interests of our stockholders may occur. Moreover, the terms upon which we will be able to obtain additional equity capital may be adversely affected since ~~the~~ **27the** holders of the outstanding options can be expected to exercise them at a time when we would, in all likelihood, be able to obtain any needed capital on terms more favorable to us than those provided in such outstanding options. We have additional securities available for issuance, which, if issued, could adversely affect the rights of the holders of our common stock. Our certificate of incorporation authorizes the issuance of 250, 000, 000 shares of our common stock and 10, 000, 000 shares of preferred stock. In certain circumstances, the common stock, as well as the awards available for issuance under the incentive plans, can be issued by our Board of Directors, without stockholder approval. Any future issuances of such stock would further dilute the percentage ownership of us held by holders of preferred stock and common stock. Our Board of Directors is authorized to create and issue from time to time, only with stockholder approval, up to an aggregate of 10, 000, 000 shares of preferred stock of which 8, 212, 500 have been designated. The authority to designate preferred stock may be used to issue series of preferred stock, or rights to acquire preferred stock, that could dilute the interest of, or impair the voting power of, holders of the common stock or could also be used as a method of determining, delaying or preventing a change of control. We have never paid dividends and have no plans to pay dividends in the future. Holders of shares of our common stock are entitled to receive such dividends as may be declared by our Board of Directors. To date, we have paid no cash dividends on our shares of our preferred or common stock and we do not expect to pay cash dividends in the foreseeable future. We intend to retain future earnings, if any, to provide funds for operations of our business. Therefore, any return investors in our preferred or common stock may have will be in the form of appreciation, if any, in the market value of their shares of common stock. Certain provisions of the General Corporation Law of the State of Delaware, our bylaws and stockholder rights plan may have anti- takeover effects that may make an acquisition of our company by another company more difficult. We are subject to the provisions of Section 203 of the General Corporation Law of the State of Delaware, which prohibits a Delaware corporation from engaging in any business combination, including mergers and asset sales, with an interested stockholder (generally, a 15 % or greater stockholder) for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. The operation of Section 203 may have anti- takeover effects, which could delay, defer or prevent a takeover attempt that a holder of our common stock might consider in its best interest. Certain provisions of our bylaws including the ability of our Board of Directors to fill vacancies on our Board of Directors and advance notice requirements for stockholder proposals and nominations may prevent or frustrate attempts by our stockholders to replace or remove our management. In addition, the Rights issued pursuant to our stockholder rights plan that we implemented, if not redeemed or suspended, could result in the dilution of the stock ownership of a potential hostile acquirer, likely preventing acquisitions that have not been approved by our Board of Directors and therefore discouraging, delaying or preventing a change in control that stockholders may consider favorable. ~~51Our~~ -- **Our** amended and restated bylaws provide that the Court of Chancery of the State of Delaware will be the exclusive forum for certain types of state actions that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees. Our amended and restated bylaws provide that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the exclusive forum for (i) any derivative action or proceeding brought on behalf of us, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our stockholders, (iii) any action arising pursuant to any provision of the DGCL or our certificate of incorporation or bylaws (as either may be amended from time to time), or (iv) any action asserting a claim governed by the internal affairs doctrine, except, in each case for claims arising under the Securities Act ~~of 1933, as amended~~ , the Exchange Act, or other federal securities laws for which there is exclusive federal or concurrent federal and state jurisdiction. These exclusive- forum provisions may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, employees, control persons, underwriters, or agents, which may discourage ~~lawsuits~~ **28lawsuits** against us and our directors, employees, control persons, underwriters, or agents. Additionally, a court could determine that the exclusive forum provision is unenforceable, and our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. If a court

were to find these provisions of our amended and restated bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition, or results of operations. -Future sales of our common stock by our existing stockholders could cause our stock price to decline. On ~~March 30~~ **April 26** , ~~2023~~ **2024** , we had ~~26~~ **36** , ~~049~~ **031** , ~~209~~ **964** shares of our common stock outstanding, all of which are currently eligible for sale in the public market, subject, in certain circumstances to the volume, manner of sale and other limitations under Rule 144 promulgated under the Securities Act. It is conceivable that stockholders may wish to sell some or all of their shares. If our stockholders sell substantial amounts of our common stock in the public market at the same time, the market price of our common stock could decrease significantly due to an imbalance in the supply and demand of our common stock. Even if they do not actually sell the stock, the perception in the public market that our stockholders might sell significant shares of our common stock could also depress the market price of our common stock. A decline in the price of shares of our common stock might impede our ability to raise capital through the issuance of additional shares of our common stock or other equity securities, and may cause stockholders to lose part or all of their investment in our shares of common stock. Our shares of common stock are from time to time thinly traded, so stockholders may be unable to sell at or near ask prices or at all if they need to sell shares to raise money or otherwise desire to liquidate their shares. Our common stock has from time to time been " thinly- traded, " meaning that the number of persons interested in purchasing our common stock at or near ask prices at any given time may be relatively small or non- existent. This situation is attributable to a number of factors, including the fact that we are a small company that is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume, and that even if we came to the attention of such persons, they tend to be risk- averse and would be reluctant to follow an unproven company such as ours or purchase or recommend the purchase of our shares until such time as we became more seasoned and viable. As a consequence, there may be periods of several days or more when trading activity in our shares is minimal or non- existent, as compared to a seasoned issuer that has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. We cannot give stockholders any assurance that a broader or more active public trading market for our common shares will develop or be sustained, or that current trading levels will be sustained. ~~Holders of our warrants will have no rights as a common stockholder until they acquire our common stock. Until warrant holders acquire shares of our common stock upon exercise of their warrants, the warrant holders will have no rights with respect to shares of our common stock issuable upon exercise of their warrants. Upon exercise of the 52warrants, the warrant holders will be entitled to exercise the rights of a common stockholder only as to matters for which the record date occurs after the exercise date. There is no established market for the warrants that we previously issued and our previously issued warrants may not have any value. Our previously issued warrants to purchase shares of our common stock may not have any value. For example, we previously issued warrants in a public offering that have exercise prices of $ 11. 55, $ 11. 09 and $ 5. 78 per share. In the event that our common stock price does not exceed the exercise price of our previously issued warrants during the period when the warrants are exercisable, the warrants may not have any value.~~ The shares of common stock offered under any at the market offering that we may engage in, and investors who buy shares at different times will likely pay different prices. Investors who purchase shares that are sold under at- the- market- offerings at different times will likely pay different prices, and so may experience different outcomes in their investment results. We will have discretion, subject to market demand, to vary the timing, prices, and numbers of shares sold, and there is no minimum or maximum sales price. Investors may experience declines in the value of their shares as a result of share sales made at prices lower than the prices they paid. Reports published by securities or industry analysts, including projections in those reports that exceed our actual results, could adversely affect our common stock price and trading volume. Securities research analysts, including those affiliated with our underwriters from prior offerings, establish and publish their own periodic projections for our business. These projections may vary widely from one another and may not accurately predict the results we actually achieve. Our stock price may decline if our actual results do not match securities research analysts' projections. Similarly, if one or more of the analysts who writes reports on us downgrades our stock or publishes inaccurate or unfavorable research about our business or if one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, our stock price or trading volume could decline. ~~While~~ **29While** we expect securities research analyst coverage to continue going forward, if no securities or industry analysts cover us, the trading price for our stock and the trading volume could be adversely affected. -Item 1B. Unresolved Staff CommentsNone. -Item ~~2~~ **1C** . ~~PropertiesFacilitiesOur executive offices~~ **CybersecurityWe maintain a cyber risk management program designed to identify, assess, manage, mitigate, and respond to cybersecurity threats. The underlying processes and controls of our cyber risk management program incorporate recognized best practices and standards for cybersecurity and information technology, including the National Institute of Standards and Technology (" NIST ") Cybersecurity Framework (" CSF "). We have an annual assessment performed by a third- party specialist of our cyber risk management program against the NIST CSF. The annual risk assessment identifies, quantifies, and categorizes material cyber risks. In addition, we, in conjunction with the third- party cyber risk management specialists, develop a risk mitigation plan to address such risks, and where necessary, remediate potential vulnerabilities identified through the annual assessment process. In addition, we maintain policies over areas such as information security, access on / offboarding, and access and account management, to help govern the processes put in place by management designed to protect our IT assets, data, and services from threats and vulnerabilities. We partner with industry recognized cybersecurity providers leveraging third- party technology and expertise. These cybersecurity partners, including consultants and other third- party service providers,** are ~~located~~ **a key part of our cybersecurity risk management strategy and infrastructure and provide services including, maintenance of an IT assets inventory, periodic vulnerability scanning, identity access management controls including restricted access of privileged accounts, network integrity safeguarded by employing web- based software, including endpoint protection, endpoint detection and response, and**

remote monitoring management on all devices, industry- standard encryption protocols, critical data backups, infrastructure maintenance, incident response, cybersecurity strategy, and cyber risk advisory, assessment and remediation. Our management team, in conjunction with third- party information technology (" IT ") and cybersecurity service providers, is responsible for oversight and administration of our cyber risk management program, and for informing senior management and other relevant stakeholders regarding the prevention, detection, mitigation, and remediation of cybersecurity incidents. Scorpius Holdings' management team has prior experience selecting, deploying, and overseeing cybersecurity technologies, initiatives, and processes directly or via selection of strategic third- party partners, and relies on threat intelligence as well as other information obtained from governmental, public, or private sources, including external consultants engaged by us for strategic cyber risk management, advisory and decision making. Our Audit Committee also provides oversight of risks from cybersecurity threats. As part of its review of the adequacy of our system of internal controls over financial reporting and disclosure controls and procedures, the Audit Committee is specifically responsible for reviewing the adequacy of our computerized information system controls and security related thereof. The cybersecurity stakeholders, including member (s) of management assigned with cybersecurity oversight responsibility and / or third- party consultants providing cyber risk services brief the Audit Committee on cyber vulnerabilities identified through the risk management process, the effectiveness of our cyber risk management program, and the emerging threat landscape and new cyber risks on at ~~627 Davis Drive~~ **least an annual basis. This includes updates on our processes to prevent** , **detect** ~~Suite 300~~ , **and mitigate cybersecurity incidents** ~~Morrisville, North Carolina 27560~~ . In **addition** ~~November 2022~~ , ~~we commenced a~~ **cybersecurity risks are reviewed by our Board of Directors at** ~~lease~~ **least annually, as part of our corporate risk oversight processes. We face risks from cybersecurity threats** that ~~expires October 1~~ **could have a material adverse effect on our business** , ~~2030~~ **financial condition, results of operations, cash flows** ~~for~~ **or reputation** ~~15, 996 square feet of office and laboratory space for monthly rent of $ 43, 655 exclusive of payments required for maintenance of common areas and utilities~~ . **We acknowledge** ~~In January 2018, Pelican entered into a five- year lease for 5, 156 square feet of office and laboratory space located in San Antonio, Texas for monthly rent of $ 9, 668, exclusive of payments required for maintenance of common areas and utilities. This lease expired in February 2023. In July 2020, and amended August 2022, we entered into a lease for our Skunkworx subsidiary in North Brunswick, New Jersey~~ that **the risk of cyber incident** is **prevalent in the current threat landscape and that a future cyber incident may** ~~expected to expire July 1, 2023 for 2, 725 square feet of laboratory space for monthly rent of $ 11, 434 exclusive of payments required for utilities. The lease for our~~ **occur** ~~Scorpius manufacturing facility commenced~~ in ~~September 2022 and~~ **the normal course of** ~~is~~ **its business** ~~located at 1305 E~~ . **However** ~~Houston Street~~ , **prior cybersecurity incidents have not had a material adverse effect on** ~~San Antonio, Texas 78205 for general office, laboratory, research, analytical, and / or~~ **our** ~~biomanufacturing purposes~~ **business, financial condition, results of operations,** ~~for~~ **or** ~~53~~ **cash flows. We proactively seek to detect and investigate unauthorized attempts and attacks against our IT assets, data, and services, and to prevent their occurrence and recurrence where practicable through changes or updates to internal** 30