

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended

September 30, 2023

OR

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

Chavant Capital Acquisition Corp.

(Exact name of registrant as specified in its charter)

Cayman Islands

(State or other jurisdiction of
incorporation or organization)

001-40621

(Commission File Number)

98-1591717

(I.R.S. Employer
Identification No.)

445 Park Avenue, 9th Floor
New York, NY 10022

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: **(212) 745-1086**

Not Applicable

(Former name or former address, if changed since last report)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Units, each consisting of one ordinary share, par value \$0.0001 per share, and three-quarters of one redeemable warrant	CLAYU	The Nasdaq Stock Market
Ordinary shares, par value \$0.0001 per share	CLAY	The Nasdaq Stock Market
Redeemable warrants, each warrant exercisable for one ordinary share, each at an exercise price of \$11.50 per share	CLAYW	The Nasdaq Stock Market

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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

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

As of November 14, 2023, 2,778,912 ordinary shares, par value \$0.0001 per share, were issued and outstanding.

CHAVANT CAPITAL ACQUISITION CORP.

**Quarterly Report on Form 10-Q
For the Quarter Ended September 30, 2023
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CHAVANT CAPITAL ACQUISITION CORP.
UNAUDITED CONDENSED BALANCE SHEETS

	September 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash	\$ 7,525	\$ 175,788
Prepaid expenses	9,648	—
Total Current Assets	17,173	175,788
Investment held in trust account	8,676,157	9,835,409
TOTAL ASSETS	\$ 8,693,330	\$ 10,011,197
LIABILITIES, SHARES SUBJECT TO POSSIBLE REDEMPTION AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Accrued expenses - professional fee	\$ 511,829	\$ —
Accrued expenses - others	383,776	358,257
Promissory note - due to sponsor	1,350,000	662,000
Total Current Liabilities	2,245,605	1,020,257
Warrant liability	79,220	335,240
PIPE derivative liability	1,200,538	1,065,297
Total Liabilities	3,525,363	2,420,794
Commitments and Contingencies		
Ordinary shares subject to possible redemption		
Ordinary shares subject to possible redemption, \$0.0001 par value; 200,000,000 shares authorized; 778,912 and 953,033 shares subject to possible redemption at redemption value of \$11.01 per share and \$10.22 per share as of September 30, 2023 and December 31, 2022, respectively	8,576,157	9,735,409
Shareholders' Deficit:		
Preference shares, \$0.0001 par value; 1,000,000 shares authorized; none issued and outstanding	—	—
Ordinary shares, \$0.0001 par value; 200,000,000 shares authorized; 2,000,000 shares issued and outstanding	200	200
Additional paid-in capital	30	30
Accumulated deficit	(3,408,420)	(2,145,236)
Total Shareholders' Deficit	(3,408,190)	(2,145,006)
TOTAL LIABILITIES, SHARES SUBJECT TO POSSIBLE REDEMPTION AND SHAREHOLDERS' DEFICIT	\$ 8,693,330	\$ 10,011,197

The accompanying notes are an integral part of these unaudited condensed financial statements.

CHAVANT CAPITAL ACQUISITION CORP.
UNAUDITED CONDENSED STATEMENTS OF OPERATIONS

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
General and administrative expense	\$ 209,376	\$ 262,902	\$ 920,314	\$ 1,014,243
Administrative expense-related party	30,000	30,000	90,000	90,000
Loss from operations	(239,376)	(292,902)	(1,010,314)	(1,104,243)
Other income:				
Change in fair value of warrant liability	57,120	119,000	256,020	1,531,262
Interest and dividend earned on marketable securities held in trust account	88,700	110,828	313,506	149,051
Change in fair value of PIPE derivative liability	87,680	—	(135,241)	—
Total other income	233,500	229,828	434,285	1,680,313
(Loss) Income before income taxes	(5,876)	(63,074)	(576,029)	576,070
Income tax expense	—	—	—	—
Net (Loss) Income	\$ (5,876)	\$ (63,074)	\$ (576,029)	\$ 576,070
Weighted average ordinary shares outstanding of ordinary shares subject to redemption	793,164	2,331,787	840,537	6,089,833
Basic and diluted net income per ordinary share subject to redemption	\$ 0.18	\$ 0.01	\$ 0.37	\$ 0.09
Weighted average ordinary shares outstanding of non-redeemable ordinary shares	2,000,000	2,000,000	2,000,000	2,000,000
Basic and diluted net (loss) income per non-redeemable ordinary share	\$ (0.08)	\$ (0.05)	\$ (0.44)	\$ 0.05

The accompanying notes are an integral part of these unaudited condensed financial statements.

CHAVANT CAPITAL ACQUISITION CORP.
UNAUDITED CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
AND ORDINARY SHARES SUBJECT TO POSSIBLE REDEMPTION

	Ordinary Shares subject to possible redemption		Shareholders' Deficit				
			Ordinary Shares		Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Deficit
	Shares	Amount	Shares	Amount			
Balance - January 1, 2023	953,033	\$ 9,735,409	2,000,000	\$ 200	\$ 30	\$ (2,145,236)	\$ (2,145,006)
Redemption of ordinary shares	(96,991)	(1,004,600)	—	—	—	—	—
Subsequent measurement of ordinary shares subject to redemption	—	261,713	—	—	—	(261,713)	(261,713)
Net loss	—	—	—	—	—	(312,060)	(312,060)
Balance - March 31, 2023	856,042	\$ 8,992,522	2,000,000	\$ 200	\$ 30	\$ (2,719,009)	\$ (2,718,779)
Subsequent measurement of ordinary shares subject to redemption	—	219,906	—	—	—	(219,906)	(219,906)
Net loss	—	—	—	—	—	(258,093)	(258,093)
Balance - June 30, 2023	856,042	\$ 9,212,428	2,000,000	\$ 200	\$ 30	\$ (3,197,008)	\$ (3,196,778)
Redemption of ordinary shares	(77,130)	(841,808)	—	—	—	—	—
Subsequent measurement of ordinary shares subject to redemption	—	205,536	—	—	—	(205,536)	(205,536)
Net loss	—	—	—	—	—	(5,876)	(5,876)
Balance - September 30, 2023	778,912	\$ 8,576,156	2,000,000	\$ 200	\$ 30	\$ (3,408,420)	\$ (3,408,190)
Balance - January 1, 2022	8,000,000	\$ 80,000,000	2,000,000	\$ 200	\$ 30	\$ (1,060,420)	\$ (1,060,190)
Net income	—	—	—	—	—	604,359	604,359
Balance - March 31, 2022	8,000,000	\$ 80,000,000	2,000,000	\$ 200	\$ 30	\$ (456,061)	\$ (455,831)
Net income	—	—	—	—	—	34,785	34,785
Balance - June 30, 2022	8,000,000	\$ 80,000,000	2,000,000	\$ 200	\$ 30	\$ (421,276)	\$ (421,046)
Net loss	—	—	—	—	—	(63,074)	(63,074)
Redemption of ordinary shares	(7,046,967)	(70,573,278)	—	—	—	—	—
Subsequent measurement of ordinary shares subject to redemption	—	146,179	—	—	—	(146,179)	(146,179)
Balance - September 30, 2022	953,033	\$ 9,572,901	2,000,000	\$ 200	\$ 30	\$ (630,529)	\$ (630,299)

The accompanying notes are an integral part of these unaudited condensed financial statements.

CHAVANT CAPITAL ACQUISITION CORP.
UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS

	From the nine months ended September 30, 2023	From the nine months ended September 30, 2022
Cash Flows from Operating Activities:		
Net (loss) income	\$ (576,029)	\$ 576,070
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Interest earned on marketable securities held in trust account	(174,351)	(149,051)
Change in fair value of warrant liability	(256,020)	(1,531,262)
Change in fair value of PIPE derivative liability	135,241	—
Changes in operating assets and liabilities:		
Prepaid expenses	(9,648)	432,591
Accrued expenses	537,348	243,506
Net cash used in operating activities	(343,459)	(428,146)
Cash Flows from Investment Activities:		
Cash withdrawn from Trust Account in connection with redemption	—	70,573,278
Proceeds from sale of investments in marketable securities	29,182,796	—
Investment in marketable securities	(27,710,037)	—
Reinvest dividends income earned on marketable securities held in Trust Account	(139,155)	(94,351)
Net cash provided by (used in) investing activities	1,333,604	70,478,927
Net cash from Financing Activities:		
Redemption of ordinary shares subject to possible redemption	(1,846,408)	(70,573,278)
Proceeds from promissory note - due to sponsor	688,000	362,000
Net cash used in financing activities	(1,158,408)	(70,211,278)
Net Change in Cash	(168,263)	(160,497)
Cash - Beginning of period	175,788	240,706
Cash - End of period	\$ 7,525	\$ 80,209
Non-Cash investing and financing activities:		
Subsequent measurement of ordinary shares subject to redemption (interest earned on trust account)	\$ 313,506	\$ 51,288
Extension Funds attributable to ordinary shares subject to redemption	\$ 373,649	\$ 94,351

The accompanying notes are an integral part of these unaudited condensed financial statements.

CHAVANT CAPITAL ACQUISITION CORP.
NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

Note 1 — Organization and Business Operations

Organization and General

Chavant Capital Acquisition Corp. (the “Company”) was incorporated as a Cayman Islands exempted company on March 19, 2021. The Company was formed for the purpose of effectuating a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses (a “business combination”).

The Company is an early stage and emerging growth company and, as such, the Company is subject to all of the risks associated with early stage and emerging growth companies.

As of September 30, 2023, the Company had not commenced any operations. All activity through September 30, 2023 relates to the Company’s formation and its Initial Public Offering (“IPO”) which is described below, identifying a target company for a business combination and negotiation and preparation of documentation relating to the Proposed Mobix Labs Transaction (as defined below). The Company will not generate any operating revenues until after the completion of a business combination. The Company generates non-operating income in the form of interest income from the proceeds derived from the IPO. The Company has selected December 31 as its fiscal year end.

On November 15, 2022, the Company and Mobix Labs, Inc., a Delaware corporation (“Mobix Labs”), entered into a business combination agreement (the “Business Combination Agreement”), by and among the Company, Mobix Labs and CLAY Merger Sub II, Inc., a Delaware corporation and newly formed, wholly-owned direct subsidiary of the Company (“Merger Sub”), pursuant to which Merger Sub will be merged with and into Mobix Labs, with Mobix Labs surviving the merger as a wholly-owned direct subsidiary of the Company (the “Proposed Mobix Labs Transaction”). In connection with the Proposed Mobix Labs Transaction, the Company will take the steps necessary to transfer its registration from the Cayman Islands to the State of Delaware (the “Domestication”), where it will then immediately incorporate as a Delaware corporation. The Company will also issue one share of Class A Common Stock in exchange for and on conversion in connection with the Domestication of each ordinary share outstanding immediately prior to the Domestication and will issue a warrant exercisable for one share of Class A Common Stock in exchange for and on conversion in connection with the Domestication of each warrant outstanding immediately prior to the Domestication.

The Proposed Mobix Labs Transaction may be terminated by the Company and/or Mobix Labs under certain circumstances at any time prior to the closing. If the Proposed Mobix Labs Transaction occurs, the combined company will be named Mobix Labs, Inc., and its common stock and warrants are expected to be listed on Nasdaq. In connection with the Proposed Mobix Labs Transaction, the Company entered into a subscription agreement (the “PIPE Subscription Agreement”) with an investor (the “PIPE Investor”), pursuant to which the PIPE Investor agreed to purchase 3,000,000 shares of Class A Common Stock at \$10.00 per share for an aggregate amount of \$30,000,000 (the “PIPE”), subject to, among other things, the approval of the Proposed Mobix Labs Transaction by the Company’s shareholders and the satisfaction of the conditions set forth in the Business Combination Agreement, including a Form S-4 registration statement being declared effective by the SEC. See Note 5 for further discussion of the accounting for the PIPE, including the embedded Make-Whole Features, as defined and described in such note.

On April 7, 2023, the Company, Mobix Labs and Merger Sub entered into Amendment No. 1 to the Business Combination Agreement, pursuant to which, the parties have agreed, among other things, that certain securities issued subsequent to March 26, 2023, referred to as “Post-March 26 Financing Securities,” will not be included in the calculation of the “Company Fully Diluted Number” under the Business Combination Agreement, with the effect that the Per Share Exchange Ratio (as defined in the Business Combination Agreement) will not be reduced on account of such issuances. “Post-March 26 Financing Securities” are defined in the Amendment No. 1 as any shares of (i) common stock of Mobix Labs or (ii) common stock of Mobix Labs issuable upon exercise or conversion of warrants, convertible instruments or convertible debt of Mobix Labs, in each case, where such securities were issued for cash and in accordance with Sections 6.01(b)(iii) and (xix) of the Business Combination Agreement, as a result of, or in connection with, any private placement entered into by Mobix Labs after March 26, 2023. Except with the consent of the Company (which consent shall not be unreasonably conditioned, withheld or delayed), Mobix Labs must use the proceeds of the issuance of any Post-March 26 Financing Securities to finance the ongoing business operations of Mobix Labs or to pay transaction expenses. In addition, Amendment No. 1 extended the outside date under the Business Combination Agreement from July 22, 2023 to November 22, 2023.

Nasdaq Notice of Non-Compliance with a Continued Listing Rule

On March 23, 2023, the Company received a notice (the “MVLS Notice”) from the Listing Qualifications Department (the “Staff”) of The Nasdaq Stock Market LLC that, for the previous 30 consecutive business days, the Market Value of Listed Securities (as defined in the Nasdaq Listing Rules) (“MVLS”) for the Company’s ordinary shares was below the \$35 million minimum MVLS requirement for continued listing on The Nasdaq Capital Market (the “MVLS Rule”). In accordance with the Nasdaq Listing Rules, the Company had 180 calendar days (i.e., until September 19, 2023) to regain compliance with the MVLS Rule.

On August 24, 2023, the Company received a notice (the “Minimum Public Holders Notice”) from the Staff, notifying the Company that it currently does not have at least 300 Public Holders for continued listing on The Nasdaq Capital Market (the “Minimum Public Holders Rule” and, together with the MVLS Rule, the “Rules”). The Minimum Public Holders Notice followed the Company’s communication to the Staff that it was not in compliance with the Minimum Public Holders Rule on August 18, 2023. The Minimum Public Holders Notice stated that the Company had 45 calendar days to submit a plan to regain compliance with the Minimum Public Holders Rule, which the Company submitted on October 9, 2023.

On September 20, 2023, the Company received a notice of a determination of delisting (the “First Delisting Notice”) from the Staff. The First Delisting Notice referenced the MVLS Notice and stated that the Company had not regained compliance with the MVLS Rule within the required 180-day period and that the ordinary shares and the other listed securities of the Company would be subject to delisting unless the Company timely requested a hearing before a Nasdaq Hearings Panel (the “Panel”). Accordingly, on September 22, 2023, the Company submitted a request for a hearing before the Panel. On September 22, 2023, the Company received a letter from the Staff stating that a hearing had been scheduled for November 9, 2023 (the “Hearing”) and that the Staff’s delisting action referenced in the First Delisting Notice has been stayed pending a final written decision by the Panel.

On October 18, 2023, the Company received an additional notice of a determination of delisting (the “Second Delisting Notice”) from the Staff. The Second Delisting Notice referenced (i) the Hearing and (ii) the Company’s previously reported failure to satisfy the Minimum Public Holders Rule. The Second Delisting Notice stated that the Company’s failure to satisfy the Minimum Public Holders Rule serves as an additional basis for delisting the Company’s ordinary shares and other listed securities and notified the Company that the Panel would consider this matter at the Hearing in rendering a determination regarding the Company’s continued listing on Nasdaq. On October 20, 2023, the Company submitted a plan of compliance to the Staff with respect to the Minimum Public Holders Rule and the MVLS Rule in preparation for the Hearing.

On November 9, 2023, the Company presented to the Panel at the Hearing its plan for regaining compliance with the Rules and its request that the Panel grant additional time for the Company to regain compliance. The Panel has the authority to grant additional time not exceeding 180 days from the First Delisting Notice, or March 18, 2024, for the Company to demonstrate compliance with the Rules (the “Compliance Extension”). The Company expects that the Panel will issue its written decision regarding the Compliance Extension within 30 days of the date after the Hearing. While the Panel has the authority to grant the Compliance Extension, there can be no assurance that the Company will be granted such Compliance Extension or be able to regain or maintain compliance with Nasdaq listing standards.

Financing

The Company’s sponsor is Chavant Capital Partners LLC, a Delaware limited liability company (the “Sponsor”). The registration statement pursuant to which the Company registered its securities offered in the IPO was declared effective on July 19, 2021. On April 7, 2021, the Sponsor purchased an aggregate of 2,875,000 ordinary shares (the “Founder Shares”) for a purchase price of \$25,000, or approximately \$0.009 per share. On June 25, 2021, the Sponsor sold an aggregate of 422,581 of such Founder Shares to the underwriters for a purchase price of \$3,675.

On July 22, 2021, the Company consummated its IPO of 8,000,000 units (each, a “Unit” and collectively, the “Units”), at \$10.00 per Unit, generating gross proceeds of \$80,000,000 and incurring offering costs of \$2,058,249. The Company granted the underwriters a 45-day option to purchase up to an additional 1,200,000 Units at the IPO price to cover over-allotments, if any. On September 5, 2021, the over-allotment option expired unexercised and an aggregate of 300,000 Founder Shares was forfeited, resulting in 2,000,000 Founder Shares remaining outstanding.

Simultaneously with the consummation of the closing of the IPO, the Company consummated the private placement of an aggregate of 3,400,000 warrants (collectively, the “Private Warrants” and together with the Public Warrants (as defined below), the “Warrants”) at an average price of \$1.00 per Private Warrant to the Sponsor and the underwriters, generating total gross proceeds of \$3,400,000 (the “Private Placement”).

Trust Account

Following the closing of the IPO on July 22, 2021, an amount of \$80,000,000 from the net proceeds of the sale of the Units in the IPO and the sale of the Private Warrants was placed in the trust account (the “Trust Account”) located in the United States with Continental Stock Transfer & Trust Company acting as trustee. The funds may be invested only in U.S. government securities with a maturity of 185 days or less or in money market funds meeting certain conditions under Rule 2a-7 under the Investment Company Act of 1940, as amended (the “Investment Company Act”), which invest only in direct U.S. government treasury obligations.

On July 14, 2022, the Company held an Extraordinary General Meeting of shareholders and obtained shareholder approval of the extension of the date by which the Company must consummate an initial business combination from July 22, 2022 (which was 12 months from the closing of the IPO) to January 22, 2023 (the “Extended Date”) by amending the Company’s amended and restated memorandum and articles of association (the “First Extension Amendment”). The First Extension Amendment became effective upon approval of the Company’s shareholders. In connection with the First Extension Amendment, shareholders holding 7,046,967 Public Shares (as defined below) of the Company exercised their right to redeem such shares for a pro rata portion of the funds in the Trust Account. As a result, \$70,573,278 was withdrawn from the Trust Account to pay such holders. As a result of the redemption payments and above mentioned extension, the Company deposited \$31,450 (at a rate of \$0.033 per non-redeeming Public Share per month) for each subsequent monthly period needed by the Company to complete a business combination by the Extended Date. As of December 31, 2022, the Company had deposited an aggregate of \$188,700 into the Trust Account, which was funded by the promissory notes issued to the Sponsor.

On January 6, 2023, the Company held an extraordinary general meeting of shareholders and obtained shareholder approval of the extension of the Combination Period to July 22, 2023 (“Second Extension”). In connection with the meeting, Public Shareholders holding 96,991 Public Shares elected to exercise their right to redeem such shares and \$1,004,600 was paid out of the Trust Account in connection with the redemptions. In connection with the approval of the Second Extension, the Company made an initial deposit into the Trust Account of \$42,802 (at a rate of \$0.05 per non-redeeming Public Share per month) and continued to deposit \$42,802 for each required subsequent monthly period.

On July 18, 2023, the Company held an extraordinary general meeting of shareholders and obtained shareholder approval of (i) the extension of the Combination Period to January 22, 2024 (“Third Extension” and, together with the First Extension and the Second Extension, the “Extensions”), and (ii) the amendment of the Company’s amended and restated memorandum and articles of association (the “Amended and Restated Memorandum and Articles of Association”) to eliminate from the Amended and Restated Memorandum and Articles of Association (a) the limitation that the Company shall not redeem the Public Shares to the extent that such redemption would cause the Company’s net tangible assets to be less than \$5,000,001 and (b) the limitation that the Company shall not consummate a business combination unless the Company has net tangible assets of at least \$5,000,001 immediately prior to, or upon consummation of, or any greater net tangible asset or cash requirement that may be contained in the agreement relating to, such business combination (collectively, the “Redemption Limitation”). In connection with the meeting, Public Shareholders holding 77,130 Public Shares elected to exercise their right to redeem such shares, and \$841,808 was paid out of the Trust Account in connection with the redemptions. In connection with the approval of the Third Extension, the Company made an initial deposit into the Trust Account of \$38,946 (at a rate of \$0.05 per non-redeeming Public Share per month) and will continue to deposit \$38,946 for each subsequent monthly period, or portion thereof, that is needed by the Company to complete business combination by January 22, 2024.

As of September 30, 2023, the Company had deposited an aggregate of \$562,350 into the Trust Account in connection with the First Extension, the Second Extension and the Third Extension, which amounts were funded by the promissory notes issued to the Sponsor, and the Trust Account had a total balance of \$8,676,157.

The funds held in the Trust Account will not be released from the Trust Account until the earliest of: (i) the completion of the initial business combination; (ii) the redemption of any Public Shares properly submitted in connection with a shareholder vote to amend the Amended and Restated Memorandum and Articles of Association (A) to modify the substance or timing of the Company's obligation to redeem 100% of the Public Shares if the Company does not complete the initial business combination by January 22, 2024 (or within any extended period of time that we may have to consummate an initial business combination as a result of an amendment to our Amended and Restated Memorandum and Articles of Association) or (B) with respect to any other material provisions relating to shareholders' rights or pre-initial business combination activity; or (iii) the redemption of the Public Shares if we are unable to complete the Proposed Mobix Labs Transaction or any other initial business combination by January 22, 2024 (or by the end of any such extended period of time), subject to applicable law. The proceeds deposited in the Trust Account could become subject to the claims of our creditors, if any, which could have priority over the claims of our Public Shareholders. The proceeds held in the Trust Account have been, and will be, invested only in U.S. government treasury obligations with a maturity of 185 days or less or in money market funds meeting certain conditions under Rule 2a-7 under the Investment Company Act that invest only in direct U.S. government treasury obligations.

The Company's management has broad discretion with respect to the specific application of the net proceeds of the IPO and the sale of Private Warrants, although substantially all of the net proceeds are intended to be applied generally toward consummating a business combination.

Initial Business Combination

The Company is not limited to a particular industry or sector for purposes of consummating a business combination. There is no assurance that the Company will be able to complete a business combination successfully. The Company must complete one or more initial business combinations having an aggregate fair market value of at least 80% of the net assets held in the Trust Account (net of taxes payable) at the time of the signing of a definitive agreement to enter into an initial business combination. However, the Company will only complete a business combination if the post-transaction company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target sufficient for it not to be required to register as an investment company under the Investment Company Act.

The Company will provide holders (the "Public Shareholders") of its ordinary shares sold in the IPO (the "Public Shares") with the opportunity to redeem all or a portion of their Public Shares upon the completion of a business combination either (i) in connection with a general meeting called to approve a business combination or (ii) without a shareholder vote by means of a tender offer. The decision as to whether the Company will seek shareholder approval of business combination or conduct a tender offer will be made by the Company, solely in its discretion. The Public Shareholders will be entitled to redeem their Public Shares for a pro rata portion of the amount then on deposit in the Trust Account. These Public Shares were classified as temporary equity upon the completion of the IPO in accordance with the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 480, "Distinguishing Liabilities from Equity." In such case, the Company will proceed with a business combination if a majority of the shares voted are voted in favor of the business combination. If a shareholder vote is not required by law and the Company does not decide to hold a shareholder vote for business or other legal reasons, the Company will, pursuant to its Amended and Restated Memorandum and Articles of Association, conduct the redemptions pursuant to the tender offer rules of the U.S. Securities and Exchange Commission ("SEC") and file tender offer documents with the SEC prior to completing a business combination. If, however, shareholder approval of the Proposed Mobix Labs Transaction is required by law, or the Company decides to obtain shareholder approval for business or legal reasons, the Company will offer to redeem shares in conjunction with a proxy solicitation pursuant to the proxy rules and not pursuant to the tender offer rules. Additionally, each Public Shareholder may elect to redeem their Public Shares irrespective of whether they vote for or against the proposed transaction, whether they participate in or abstain from voting, or whether they were a shareholder on the record date for the general meeting held to approve the Proposed Mobix Labs Transaction. If the Company seeks shareholder approval in connection with a business combination, the Company's initial shareholders, Sponsor, officers and directors (the "Initial Shareholders") have agreed to vote their Founder Shares (as defined below in Note 4) and any Public Shares purchased during or after the IPO in favor of a business combination. The Company has adopted an insider trading policy which requires insiders to: (i) refrain from purchasing shares during certain blackout periods and when they are in possession of any material non-public information and (ii) to clear all trades with the Company's legal counsel prior to execution. In addition, the Initial Shareholders have agreed to waive their redemption rights with respect to their Founder Shares and Public Shares in connection with the completion of a business combination.

Notwithstanding the foregoing, the Amended and Restated Memorandum and Articles of Association provides that a Public Shareholder, together with any affiliate of such shareholder or any other person with whom such shareholder is acting in concert or as a "group" (as defined under Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), will be restricted from redeeming its shares with respect to more than an aggregate of 15% or more of the ordinary shares sold in the IPO, without the prior consent of the Company.

The Company has entered into a letter agreement with its Initial Shareholders, pursuant to which the Initial Shareholders have agreed to not to propose an amendment to the Amended and Restated Memorandum and Articles of Association that would modify the substance or timing of the Company's obligation to redeem 100% of its Public Shares if the Company does not complete a business combination, unless the Company provides the Public Shareholders with the opportunity to redeem their ordinary shares in conjunction with any such amendment.

Liquidation

On July 14, 2022, the Company obtained shareholder approval to extend the date by which the Company must consummate an initial business combination from July 22, 2022 to January 22, 2023. On January 6, 2023, the Company obtained shareholder approval to further extend the date to July 22, 2023. On July 18, 2023, the Company obtained shareholder approval to further extend the date to January 22, 2024 and to eliminate the Redemption Limitation from the Amended and Restated Memorandum and Articles of Association.

If the Company is unable to complete the Proposed Mobix Labs Transaction or any other initial business combination by January 22, 2024 (the "Combination Period"), the Company will (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than ten business days thereafter, redeem the Public Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest earned on the funds held in the Trust Account (less taxes payable and up to \$100,000 of interest to pay dissolution expenses), divided by the number of then issued and outstanding Public Shares, which redemption will completely extinguish Public Shareholders' rights as shareholders (including the right to receive further liquidation distributions, if any) and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the remaining shareholders and the board of directors, liquidate and dissolve, subject, in each case, to the Company's obligations under Cayman Islands law to provide for claims of creditors and in all cases subject to the other requirements of applicable law. There will be no redemption rights or liquidating distributions with respect to the Warrants, which will expire worthless if the Company fails to complete its initial business combination within the Combination Period.

The Company's Initial Shareholders have agreed to waive their liquidation rights with respect to the Founder Shares if the Company fails to complete a business combination within the Combination Period. However, if the Company's Initial Shareholders acquire Public Shares in or after the IPO, they will be entitled to liquidating distributions from the Trust Account with respect to such Public Shares if the Company fails to complete a business combination within the Combination Period. In the event of such distribution, it is possible that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be less than the \$10.00 per share initially held in the Trust Account. In order to protect the amounts held in the Trust Account, the Sponsor has agreed to be liable to the Company if and to the extent any claims by a vendor for services rendered or products sold to the Company, or a prospective target business with which the Company has discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account. This liability will not apply with respect to any claims by a third party who executed a waiver of any right, title, interest or claim of any kind in or to any monies held in the Trust Account or to any claims under the Company's indemnity of the underwriters of the IPO against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"). Moreover, in the event that an executed waiver is deemed to be unenforceable against a third party, the Sponsor will not be responsible to the extent of any liability for such third-party claims. The Company will seek to reduce the possibility that the Sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers, except the independent registered public accounting firm and the Company's legal counsel, prospective target businesses or other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

Liquidity and Capital Resources; Going Concern

In order to fund working capital deficiencies or finance transaction costs in connection with a business combination, our Sponsor or an affiliate of our Sponsor or certain of our officers and directors may, but are not obligated to, loan us funds as may be required. If we complete a business combination, we may repay such loaned amounts out of the proceeds of the Trust Account released to us. In the event that a business combination does not close, we may use a portion of the working capital held outside the Trust Account to repay such loaned amounts, but no proceeds from our Trust Account would be used for such repayment. Up to \$1,500,000 of such loans may be convertible into warrants, at a price of \$1.00 per warrant, at the option of the lender. The warrants would be identical to the Private Warrants.

As of September 30, 2023, the Company had drawn down \$1,350,000 of Working Capital Loans from the Sponsor (see Note 4). The Company anticipates that the cash held outside of the Trust Account in the amount of \$7,525 as of September 30, 2023 will not be sufficient to allow the Company to operate for at least the next 12 months from the issuance of the financial statements, assuming that

a business combination is not consummated during that time. The Company has incurred and expects to continue to incur significant costs in pursuit of its acquisition plans. These conditions raise substantial doubt about the Company's ability to continue as a going concern for a period of time within one year after the date that the financial statements are issued. Management plans to address this uncertainty through the initial business combination as discussed above. There is no assurance that the Company's plans to consummate an initial business combination will be successful or successful within the Combination Period. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed financial statements are presented in U.S. dollars in conformity with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Article 8 of Regulation S-X of the SEC. Certain information or footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a complete presentation of financial position, results of operations, or cash flows. In the opinion of management, the unaudited condensed financial statements reflect all adjustments, which include only normal recurring adjustments necessary for the fair statement of the balances and results for the periods presented. The interim results for the nine months ended September 30, 2023 are not necessarily indicative of the results that may be expected through December 31, 2023.

The accompanying unaudited condensed financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's annual report on Form 10-K filed with the SEC on March 31, 2023.

Emerging Growth Company

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002.

Section 102(b)(1) of the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company that is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Fair Value of Financial Instruments

The fair value of the Company's assets and liabilities which qualify as financial instruments under ASC 820, "Fair Value Measurement," other than the warrant liability and the PIPE derivative liability (as defined in Note 5), approximate the carrying amounts represented in the Company's balance sheets, primarily due to their short-term nature.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements.

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

Cash Equivalents

Cash equivalents include cash on hand and on deposit at banking institutions as well as all highly liquid short-term investments with original maturities of 90 days or less. The Company did not have any cash equivalents as of September 30, 2023 and December 31, 2022.

Investment Held in Trust Account

The assets held in the Trust Account are held in cash and treasury securities with maturities of six months or shorter. The Company classifies its investment in money market funds as trading securities. Trading securities are presented on the balance sheets at fair value at the end of each reporting period. Gains and losses resulting from the change in fair value of investments held in the Trust Account are included in interest income in the accompanying statements of operations. The estimated fair values of investments held in the Trust Account are determined using available market information.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash accounts in a financial institution, which, at times, may exceed the Federal Deposit Insurance Corporation coverage. The Company has not experienced losses on these accounts.

Warrants

The Company accounts for warrants based on an assessment of specific terms and applicable authoritative guidance in ASC 480 and ASC 815, "Derivatives and Hedging" ("ASC 815"). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own ordinary shares and whether the warrant holders could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent reporting period while the warrants are outstanding. Because the Company does not control the occurrence of events, such as a tender offer or exchange, that may trigger cash settlement of the Private Warrants where not all of the shareholders also receive cash, the Private Warrants do not meet the criteria for equity treatment thereunder; as such, the Private Warrants must be recorded as a derivative liability.

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

The Company's Public Warrants are accounted for as equity and Private Warrants are accounted for as a liability. The Private Warrants were recorded at fair value as of July 22, 2021, the closing date of the IPO, and are re-valued at each reporting date, with changes in the fair value reported in the statements of operations.

Ordinary Shares Subject to Possible Redemption

The Company accounts for its Public Shares in accordance with the guidance in ASC 480. Ordinary shares subject to mandatory redemption (if any) are classified as a liability instrument and are measured at fair value. Conditionally redeemable ordinary shares (including shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, ordinary shares are classified as shareholders' equity. The Company's ordinary shares subject to possible redemption feature certain redemption rights that are considered to be outside of the Company's control and subject to the occurrence of uncertain future events. Accordingly, as of September 30, 2023 and December 31, 2022, 778,912 and 953,033 ordinary shares, respectively, subject to possible redemption are presented, at redemption value, as temporary equity, outside of the shareholders' deficit section of the Company's balance sheets.

The Company recognizes changes in redemption value immediately as they occur and adjusts the carrying value of redeemable ordinary shares to equal the redemption value at the end of each reporting period. Such changes are reflected in additional paid-in capital, or in the absence of additional capital, in accumulated deficit.

In connection with the extensions of the business combination period on July 14, 2022, January 6, 2023 and July 18, 2023, Public Shareholders elected to redeem an aggregate of 7,046,967 Public Shares, 96,991 Public Shares and 77,130 Public Shares, respectively. As a result, \$70,573,278, \$1,004,600 and \$841,808 were paid out of the Trust Account in connection with the redemptions, respectively. During the nine months ended September 30, 2023, the Company recorded an accretion of \$687,155, composed of \$373,649 (extension funds deposited into the Trust Account) and \$313,506 (interest income).

Derivative Financial Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives in accordance with ASC 815. The Company's derivative instruments were recorded at fair value as of July 22, 2021, the closing date of the IPO, and are re-valued at each reporting date, with changes in the fair value reported in the statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period.

The PIPE derivative liability is comprised of the Make-Whole Features. The PIPE derivative liability meets the criteria for derivative liability classification. As such, the PIPE derivative liability was recorded at its initial fair value on the date of issuance and each balance sheet date thereafter. Changes in the estimated fair value of the PIPE derivative liability are recognized in the statements of operations.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes under ASC 740, "Income Taxes." Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

There were no unrecognized tax benefits as of September 30, 2023 and December 31, 2022. The Company's management determined that the Cayman Islands is the Company's only major tax jurisdiction. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties for the nine months ended September 30, 2023 and 2022. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position. The Company is subject to income tax examinations by major taxing authorities since inception.

The Company is considered to be an exempted Cayman Islands company with no connection to any other taxable jurisdiction and is presently not subject to income taxes or income tax filing requirements in the Cayman Islands or the United States. As such, the Company's tax provision was zero for the period presented. While the Company is not expected to be subject to United States taxation (other than as a result of a business combination involving a U.S. target), the Company may become subject to United States taxation if it were or deemed to be engaged in a United States trade or business. Any interest payable in respect of U.S. debt obligations (if any) held by the Trust Account is intended to qualify for the portfolio interest exemption or otherwise be exempt from U.S. withholding taxes. Furthermore, shareholders of the Company's shares may be subject to tax in their respective jurisdictions based on applicable law, for instance, United States persons may be subject to tax on amounts deemed received depending on whether the Company is a passive foreign investment company and whether U.S. persons have made any applicable tax elections permitted under applicable law.

Net Income (Loss) Per Share

Net income (loss) per ordinary share is calculated by dividing the net income (loss) by the weighted average ordinary shares outstanding for the respective period.

With respect to the accretion of ordinary shares subject to possible redemption and consistent with ASC 480-10-S99-3A, "Distinguishing Liabilities and Equity—Overall—SEC Materials," the Company treated accretion in the same manner as a dividend, paid to the shareholder in the calculation of the net income (loss) per ordinary share.

Net income (loss) per share is computed by dividing net loss by the weighted average number of ordinary shares outstanding during the period, excluding ordinary shares forfeited. The Company has not considered the effect of (1) the 9,400,000 ordinary shares issuable upon exercise of the Public Warrants and Private Warrants, and (2) the PIPE in the calculation of diluted loss per share, since the exercise of such Warrants and PIPE are contingent upon the occurrence of future events and the inclusion of such Warrants and PIPE would be anti-dilutive. As a result, diluted loss per share is the same as basic loss per share for the period presented.

The Company's statement of operations includes a presentation of net income (loss) per share for ordinary shares subject to possible redemption in a manner similar to the two-class method of net income (loss) per share.

As of September 30, 2023, the Company had 778,912 ordinary shares subject to possible redemption and 2,000,000 Founder Shares. For the nine months ended September 30, 2023, earnings and losses are allocated pro rata based on the weighted average of ordinary shares outstanding for the respective period, reflective of the respective participation rights, between the two classes of ordinary shares.

The net income (loss) per share (unaudited) presented in the statements of operations is based on the following:

	For the three months ended September 30, 2023		For the three months ended September 30, 2022		For the nine months ended September 30, 2023		For the nine months ended September 30, 2022	
	Public Shares	Founder Shares	Public Shares	Founder Shares	Public Shares	Founder Shares	Public Shares	Founder Shares
Net (loss) income	\$ (5,876)		\$ (63,074)		\$ (576,029)		\$ 576,070	
Accretion of temporary equity to redemption value	(205,536)		(146,179)		(687,155)		(146,179)	
Net (loss) income including accretion of temporary equity to redemption value	\$ (211,412)		\$ (209,253)		\$ (1,263,184)		\$ 429,891	
Basic and diluted net income per share:	793,164 2,000,000		2,331,787 2,000,000		840,537 2,000,000		6,089,833 2,000,000	
Ownership percentage	28 % 72 %		54 % 46 %		30 % 70 %		75 % 25 %	
Numerator:								
Net (loss) income including accretion of temporary equity to redemption value	\$ (60,034) \$ (151,378)		\$ (112,640) \$ (96,613)		\$ (373,786) \$ (889,398)		\$ 323,612 \$ 106,279	
Plus: Accretion applicable to the redeemable class	\$ 205,536 —		\$ 146,179 —		\$ 687,155 —		\$ 146,179 —	
Allocation of net income (loss)	\$ 145,502 \$ (151,378)		\$ 33,539 \$ (96,613)		\$ 313,369 \$ (889,398)		\$ 469,791 \$ 106,279	
Denominator:								
Weighted-average shares outstanding	793,164 2,000,000		2,331,787 2,000,000		840,537 2,000,000		6,089,833 2,000,000	
Basic and diluted net income (loss) per share:	\$ 0.18 \$ (0.08)		\$ 0.01 \$ (0.05)		\$ 0.37 \$ (0.44)		\$ 0.08 \$ 0.05	

Risks and Uncertainties

Economic uncertainty in various global markets, including the U.S. and Europe, caused by political instability and conflict, such as Russia's invasion of Ukraine and current armed conflict in Israel and the Gaza Strip, could lead to market disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain interruptions. As a result of Russia's invasion of Ukraine, various nations, including the United States, have instituted economic sanctions against the Russian Federation. Further, the impact of this action and related sanctions on the world economy are not determinable as of the date of these financial statements.

Recent Accounting Pronouncements

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

Note 3 — Private Placement

Simultaneously with the closing of the IPO, the Sponsor and the underwriters purchased an aggregate of 3,400,000 Private Warrants at an average price of \$1.00 per Private Warrant, for an aggregate purchase price of \$3,400,000. Each Private Warrant will entitle the holder to purchase one ordinary share at a price of \$11.50 per full share, subject to adjustment. The proceeds from the Private Warrants and the proceeds from the IPO, less underwriting discounts and commissions, were placed in the Trust Account. If the Company does not complete a business combination within the Combination Period, the proceeds from the sale of the Private Warrants will be used to fund the redemption of the Public Shares (subject to the requirements of applicable law).

Note 4 – Related Party Transactions

Founder Shares

The Company's Initial Shareholders have agreed, subject to limited exceptions, not to transfer, assign or sell any of their Founder Shares until the earlier to occur of: (i) one year after the completion of the initial business combination or (ii) the date following the completion of the initial business combination on which the Company completes a liquidation, merger, share exchange or other similar transaction that results in all of the shareholders having the right to exchange their ordinary shares for cash, securities or other property. Notwithstanding the foregoing, if the closing price of the ordinary shares equals or exceeds \$12.00 per share (as adjusted for share subdivisions, share capitalizations, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after the initial business combination, the Founder Shares will be released from the lockup.

Working Capital Loans

In order to finance transaction costs in connection with a business combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company's officers and directors may, but are not obligated to, loan the Company funds as may be required ("Working Capital Loans"). Such Working Capital Loans would be evidenced by promissory notes. The notes may be repaid upon completion of a business combination, or, at the lender's discretion, up to \$1,500,000 of notes may be converted upon completion of business combination into warrants at a price of \$1.00 per warrant. Such warrants would be identical to the Private Warrants. In the event that business combination does not close, the Company may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loans, but no proceeds held in the Trust Account would be used to repay the Working Capital Loans.

On June 20, 2022, the Company issued an unsecured convertible promissory note in the aggregate principal amount of \$360,000 to the Sponsor under which the Company was permitted to draw down Working Capital Loans from time to time prior to the maturity date up to such aggregate principal amount. On July 18, 2022, the Company issued an additional unsecured convertible promissory note in the aggregate principal amount of \$490,000 to the Sponsor under which the Company was permitted to draw down Working Capital Loans from time to time prior to the maturity date up to such aggregate principal amount. The Working Capital Loans under the promissory notes issued on June 20, 2022 and July 18, 2022 are due on the earlier of five business days after the Company's initial business combination and December 31, 2023.

On January 6, 2023, the Company issued an unsecured convertible promissory note in the aggregate principal amount of \$300,000 to the Sponsor, under which the Company was permitted to draw down Working Capital Loans from time to time prior to the maturity date up to such aggregate principal amount, to fund the Company's ongoing working capital requirements and to fund a portion of the amounts that the Company has agreed to deposit into the Company's Trust Account as a result of obtaining shareholder approval of the extension amendment proposal. The Company drew down the full amount of the Working Capital Loans under such promissory note. The Working Capital Loan under this promissory note is due on the earlier of five business days after the Company's initial business combination and July 31, 2024. The Chairman of the board of directors of the Company or an entity affiliated with him and another existing investor in the Sponsor and/or persons affiliated with such investor provided the funds to the Sponsor for the foregoing Working Capital Loans.

As of September 30, 2023 and December 31, 2022, the Company had drawn down \$1,150,000 and \$662,000, respectively, of Working Capital Loans under the foregoing convertible promissory notes. If the Sponsor elected to convert the loans under the convertible promissory notes into Warrants at a price of \$1.00 per warrant and such converted warrants were exercised at a price of \$11.50 per share, a maximum of 1,150,000 shares of Class A Common Stock could be issued.

On June 22, 2023, the Company issued an unsecured non-convertible note in the aggregate principal amount of \$500,000 to the Sponsor under which the Company may draw down Working Capital Loans from time to time prior to the maturity date up to such aggregate principal amount. The promissory note bears interest at the rate of 10.0% per annum and is payable in full in cash upon the earlier of (i) the consummation of an initial business combination and (ii) one year from the date of issuance. As of September 30, 2023, the Company had drawn down \$200,000 under this promissory note with the ability to draw down an additional \$300,000 under this promissory note. The Chairman of the board of directors of the Company or an entity affiliated with the Chairman and the Chief Executive Officer of the Company provided or will provide the funds to the Sponsor for the Working Capital Loans under this promissory note.

Accordingly, as of September 30, 2023 and December 31, 2022, the Company had drawn down a total of \$1,350,000 and \$662,000, respectively, of Working Capital Loans under all of its convertible and non-convertible promissory notes.

Administrative Services Arrangement

On July 26, 2021, the Company entered into an administrative services agreement with the Sponsor, effective as of the date that the Company's securities were first listed on The Nasdaq Stock Market ("Nasdaq"), to make available to the Company certain general and administrative services, including office space, utilities and administrative services, as the Company may require from time to time. The Company has agreed to pay \$10,000 per month for these services. Upon completion of the Company's business combination or its liquidation, the Company will cease paying these monthly fees.

For the three months ended September 30, 2023 and 2022, the Company incurred expenses of \$30,000 and \$30,000 under the administrative services agreement, respectively.

For the nine months ended September 30, 2023 and 2022, the Company incurred expenses of \$90,000 and \$90,000 under the administrative services agreement, respectively, of which \$150,000 and \$80,000 are included in accrued expenses – others as of September 30, 2023 and December 31, 2022, respectively.

Note 5 — Commitments and Contingencies

Registration and Shareholder Rights

Pursuant to a registration rights agreement entered into on July 19, 2021, the holders of Founder Shares, Private Warrants and warrants that may be issued upon conversion of Working Capital Loans (and any ordinary shares issuable upon the exercise of the Private Warrants and warrants that may be issued upon conversion of Working Capital Loans) are entitled to registration rights, requiring the Company to register such securities for resale. These holders will be entitled to certain demand and "piggyback" registration rights. However, the registration and shareholder rights agreement provide that the Company will not permit any registration statement filed under the Securities Act to become effective until the termination of the applicable lock-up period for the securities to be registered. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

Business Combination Marketing Agreement

At the closing of the IPO and in connection with a business combination, the Company and the underwriters entered into an agreement (the "Business Combination Marketing Agreement"), whereby the underwriters are to assist the Company in holding meetings with the Company's shareholders to discuss potential business combination targets and the target business's attributes, introduce the Company to potential investors that are interested in purchasing the Company's securities in connection with the potential business combination, provide financial advisory services to assist the Company in its efforts to obtain any shareholder approval for the business combination and assist the Company with its press releases and public filings in connection with the business combination. Pursuant to the Business Combination Marketing Agreement, the marketing fee payable to the representatives will be 3.5% of the gross proceeds of the IPO, or \$2,800,000, upon the consummation of our business combination.

Proposed Mobix Labs Transaction

The obligations of the Company and Mobix Labs to consummate the Proposed Mobix Labs Transaction are subject to the satisfaction or waiver of certain customary conditions to closing, including, among other things: (i) the expiration or termination of all applicable waiting periods (or any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, (ii) the Company having at least \$5,000,001 of net tangible assets after giving effect to the PIPE Investment in accordance with the terms of the PIPE Subscription Agreement and following the exercise by Public Shareholders of their redemption rights, (iii) approval by the required shareholders of the Company of the Business Combination Agreement and the Proposed Mobix Labs Transaction, (iv) the absence of any law enacted or order issued or threatened in writing by a governmental authority having the effect of restricting or making the Proposed Mobix Labs Transaction illegal or otherwise prohibiting, restricting or making illegal the consummation of the Proposed Mobix Labs Transaction, (v) shareholder approval of the Company to extend the time period for it to consummate a business combination from January 22, 2023 to July 22, 2023, which shareholder approval has been obtained, (vi) the performance or compliance in all material respects by the parties with all of the agreements and covenants required to be performed by such party under the Business Combination Agreement on or prior to the closing date, (vii) the resignation of certain officers and directors of the Company and Mobix Labs and (viii) the execution and delivery of the amended and restated registration rights agreement.

The Business Combination Agreement, as amended, may be terminated by the Company and/or Mobix Labs under certain circumstances at any time prior to the closing, notwithstanding any requisite approval and adoption of the Business Combination Agreement and the Proposed Mobix Labs Transaction by the Mobix Labs stockholders or the Company, including, among others, (i) by the Company or

Mobix Labs if the Closing has not occurred on or before November 22, 2023, (ii) by the Company if any Mobix Labs stockholder litigation is commenced or threatened in writing by a Mobix Labs stockholder at any time prior to the effective time and (iii) by the Company if Mobix Labs' PCAOB audited financial statements were not delivered to the Company, in form and substance reasonably satisfactory to the Company, on or before December 15, 2022 (which right to terminate the Business Combination Agreement under this clause (iii) was required to be exercised before the date of the initial public filing of the registration statement on Form S-4 relating to the Proposed Mobix Labs Transaction with the SEC, and which right the Company elected not to exercise prior to such filing date).

PIPE Subscription Agreement

Pursuant to the PIPE Subscription Agreement, the Company has agreed and shall use its commercially reasonable efforts to file an SEC registration statement registering the shares of Class A Common Stock acquired by the PIPE Investor (the "PIPE Resale Registration Statement") for public resale within 45 days of closing. The Company also agreed to issue additional shares of Class A Common Stock to the PIPE Investor (the "Make-Whole Features") in the event that the volume weighted average price per share of the Class A Common Stock during the 30-day period commencing on the date that is 30 days after the date on which the PIPE Resale Registration Statement is declared effective (the "Adjustment Period VWAP") is less than \$10.00 per share. In such case, the PIPE Investor will be entitled to receive a number of shares of Class A Common Stock equal to the product of (x) the number of shares of Class A Common Stock issued to the PIPE Investor at the closing of the subscription and held by the PIPE Investor through the date that is 30 days after the effective date of the PIPE Resale Registration Statement multiplied by (y) a fraction, (A) the numerator of which is \$10.00 minus the Adjustment Period VWAP and (B) the denominator of which is the Adjustment Period VWAP. In the event that the Adjustment Period VWAP is less than \$7.00, the Adjustment Period VWAP will be deemed to be \$7.00.

The Company evaluated the accounting treatment for PIPE Subscription Agreement, which contains embedded Make-Whole Features, in accordance with ASC 480 and ASC 815 and has determined to account for the PIPE Subscription Agreement as a freestanding financial instrument and as a liability. The Company has concluded that, although the PIPE Subscription Agreement does not meet the definition of a liability under ASC 480, the PIPE Subscription Agreement should be classified as a liability (the "PIPE derivative liability") upon the application of ASC 815-40 because (i) the number of additional shares issuable pursuant to the Make-Whole Features depends on whether there is an effective PIPE Resale Registration Statement (i.e., the Adjustment Period VWAP described above cannot be determined until the PIPE Resale Registration Statement has been declared effective) and (ii) an effective registration statement is not an input to the fair value option model for a fixed-for-fixed forward, which precludes the PIPE Subscription Agreement from being considered indexed to the Company's own stock under Step 2 of the indexation guidance contained in ASC 815-40-15-7. As a result, the Company was required to measure the fair value of the PIPE derivative liability as of the time the Company entered into the PIPE Subscription Agreement and is required to do so at the end of each reporting period and is required to recognize the change in fair value in the Company's operating results for the current period (See Note 7).

Note 6 — Shareholders' Deficit

Preference Shares

The Company is authorized to issue 1,000,000 preference shares with a par value of \$0.0001 per share and with such designations, voting and other rights and preferences as may be determined from time to time by the Company's board of directors. There currently are no preference shares issued or outstanding.

Ordinary Shares

The Company is authorized to issue 200,000,000 ordinary shares with a par value of \$0.0001 per share. Prior to the consummation of the IPO, on April 7, 2021, the Sponsor purchased an aggregate of 2,875,000 ordinary shares. On July 19, 2021, the Company effected a cancellation of 575,000 Founder Shares, resulting in an aggregate of 2,300,000 Founder Shares outstanding. On September 5, 2021, the underwriters' over-allotment option expired unexercised, resulting in the forfeiture of an additional 300,000 Founder Shares and a total of 2,000,000 Founder Shares outstanding as of September 30, 2023 and December 31, 2022. All shares and associated amounts have been retroactively restated to reflect the share cancellation. Ordinary shareholders of record are entitled to one vote for each share held on all matters to be voted on by shareholders.

As of September 30, 2023 and December 31, 2022, there were 778,912 and 953,033 ordinary shares issued in the IPO which are subject to possible redemption, respectively.

Public Warrants

The Company will not issue fractional Public Warrants and only whole Public Warrants will trade. The Public Warrants will become exercisable on 30 days after the completion of a business combination. No Public Warrants will be exercisable for cash unless the Company has an effective and current registration statement covering the ordinary shares issuable upon exercise of the Public Warrants and a current prospectus relating to such ordinary shares. Notwithstanding the foregoing, if a registration statement covering the ordinary shares issuable upon exercise of the Public Warrants is not effective within 120 days following the consummation of a business combination, warrant holders may, until such time as there is an effective registration statement and during any period when the Company shall have failed to maintain an effective registration statement, exercise Public Warrants on a cashless basis pursuant to an available exemption from registration under the Securities Act. The Public Warrants will expire five years from the closing of a business combination.

Once the Public Warrants become exercisable, the Company may redeem the Public Warrants in whole and not in part:

- at a price of \$0.01 per warrant;
- at any time after the Public Warrants become exercisable;
- upon not less than 30 days' prior written notice of redemption to each warrant holder;
- if, and only if, the reported last sale price of the ordinary shares equals or exceeds \$18.00 per share (as adjusted for share subdivisions, share capitalizations, reorganizations, recapitalizations and the like and for certain issuances of ordinary shares and equity-linked securities for capital raising purposes in connection with the closing of our initial business combination), for any 20 trading days within a 30-day trading period commencing after the Public Warrants become exercisable and ending on the third business day prior to the notice of redemption to warrant holders; and
- if, and only if, there is a current registration statement in effect with respect to the ordinary shares underlying such warrants at the time of redemption and for the entire 30-day trading period referred to above and continuing each day thereafter until the date of redemption, except if the Public Warrants may be exercised on a cashless basis and such cashless exercise is exempt from registration under the Securities Act.

If the Company calls the Public Warrants for redemption, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a "cashless basis," as described in the warrant agreement. The exercise price and number of ordinary shares issuable on exercise of the Public Warrants may be adjusted in certain circumstances including in the event of a share dividend, extraordinary dividend or recapitalization, reorganization, merger or consolidation. However, except as described below, the Public Warrants will not be adjusted for issuances of ordinary shares at a price below their respective exercise prices. Additionally, in no event will the Company be required to net cash settle the Public Warrants. If the Company is unable to complete business combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of warrants will not receive any of such funds with respect to their warrants, nor will they receive any distribution from the Company's assets held outside of the Trust Account with the respect to such warrants. Accordingly, the Public Warrants may expire worthless.

In addition, if (x) the Company issues additional ordinary shares or equity-linked securities for capital raising purposes in connection with the closing of a business combination at an issue price or effective issue price of less than \$9.20 per ordinary share (with such issue price or effective issue price to be determined in good faith by the Company's board of directors, and in the case of any such issuance to the Initial Shareholders or their affiliates, without taking into account any Founder Shares held by them prior to such issuance), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of a business combination on the date of the consummation of a business combination (net of redemptions), and (z) the volume weighted average trading price of the Company's ordinary shares during the 20 trading day period starting on the trading day prior to the day on which the Company consummates a business combination (such price, the "Market Value") is below \$9.20 per share, the exercise price of the Public Warrants will be adjusted (to the nearest cent) to be equal to 115% of the Market Value and the \$18.00 per share redemption trigger price described above will be adjusted (to the nearest cent) to be equal to 180% of the Market Price.

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

Note 7 — Fair Value Measurements

The fair value of the Company’s assets and liabilities, which qualify as financial instruments under ASC 820 approximates the carrying amounts represented in the balance sheet, primarily due to their short-term nature. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 Inputs: Unadjusted quoted prices for identical assets or instruments in active markets.

Level 2 Inputs: Quoted prices for similar instruments in active markets and quoted prices for identical or similar instruments in markets that are not active and model derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 Inputs: Significant inputs into the valuation model are unobservable.

The following presents the Company’s fair value hierarchy for assets and liabilities measured at fair value on a recurring basis as of September 30, 2023 and December 31, 2022:

Description	Level	September 30, 2023	Level	December 31, 2022
Assets:				
Investments held in Trust Account	1	\$ 8,676,157	1	\$ 9,835,409
Liabilities:				
PIPE Derivative Liability-Make-Whole Features	3	\$ 1,200,538	3	\$ 1,065,297
Warrant Liability	2	\$ 79,220	2	\$ 335,240

The Private Warrants are considered to be a Level 2 fair value measurement as of September 30, 2023 and are valued the same as the Public Warrants, which are traded on the market. Transfers to/from Levels 1, 2 and 3 are recognized at the ending of the reporting period. The estimated fair value of the Private Warrants (\$680,000) was transferred from a Level 3 measurement to a Level 2 fair value measurement as of March 31, 2022, as the transfer of Private Warrants to anyone who is not a permitted transferee would result in the Private Warrants having substantially the same terms as the Public Warrants, and the Company determined that the fair value of each Private Warrant is equivalent to that of each Public Warrant. Other than as described above, there were no other transfers to/from Level 3 during the nine months ended September 30, 2023 and 2022.

The Make-Whole Features were, initially and as of September 30, 2023, valued using a Monte-Carlo model, which is considered to be a Level 3 fair value measurement. The primary unobservable input utilized in determining the fair value of the PIPE derivative liability is the expected volatility of the Company’s ordinary shares. The expected volatility of the Company’s ordinary shares was determined based on the implied volatility of the Public Warrants and from historical volatility of the common stock of select peer companies of Mobix Labs and comparable “blank-check” companies that had recently completed the business combination.

The key inputs into the Monte-Carlo model for the PIPE derivative liability were as follows:

	September 30, 2023	December 31, 2022
Historical 30-days VWAP* as of measurement date	\$ 10.85	\$ 10.19
Risk-free rate	5.54 %	4.46 %
Dividend yield	0 %	0 %
Volatility	9.3% to 44.1 %	1.60% and 64.0 %
Term (in years)	0.58	0.31

*Volume-Weighted Average Price

The following table presents the changes in the fair value of the PIPE derivative liability and the Private Warrant liability:

	Private Warrants	PIPE Derivative Liability
Fair value as of July 22, 2021 (inception)	\$ —	\$ —
Initial measurement	2,788,000	—
Change in fair value	(1,120,738)	—
Fair value as of December 31, 2021	\$ 1,667,262	\$ —
Initial measurement on November 15, 2022	—	1,108,709
Change in fair value	(1,332,022)	(43,412)
Fair value as of December 31, 2022	\$ 335,240	\$ 1,065,297
Change in fair value	(256,020)	135,241
Fair value as of September 30, 2023	\$ 79,220	\$ 1,200,538

Note 8 – Subsequent Events

As described in Note 1, On October 18, 2023, the Company received an additional notice of a determination of delisting (the “Second Delisting Notice”) from the Staff. The Second Delisting Notice referenced (i) the Hearing and (ii) the Company’s previously reported failure to satisfy the Minimum Public Holders Rule. The Second Delisting Notice stated that the Company’s failure to satisfy the Minimum Public Holders Rule serves as an additional basis for delisting the Company’s ordinary shares and other listed securities and notified the Company that the Panel would consider this matter at the Hearing in rendering a determination regarding the Company’s continued listing on Nasdaq. On October 20, 2023, the Company submitted a plan of compliance to the Staff with respect to the Minimum Public Holders Rule and the MVLS Rule in preparation for the Hearing.

On November 9, 2023, the Company presented to the Panel at the Hearing its plan for regaining compliance with the Rules and its request that the Panel grant additional time for the Company to regain compliance. The Panel has the authority to grant additional time not exceeding 180 days from the First Delisting Notice, or March 18, 2024, for the Company to demonstrate compliance with the Rules (the “Compliance Extension”). The Company expects that the Panel will issue its written decision regarding the Compliance Extension within 30 days of the date after the Hearing. While the Panel has the authority to grant the Compliance Extension, there can be no assurance that the Company will be granted such Compliance Extension or be able to regain or maintain compliance with Nasdaq listing standards. As of November 14, 2023, the Company had drawn down an aggregate of \$1,550,000 of Working Capital Loans, of which \$1,150,000 was drawn under convertible promissory notes and \$400,000 under unsecured non-convertible notes (Note 4).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

References to the "Company," "our," "us" or "we" refer to Chavant Capital Acquisition Corp. The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the unaudited condensed financial statements and the notes thereto contained elsewhere in this report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements for purposes of the federal securities laws. Our forward-looking statements include, but are not limited to, statements regarding our or our management team's expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intends," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "will," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this report may include, for example, statements about:

- the anticipated benefits of the proposed business combination with Mobix Labs, Inc. ("Mobix Labs") that we announced on November 16, 2022 (the "Proposed Mobix Labs Transaction"), upon the consummation of which, we will change our name to Mobix Labs, Inc. ("New Mobix Labs");
- the anticipated benefits of the Proposed Mobix Labs Transaction;
- the anticipated costs associated with the Proposed Mobix Labs Transaction;
- future capital requirements and sources and uses of cash;
- New Mobix Labs' financial and business performance following the Proposed Mobix Labs Transaction, including financial projections;
- changes in New Mobix Labs' strategy, future operations, financial position, estimated revenues and losses, forecasts, projected costs, prospects and plans;
- any other risks relating to the Proposed Mobix Transaction that we may describe in a future registration statement or proxy statement relating to that transaction;
- our officers and directors allocating their time to other businesses and potentially having conflicts of interest with our business or in approving the Proposed Mobix Labs Transaction or any other initial business combination;
- the ability of our officers and directors to generate other initial business combination opportunities if we are unable to complete the Proposed Mobix Labs Transaction or another initial business combination;
- our public securities' potential liquidity and trading;
- the lack of a market for our securities;
- the use of proceeds not held in the trust account or available to us from interest income on the trust account balance; and
- the trust account not being subject to claims of third parties.

The forward-looking statements contained in this report are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading "Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 and Annual Report on Form 10-K for the year

ended December 31, 2022. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Overview

We are a blank check company incorporated as a Cayman Islands exempted company on March 19, 2021 for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination. We have neither engaged in any operations nor generated any revenue to date. Based on our business activities, the Company is a “shell company” as defined under the Securities Exchange Act of 1934 (the “Exchange Act”) because we have no operations and nominal assets consisting almost entirely of cash.

Initial Public Offering

On July 22, 2021, we consummated our IPO of 8,000,000 units. Each unit consists of one ordinary share (the “Public Shares” and such holders, the “Public Shareholders”) and three-fourths of one redeemable warrant (a “Public Warrant”). Each whole warrant entitles the holder thereof to purchase one ordinary share at a price of \$11.50 per share. The units were sold at an offering price of \$10.00 per unit, generating gross proceeds, before expenses, of \$80,000,000. Prior to the consummation of the IPO, on April 7, 2021, the Company issued 2,875,000 ordinary shares, par value \$0.0001 (the “Founder Shares”), for which the Sponsor paid \$25,000. On June 25, 2021, the Sponsor sold an aggregate of 422,581 of such Founder Shares to the underwriters for a purchase price of \$3,675. On July 19, 2021, the Company reduced the offering size of the IPO and 575,000 Founder Shares were surrendered to the Company for cancellation for no consideration, resulting in 2,300,000 Founder Shares outstanding. On September 5, 2021, the underwriters’ over-allotment option expired unexercised, resulting in the forfeiture of an additional 300,000 Founder Shares. As a result, a total of 2,000,000 Founder Shares remains outstanding and represents 20% of the Company’s issued and outstanding ordinary shares.

Simultaneously with the closing of the IPO, pursuant to the Sponsor Private Placement Warrants Purchase Agreement, dated July 19, 2021, by and between the Company and the Sponsor, and the Representative Designees Private Placement Warrants Purchase Agreement, dated July 19, 2021, by and between the Company and the underwriters and their respective permitted designees, the Company completed the private sale of 3,400,000 warrants (the “Private Warrants”) to the Sponsor and the underwriters at a purchase price of \$1.00 per Private Warrant, generating gross proceeds to the Company of \$3,400,000 (the “Private Placement”). The Private Warrants are identical to the Public Warrants included as part of the Units sold in the IPO, except that the Private Warrants, so long as they are held by the initial purchasers or their permitted transferees, (i) are not redeemable by the Company, (ii) may not (including the ordinary shares issuable upon exercise of the warrants), subject to certain limited exceptions, be transferred, assigned or sold until 30 days after the completion of the Company’s initial business combination, (iii) may be exercised on a cashless basis and (iv) are entitled to registration rights. No underwriting discounts and commissions were paid with respect to such sale. The issuance of the Private Warrants was made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act of 1933, as amended.

After deducting the underwriting discounts and commissions and incurred offering costs, a total of \$80,000,000 of the proceeds from the IPO and the proceeds of the sale of the Private Warrants was placed in the trust account at J.P. Morgan Chase Bank, N.A. (the “Trust Account”) maintained by Continental Stock Transfer & Trust Company, acting as trustee. Except with respect to interest earned on the funds held in the Trust Account that may be released to the Company to pay its taxes and up to \$100,000 of interest to pay dissolution expenses, the funds held in the Trust Account will not be released from the Trust Account until the earliest of (i) the completion of the Company’s initial business combination, (ii) the redemption of any Public Shares properly submitted in connection with a shareholder vote to amend the Company’s Amended and Restated Memorandum and Articles of Association (A) to modify the substance or timing of the Company’s obligation to redeem 100% of the Public Shares if it does not complete its initial business combination by January 22, 2024 (or within any extended period of time that we may have to consummate an initial business combination as a result of an amendment to our Amended and Restated Memorandum and Articles of Association) or (B) with respect to any other material provisions relating to shareholders’ rights or pre-initial business combination activity or (iii) the redemption of the Company’s Public Shares if it is unable to complete its initial business combination by January 22, 2024 (or by the end of any such extended period of time), subject to applicable law. The proceeds deposited in the Trust Account could become subject to the claims of our creditors, if any, which could have priority over the claims of our Public Shareholders. The proceeds held in the Trust Account have been, and will be, invested only in U.S. government treasury obligations with a maturity of 185 days or less or in money market funds meeting certain conditions under Rule 2a-7 under the Investment Company Act that invest only in direct U.S. government treasury obligations.

Our management has broad discretion with respect to the specific application of the net proceeds of the IPO and the sale of Private Warrants, although substantially all of the net proceeds are intended to be applied generally toward consummating a business combination.

After the payment of underwriting discounts and commissions and \$458,249 in expenses relating to the IPO, \$1,693,616 of the net proceeds of the IPO and Private Placement was not deposited into the Trust Account and was retained by us for working capital purposes. In connection with the extensions of the date by which the Company must consummate an initial business combination approved by our shareholders on July 14, 2022, January 6, 2023 and July 18, 2023, amounts were withdrawn from the Trust Account to redeem ordinary shares of our shareholders who exercised their right to redeem them, as described in “—Liquidity and Capital Resources” below. The remaining net proceeds deposited into the Trust Account are on deposit in the Trust Account earning interest.

As of September 30, 2023, there was \$8,676,157 in investments and cash held in the Trust Account and \$7,525 of cash held outside the Trust Account available for working capital purposes.

We expect to continue to incur significant costs in the pursuit of our acquisition plans. We cannot assure you that our plans to raise capital or to complete the Proposed Mobix Labs Transaction or another initial business combination will be successful.

Proposed Mobix Labs Transaction

On November 15, 2022, the Company and Mobix Labs, a Delaware corporation, entered into a business combination agreement (the “Business Combination Agreement”), by and among the Company, Mobix Labs and CLAY Merger Sub II, Inc., a Delaware corporation and newly formed, wholly-owned direct subsidiary of the Company (“Merger Sub”), pursuant to which Merger Sub will be merged with and into Mobix Labs, with Mobix Labs surviving the merger as a wholly-owned direct subsidiary of the Company. In connection with the Proposed Mobix Labs Transaction, the Company will take the steps necessary to transfer its registration from the Cayman Islands to the State of Delaware (the “Domestication”), where it will then immediately incorporate as a Delaware corporation. The Company will also issue one share of Class A Common Stock in exchange for and on conversion in connection with the Domestication of each ordinary share outstanding immediately prior to the Domestication and will issue a warrant exercisable for one share of Class A Common Stock in exchange for and on conversion in connection with the Domestication of each warrant outstanding immediately prior to the Domestication.

Upon closing of the Proposed Mobix Labs Transaction, the combined company will be named Mobix Labs, Inc., and its common stock and warrants are expected to be listed on Nasdaq. The Proposed Mobix Labs Transaction includes a subscription agreement with the PIPE Investor in respect of a private placement of 3,000,000 shares of Class A Common Stock at a price of \$10.00 per share for an aggregate amount of \$30,000,000, subject to, among other things, the approval of the Proposed Mobix Labs Transaction by the Company’s shareholders and the satisfaction of the conditions set forth in the Business Combination Agreement, including a Form S-4 registration statement being declared effective by the SEC.

On April 7, 2023, the Company, Mobix Labs and Merger Sub entered into Amendment No. 1 to the Business Combination Agreement, pursuant to which, the parties have agreed, among other things, that certain securities issued subsequent to March 26, 2023, referred to as “Post-March 26 Financing Securities,” will not be included in the calculation of the “Company Fully Diluted Number” under the Business Combination Agreement, with the effect that the Per Share Exchange Ratio (as defined in the Business Combination Agreement) will not be reduced on account of such issuances. “Post-March 26 Financing Securities” are defined in the Amendment No. 1 as any shares of (i) common stock of Mobix Labs or (ii) common stock of Mobix Labs issuable upon exercise or conversion of warrants, convertible instruments or convertible debt of Mobix Labs, in each case, where such securities were issued for cash and in accordance with Sections 6.01(b)(iii) and (xix) of the Business Combination Agreement, as a result of, or in connection with, any private placement entered into by Mobix Labs after March 26, 2023. Except with the consent of the Company (which consent shall not be unreasonably conditioned, withheld or delayed), Mobix Labs must use the proceeds of the issuance of any Post-March 26 Financing Securities to finance the ongoing business operations of Mobix Labs or to pay transaction expenses. In addition, Amendment No. 1 extended the outside date under the Business Combination Agreement from July 22, 2023 to November 22, 2023.

Nasdaq Notice of Non-Compliance With a Continued Listing Rule

On March 23, 2023, the Company received a notice (the “MVLS Notice”) from the Listing Qualifications Department (the “Staff”) of The Nasdaq Stock Market LLC that, for the previous 30 consecutive business days, the Market Value of Listed Securities (as defined in the Nasdaq Listing Rules) (“MVLS”) for the Company’s ordinary shares was below the \$35 million minimum MVLS requirement for continued listing on The Nasdaq Capital Market (the “MVLS Rule”). In accordance with the Nasdaq Listing Rules, the Company had 180 calendar days (i.e., until September 19, 2023) to regain compliance with the MVLS Rule.

On August 24, 2023, the Company received a notice (the “Minimum Public Holders Notice”) from the Staff, notifying the Company that it currently does not have at least 300 Public Holders for continued listing on The Nasdaq Capital Market (the “Minimum Public Holders Rule” and, together with the MVLS Rule, the “Rules”). The Minimum Public Holders Notice followed the Company’s communication to the Staff that it was not in compliance with the Minimum Public Holders Rule on August 18, 2023. The Minimum Public Holders Notice stated that the Company had 45 calendar days to submit a plan to regain compliance with the Minimum Public Holders Rule, which the Company submitted on October 9, 2023.

On September 20, 2023, the Company received a notice of a determination of delisting (the “First Delisting Notice”) from the Staff. The First Delisting Notice referenced the MVLS Notice and stated that the Company had not regained compliance with the MVLS Rule within the required 180-day period and that the ordinary shares and the other listed securities of the Company would be subject to delisting unless the Company timely requested a hearing before a Nasdaq Hearings Panel (the “Panel”). Accordingly, on September 22, 2023, the Company submitted a request for a hearing before the Panel. On September 22, 2023, the Company received a letter from the Staff stating that a hearing has been scheduled for November 9, 2023 (the “Hearing”) and that the Staff’s delisting action referenced in the First Delisting Notice has been stayed pending a final written decision by the Panel.

On October 18, 2023, the Company received an additional notice of a determination of delisting (the “Second Delisting Notice”) from the Staff. The Second Delisting Notice referenced (i) the Hearing and (ii) the Company’s previously reported failure to satisfy the Minimum Public Holders Rule. The Second Delisting Notice stated that the Company’s failure to satisfy the Minimum Public Holders Rule serves as an additional basis for delisting the Company’s ordinary shares and other listed securities and notified the Company that the Panel would consider this matter at the Hearing in rendering a determination regarding the Company’s continued listing on Nasdaq. On October 20, 2023, the Company submitted a plan of compliance to the Staff with respect to the Minimum Public Holders Rule and the MVLS Rule in preparation for the Hearing.

On November 9, 2023, the Company presented to the Panel at the Hearing its plan for regaining compliance with the Rules and its request that the Panel grant additional time for the Company to regain compliance. The Panel has the authority to grant additional time not exceeding 180 days from the First Delisting Notice, or March 18, 2024, for the Company to demonstrate compliance with the Rules (the “Compliance Extension”). The Company expects that the Panel will issue its written decision regarding the Compliance Extension within 30 days of the date after the Hearing. While the Panel has the authority to grant the Compliance Extension, there can be no assurance that the Company will be granted such Compliance Extension or be able to regain or maintain compliance with Nasdaq listing standards.

Results of Operations

We have neither engaged in any operations nor generated any operating revenues to date. Our only activities from inception through September 30, 2023 were organizational activities and those necessary to prepare for the IPO and, subsequent to the IPO, the process of evaluating and pursuing an initial business combination. We have evaluated over 80 potential acquisition targets, including targets that were identified by our management, advisory partners and representatives. Over the course of such evaluations, we entered into 34 non-disclosure agreements and submitted eight non-binding indications of interest or letters of intent in connection with certain of these acquisition opportunities, including with Mobix Labs.

We do not expect to generate any operating revenues until after the completion of our initial business combination. We expect to generate non-operating income in the form of interest income on marketable securities held after the IPO. We have incurred, and expect that we will continue to incur, increased expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance), as well as for due diligence expenses in connection with searching for, and completing, an initial business combination.

For the three months ended September 30, 2023, we had a net loss of approximately \$6,000, which was driven by operating costs of approximately \$239,000, partially offset by the change in the fair value of the warrant liability of approximately \$57,000, approximately \$87,000 from the change in fair value of PIPE derivative liability and approximately \$89,000 of interest earned on marketable securities held in the Trust Account.

For the nine months ended September 30, 2023, we had a net loss of approximately \$576,000, which was driven by operating costs of approximately \$1,010,000 and approximately \$135,000 from the change in fair value of PIPE derivative liability, partially offset by approximately \$256,000 from the change in the fair value of the warrant liability and approximately \$313,000 of interest earned on marketable securities held in the Trust Account.

For the three months ended September 30, 2022, we had a net loss of approximately \$63,000, which consisted of income of approximately \$119,000 derived from fair value of warrant liabilities and interest earned on marketable securities held in our Trust

Account of approximately \$111,000 of interest earned on marketable securities held in the Trust Account, offset by operating costs of approximately \$293,000.

For the nine months ended September 30, 2022, we had a net income of approximately \$576,000, which consisted of income of approximately \$1,531,000 derived from fair value of warrant liabilities and approximately \$149,000 of interest earned on marketable securities held in the Trust Account, offset by operating costs of approximately \$1,104,000.

Liquidity and Capital Resources

As of September 30, 2023, there were \$8,676,157 in investments and cash held in the Trust Account, \$7,525 of cash held outside the Trust Account available for working capital purposes and a working capital deficiency of \$2,228,432.

We intend to use substantially all of the funds held in the Trust Account, including any amounts representing interest earned on the Trust Account, which interest will be net of taxes payable, to complete our initial business combination. We may withdraw interest from the Trust Account to pay taxes, if any. To the extent that our share capital or debt is used, in whole or in part, as consideration to complete a business combination, the remaining proceeds held in the Trust Account will be used as working capital to finance the operations of the target business or businesses, make other acquisitions and pursue our growth strategies.

However, if our estimate of the costs of identifying a target business, undertaking in-depth due diligence and negotiating a business combination are less than the actual amount necessary to do so, we may have insufficient funds available to operate our business prior to our initial business combination. Moreover, we may need to obtain additional financing either to complete our business combination or because we become obligated to redeem a significant number of our Public Shares upon completion of our business combination, in which case we may issue additional securities or incur debt in connection with such business combination.

The Company anticipates that the cash held outside of the Trust Account as of September 30, 2023 will not be sufficient to allow the Company to operate for at least the next 12 months from the issuance of the financial statements, assuming that a business combination is not consummated during that time. The Company has incurred, and expects to continue to incur, significant costs in pursuit of its acquisition plans. These conditions raise substantial doubt about the Company's ability to continue as a going concern for a period of time within one year after the date that the financial statements are issued. Management plans to address this uncertainty through the initial business combination as discussed in this report. In addition, the Company has borrowed the Working Capital Loans described below to fund its working capital requirements and may continue to do so. The Company's plans to consummate an initial business combination may not be successful or may not be successful before the required deadline. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our liquidity needs to date have been satisfied through the \$25,000 capital contribution to purchase Founder Shares by our Sponsor, the net proceeds from the consummation of the Private Placement not held in the Trust Account and loans from our Sponsor. In order to finance transaction costs in connection with a Transaction, our Sponsor or an affiliate of our Sponsor, or certain of our officers and directors may, but are not obligated to, provide us with Working Capital Loans, as defined and described below.

Until the consummation of the IPO, our only source of liquidity was our Sponsor's purchase of Founder Shares and loans from our Sponsor. On July 22, 2021, we consummated the IPO of 8,000,000 Units, at a price of \$10.00 per Unit, generating gross proceeds of \$80,000,000. Simultaneously with the closing of the IPO, we consummated the sale of 3,400,000 Private Warrants to the Sponsor and the underwriters at a price of \$1.00 per Private Warrant, generating gross proceeds of \$3,400,000. After the payment of underwriting discounts and commissions and \$458,249 in expenses relating to the IPO, \$1,693,616 of the net proceeds of the IPO and Private Placement was not deposited into the Trust Account and was retained by us for working capital purposes. The net proceeds deposited into the Trust Account are on deposit in the Trust Account earning interest.

On July 14, 2022, the Company held an extraordinary general meeting and obtained shareholder approval of the extension of the date by which the Company must consummate an initial business combination from July 22, 2022 to January 22, 2023 by amending the Company's Existing Charter (the "First Extension Amendment"). The First Extension Amendment became effective upon approval of the Company's shareholders. In connection with the First Extension Amendment, shareholders holding 7,046,967 ordinary shares of the Company exercised their right to redeem their ordinary shares for a pro rata portion of the funds in the Trust Account. As a result, \$70,573,278 was deducted from the Trust Account to pay such holders. As a result of redemption payments and above-mentioned extensions, the Company deposited \$31,450 (at a rate of \$0.033 per non-redeeming Public Share) for each subsequent monthly period.

At another extraordinary general meeting on January 6, 2023, our shareholders were asked to approve a further extension of the date by which we must consummate an initial business combination from January 22, 2023 to July 22, 2023. The proposal was approved, and

certain of our shareholders holding 96,991 ordinary shares exercised their right to redeem their shares for a pro rata portion of the funds in the Trust Account. As a result, \$1,004,600 (approximately \$10.36 per share) was deducted from the Trust Account to pay such holders. In connection with the Second Extension, we deposited \$42,802 (at a rate of \$0.05 per non-redeeming Public Share) for each required subsequent monthly period needed by the Company to complete a business combination by July 22, 2023.

At another extraordinary general meeting on July 18, 2023, our shareholders were asked to approve (i) a further extension of the date by which we must consummate an initial business combination from July 22, 2023 to January 22, 2024 and (ii) an amendment of the Amended and Restated Memorandum and Articles of Association to eliminate from the Amended and Restated Memorandum and Articles of Association (a) the limitation that the Company shall not redeem the Public Shares to the extent that such redemption would cause the Company's net tangible assets to be less than \$5,000,001 and (b) the limitation that the Company shall not consummate a business combination unless the Company has net tangible assets of at least \$5,000,001 immediately prior to, or upon consummation of, or any greater net tangible asset or cash requirement that may be contained in the agreement relating to, such business combination (collectively, the "Redemption Limitation"). In connection with this meeting, certain of our shareholders holding 77,130 ordinary shares exercised their right to redeem their shares for a pro rata portion of the funds in the Trust Account. As a result, \$841,808 (approximately \$10.91 per share) was deducted from the Trust Account to pay such holders. In connection with the Third Extension, we agreed to deposit \$38,946 (at a rate of \$0.05 per non-redeeming Public Share) for each subsequent monthly period needed by the Company to complete a business combination by January 22, 2024.

As of September 30, 2023, the Company had deposited an aggregate of \$562,350 into the Trust Account in connection with the First Extension Amendment, the Second Extension and Third Extension, which amounts were funded by the promissory notes issued to the Sponsor, and the Trust Account had a total balance of \$8,676,157.

Working Capital Loans

In order to fund working capital deficiencies or finance transaction costs in connection with a business combination, our Sponsor or an affiliate of our Sponsor or certain of our officers and directors may, but are not obligated to, loan us funds as may be required. If we complete a business combination, we may repay such loaned amounts out of the proceeds of the Trust Account released to us. In the event that a business combination does not close, we may use a portion of the working capital held outside the Trust Account to repay such loaned amounts, but no proceeds from our Trust Account would be used for such repayment. Up to \$1,500,000 of such loans may be convertible into warrants, at a price of \$1.00 per warrant, at the option of the lender. The warrants would be identical to the Private Warrants.

On June 20, 2022, the Company issued an unsecured convertible promissory note in the aggregate principal amount of \$360,000 to the Sponsor under which the Company was permitted to draw down Working Capital Loans from time to time prior to the maturity date (December 31, 2023) up to such aggregate principal amount. On July 18, 2022, the Company issued an additional unsecured convertible promissory note in the aggregate principal amount of \$490,000 to the Sponsor under which the Company was permitted to draw down Working Capital Loans from time to time prior to the maturity date (December 31, 2023) up to such aggregate principal amount. Any Working Capital Loans under the promissory notes issued on June 20, 2022 and July 18, 2022 are due on the earlier of five business days after the Company's initial business combination and December 31, 2023.

On January 6, 2023, the Company issued an unsecured convertible promissory note in the aggregate principal amount of \$300,000 to the Sponsor, under which the Company was permitted to draw down Working Capital Loans from time to time prior to the maturity date (July 31, 2024) up to such aggregate principal amount. The Company drew down the full amount of the Working Capital Loans under such promissory note. The Working Capital Loan under this promissory note is due on the earlier of five business days after the Company's initial business combination and July 31, 2024.

On July 18, 2023, the Company drew down an additional \$48,000, resulting in aggregate of \$1,150,000 of Working Capital Loans drawn down under the foregoing convertible promissory notes.

As of September 30, 2023 and December 31, 2022, the Company had drawn down \$1,150,000 and \$662,000, respectively, of Working Capital Loans under the foregoing convertible promissory notes. The Chairman of the board of directors of the Company or an entity affiliated with him and another existing investor in the Sponsor and/or persons affiliated with such investor provided funds to the Sponsor for the foregoing Working Capital Loans. If the Sponsor elected to convert the loans under the convertible promissory notes into Warrants at a price of \$1.00 per warrant and such converted warrants were exercised at a price of \$11.50 per share, a maximum of 1,150,000 shares of Class A Common Stock could be issued.

On June 22, 2023, the Company issued an unsecured non-convertible note in the aggregate principal amount of \$500,000 to the Sponsor under which the Company may draw down Working Capital Loans from time to time prior to the maturity date up to such aggregate principal amount. The promissory note bears interest at the rate of 10.0% per annum and is payable in full in cash upon the earlier of (i) the consummation of an initial business combination and (ii) one year from the date of issuance. As of November 14, 2023, the Company had drawn down \$400,000 under this promissory note. The Chairman of the board of directors of the Company or an entity affiliated with the Chairman and the Chief Executive Officer of the Company provided or will provide the funds to the Sponsor for the Working Capital Loans under this promissory note.

Accordingly, as of September 30, 2023 and December 31, 2022, the Company had drawn down a total of \$1,350,000 and \$662,000, respectively, of Working Capital Loans under all of its convertible and non-convertible promissory notes.

Contractual Obligations

We do not have any long-term debt, capital lease obligations, operating lease obligations or long-term liabilities reflected on our balance sheet, other than as described above under “Working Capital Loans.”

In addition, pursuant to the Business Combination Marketing Agreement among the Company, Roth Capital Partners, LLC and Craig-Hallum Capital Group LLC, a marketing fee of up to 3.5% of the gross proceeds of the Chavant IPO will become payable to Roth Capital Partners, LLC and Craig-Hallum Capital Group LLC only if the Company consummates a business combination. If a business combination does not occur, the Company will not be required to pay these contingent fees. We have recently engaged in discussions with Roth Capital Partners, LLC and Craig-Hallum Capital Group LLC regarding the amount of the marketing fee and any services that they may provide. These discussions are not complete, but we may pay them an amount up to the amount indicated above. There can be no assurances that the Company will complete a business combination.

Critical Accounting Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and income and expenses during the period reported. Actual results could materially differ from those estimates. We have not identified any critical accounting estimates other than the following:

PIPE Investments Derivative Liability

The PIPE Subscription Agreement, as a freestanding financial instrument, is accounted for as a liability in accordance with Accounting Standards Codification 815 (“ASC 815”) Derivatives and Hedging and is presented as PIPE derivative liability on the September 30, 2023 and December 31, 2022 balance sheets, respectively. The PIPE derivative liability was measured at fair value at inception and is measured at fair value on a recurring basis, which changes in fair value are presented within change in fair value of PIPE derivative liability in the statement of operations. In order to capture the market conditions associated with the PIPE derivative liability, the Company applied an approach that incorporated a Monte Carlo simulation, which involved random iterations of future stock-price paths for the Adjustment Period VWAP (as defined in the Business Combination Agreement). Based on assumptions regarding the probability of the closing of a business combination and the terms of the Make-Whole Features, the fair value of the PIPE derivative liability was determined based on the estimated Adjustment Period VWAP within each simulated path and by taking the average of the estimated Adjustment Period VWAPs. The key assumptions in the Monte Carlo model utilized were assumptions related to expected share-price volatility, expected term, the risk-free interest rate and the dividend yield. Please refer to Note 7 of the financial statements for key inputs used in the Monte Carlo model.

Recent Accounting Standards

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

JOBS Act

The JOBS Act contains provisions that, among other things, relax certain reporting requirements for qualifying public companies. We qualify as an “emerging growth company” under the JOBS Act and are allowed to comply with new or revised accounting pronouncements based on the effective date for private (not publicly traded) companies. We are electing to delay the adoption of new

or revised accounting standards, and as a result, we may not comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

Additionally, we are in the process of evaluating the benefits of relying on the other reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, if, as an “emerging growth company,” we choose to rely on such exemptions we may not be required to, among other things, (i) provide an independent registered public accounting firm’s attestation report on our system of internal controls over financial reporting pursuant to Section 404, (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act, (iii) comply with any requirement that may be adopted by the Public Company Accounting Oversight Board (United States) (“PCAOB”) regarding mandatory audit firm rotation or a supplement to the independent registered public accounting firm’s report providing additional information about the audit and the financial statements (auditor discussion and analysis), and (iv) disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the CEO’s compensation to median employee compensation. These exemptions will apply for a period of five years following the completion of the IPO or until we are no longer an “emerging growth company,” whichever is earlier.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information otherwise required under this item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures means controls and procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving their desired control objectives.

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our management carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures under the supervision of our Chief Executive Officer and our Chief Financial Officer and concluded that our disclosure controls and procedures were not effective as of September 30, 2023 because the material weaknesses in our internal control over financial reporting as of December 31, 2022 and as described below, continue to exist as of September 30, 2023.

In connection with management’s report on internal controls over financial reporting included in our Annual Report on Form 10-K for the year ended December 31, 2022, management concluded that, as of December 31, 2022, our internal control over financial reporting was not effective as of December 31, 2022. We identified material weaknesses in our internal control over financial reporting, and those material weaknesses were not fully remediated as of September 30, 2023. Specifically, we did not design and maintain an effective control environment to prevent or detect material misstatements to the financial statements due to a lack of sufficient personnel with an appropriate level of internal control and accounting knowledge, training and experience commensurate with our financial reporting requirements. This material weakness contributed to additional material weaknesses in our financial reporting processes as management did not design and maintain effective controls over:

1. the calculation of earnings per share and classification of the reinvestment of interest and dividend income in the Trust Account in the statement of cash flows;
2. complex accounting, specifically the accounting for the PIPE; and
3. the review of third-party valuations.

A material weakness, as defined in the SEC regulations, is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. In light of this material weakness, we performed additional analysis as deemed necessary to ensure that our financial statements were prepared in accordance with U.S. generally accepted accounting principles.

Management plans to remediate the material weaknesses by enhancing our processes to identify and appropriately apply applicable accounting requirements and increased communication among our personnel and third-party professionals with whom we consult regarding accounting applications. The elements of our remediation plan can only be accomplished over time, and we can offer no assurance that these initiatives will ultimately have the intended effects.

Changes in Internal Control over Financial Reporting

Other than the remediation efforts described above, there were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

As of the date of this Quarterly Report on Form 10-Q, except as set forth below, there have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 31, 2023. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

Nasdaq may delist our securities from trading on its exchange, which could limit investors' ability to make transactions in our securities and subject us to additional trading restrictions.

Our Units, Ordinary Shares and Warrants are listed on Nasdaq. Our securities may not be, or may not continue to be, listed on Nasdaq in the future or prior to our initial business combination. In order to continue listing our securities on Nasdaq prior to our initial business combination, we must maintain certain financial, distribution and share price levels. Generally, we must maintain a minimum amount of shareholders' equity (generally \$2.5 million) and a minimum number of holders of our securities (generally 300 public holders). Additionally, in connection with our initial business combination, we will be required to demonstrate compliance with Nasdaq's initial listing requirements, which are more rigorous than Nasdaq's continued listing requirements, in order to continue to maintain the listing of our securities on Nasdaq. For instance, our share price would generally be required to be at least \$4.00 per share, and our shareholders' equity would generally be required to be at least \$5.0 million. We may be unable to meet those initial listing requirements at that time.

On March 23, 2023, the Company received a notice (the "MVLS Notice") from the Listing Qualifications Department (the "Staff") of The Nasdaq Stock Market LLC that, for the previous 30 consecutive business days, the Market Value of Listed Securities (as defined in the Nasdaq Listing Rules) ("MVLS") for the Company's ordinary shares was below the \$35 million minimum MVLS requirement for continued listing on The Nasdaq Capital Market (the "MVLS Rule"). In accordance with the Nasdaq Listing Rules, the Company had 180 calendar days (i.e., until September 19, 2023) to regain compliance with the MVLS Rule.

On August 24, 2023, the Company received a notice (the "Minimum Public Holders Notice") from the Staff, notifying the Company that it currently does not have at least 300 Public Holders for continued listing on The Nasdaq Capital Market (the "Minimum Public Holders Rule" and, together with the MVLS Rule, the "Rules"). The Minimum Public Holders Notice followed the Company's communication to the Staff that it was not in compliance with the Minimum Public Holders Rule on August 18, 2023. The Minimum Public Holders Notice stated that the Company had 45 calendar days to submit a plan to regain compliance with the Minimum Public Holders Rule, which the Company submitted on October 9, 2023.

On September 20, 2023, the Company received a notice of a determination of delisting (the "First Delisting Notice") from the Staff. The First Delisting Notice referenced the MVLS Notice and stated that the Company had not regained compliance with the MVLS Rule within the required 180-day period and that the ordinary shares and the other listed securities of the Company would be subject to delisting unless the Company timely requested a hearing before a Nasdaq Hearings Panel (the "Panel"). Accordingly, on September 22, 2023, the Company submitted a request for a hearing before the Panel. On September 22, 2023, the Company received a letter from the Staff stating that a hearing had been scheduled for November 9, 2023 (the "Hearing") and that the Staff's delisting action referenced in the First Delisting Notice has been stayed pending a final written decision by the Panel.

On October 18, 2023, the Company received an additional notice of a determination of delisting (the "Second Delisting Notice") from the Staff. The Second Delisting Notice referenced (i) the Hearing and (ii) the Company's previously reported failure to satisfy the Minimum Public Holders Rule. The Second Delisting Notice stated that the Company's failure to satisfy the Minimum Public Holders Rule serves as an additional basis for delisting the Company's ordinary shares and other listed securities and notified the Company that the Panel would consider this matter at the Hearing in rendering a determination regarding the Company's continued listing on Nasdaq. On October 20, 2023, the Company submitted a plan of compliance to the Staff with respect to the Minimum Public Holders Rule and the MVLS Rule in preparation for the Hearing.

On November 9, 2023, the Company presented to the Panel at the Hearing its plan for regaining compliance with the Rules and its request that the Panel grant additional time for the Company to regain compliance. The Panel has the authority to grant additional time not exceeding 180 days from the First Delisting Notice, or March 18, 2024, for the Company to demonstrate compliance with the Rules (the "Compliance Extension"). The Company expects that the Panel will issue its written decision regarding the Compliance Extension

within 30 days of the date after the Hearing. While the Panel has the authority to grant the Compliance Extension, there can be no assurance that the Company will be granted such Compliance Extension or be able to regain or maintain compliance with Nasdaq listing standards.

In light of redemptions in connection with the Company's Third Extension and removal of the Redemption Limitation from our Amended and Restated Memorandum and Articles of Association, it may be more difficult to regain compliance with the MVLS Rule and the other Nasdaq listing rules.

If Nasdaq delists our securities from trading on its exchange and we are not able to list our securities on another national securities exchange, we expect our securities could be quoted on an over-the-counter market. If this were to occur, we could face significant material adverse consequences, including:

- a limited availability of market quotations for our securities;
- reduced liquidity for our securities;
- a determination that our Ordinary Shares are a "penny stock," which would require brokers trading in our Ordinary Shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our securities;
- a limited amount of news and analyst coverage; and
- decreased ability to issue additional securities or obtain additional financing in the future.

The National Securities Markets Improvement Act of 1996, which is a federal statute, prevents or preempts the states from regulating the sale of certain securities, which are referred to as "covered securities." Because our Units, Ordinary Shares and Warrants are listed on Nasdaq, our Units, Ordinary Shares and Warrants qualify as covered securities under the statute. Although the states are preempted from regulating the sale of our securities, the federal statute does allow the states to investigate companies if there is a suspicion of fraud, and, if there is a finding of fraudulent activity, then the states can regulate or bar the sale of covered securities in a particular case. While we are not aware of a state having used these powers to prohibit or restrict the sale of securities issued by blank check companies, other than the State of Idaho, certain state securities regulators view blank check companies unfavorably and might use these powers, or threaten to use these powers, to hinder the sale of securities of blank check companies in their states. Further, if we were no longer listed on Nasdaq, our securities would not qualify as covered securities under the statute, and we would be subject to regulation in each state in which we offer our securities.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities.

On July 22, 2021, the Company consummated its IPO of 8,000,000 Units. Each Unit consists of one ordinary share of the Company, par value \$0.0001 per share, and three-quarters of one redeemable warrant of the Company, with each whole warrant entitling the holder thereof to purchase one ordinary share for \$11.50 per share, subject to adjustment. The Units were sold at a price of \$10.00 per Unit, generating gross proceeds to the Company of \$80,000,000.

Simultaneously with the closing of the IPO, pursuant to the Sponsor Private Placement Warrants Purchase Agreement, dated July 19, 2021, by and between the Company and the Sponsor, and the Representatives' Designees Private Placement Warrants Purchase Agreement, dated July 19, 2021, by and between the Company and the Representatives' Designees, the Company completed the private sale of 3,400,000 warrants (the "Private Warrants") to the Sponsor and the underwriters at a purchase price of \$1.00 per Private Warrant, generating gross proceeds to the Company of \$3,400,000. The Private Warrants are identical to the Public Warrants included as part of the Units sold in the IPO, except that the Private Warrants, so long as they are held by the initial purchasers or their permitted transferees, (i) are not redeemable by the Company, (ii) may not (including the ordinary shares issuable upon exercise of the warrants), subject to certain limited exceptions, be transferred, assigned or sold until 30 days after the completion of the Company's initial business combination, (iii) may be exercised on a cashless basis and (iv) are entitled to registration rights. No underwriting discounts or commissions were paid with respect to such sale. The issuance of the Private Warrants was made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act of 1933, as amended.

We paid a total of \$1,600,000 in underwriting discounts and commissions and \$458,249 for other costs and expenses related to the IPO. Roth Capital Partners, LLC and Craig-Hallum Capital Group LLC, representatives of the several underwriters in the IPO, received a portion of the underwriting discounts and commissions related to the IPO.

Use of Proceeds

After deducting the underwriting discounts and commissions and incurred offering costs, a total of \$80,000,000 of the proceeds from the IPO and the proceeds of the sale of the Private Warrants was placed in a trust account at J.P. Morgan Chase Bank, N.A. maintained by Continental Stock Transfer & Trust Company, acting as trustee. Except with respect to interest earned on the funds held in the trust account that may be released to the Company to pay its taxes and up to \$100,000 of interest to pay dissolution expenses, the funds held in the trust account will not be released from the trust account until the earliest of (i) the completion of the Company's initial business combination, (ii) the redemption of any of the ordinary shares included in the Units sold in the IPO (the "Public Shares") properly submitted in connection with a shareholder vote to amend the Company's Amended and Restated Memorandum and Articles of Association (A) to modify the substance or timing of the Company's obligation to redeem 100% of the Public Shares if it does not complete its initial business combination by January 22, 2024 (or within any extended period of time that we may have to consummate an initial business combination as a result of an amendment to our Amended and Restated Memorandum and Articles of Association) or (B) with respect to any other material provisions relating to shareholders' rights or pre-initial business combination activity or (iii) the redemption of the Company's Public Shares if it is unable to complete its initial business combination by January 22, 2024 (or by the end of any such extended period of time), subject to applicable law.

In connection with the extensions of the business combination period on July 14, 2022, January 6, 2023 and July 18, 2023, Public Shareholders elected to redeem an aggregate of 7,046,967 Public Shares, 96,991 Public Shares and 77,130 Public Shares, respectively. As a result, \$70,573,278, \$1,004,600 and \$841,808 were paid out of the Trust Account in connection with the redemptions, respectively. During the nine months ended September 30, 2023, the Company recorded an accretion of \$687,155 composed of \$373,649 (extension funds deposited into the Trust Account) and \$313,506 (total of interest income and unrealized gain exceeding the \$100,000 that can be withheld to pay dissolution expenses), and \$576,029 was recorded in accumulated deficit. As a result of redemption payments, the Company had 778,912 ordinary shares subject to redemption and balance of \$8,676,157 in the Trust Account as of September 30, 2023.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
2.1	Business Combination Agreement, dated as of November 15, 2022, by and among Chavant Capital Acquisition Corp., CLAY Merger Sub II, Inc. and Mobix Labs, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on November 21, 2022).
2.2	Amendment No. 1 to the Business Combination Agreement, dated as of April 7, 2023, by and among Chavant Capital Acquisition Corp., CLAY Merger Sub II, Inc. and Mobix Labs, Inc. (incorporated by reference to Exhibit 2.2 to the Registration Statement on Form S-4 filed by the Company on April 10, 2023).
3.1	Amended and Restated Memorandum and Articles of Association (incorporated by reference to Exhibit 3.1 to Amendment No. 1 to the Registration Statement on Form S-4 filed by the Company on August 11, 2023).
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934.
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934.
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CHAVANT CAPITAL ACQUISITION CORP.

Date: November 14, 2023

By: /s/ Michael Lee

Name: Michael Lee

Title: Chief Financial Officer

(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jiong Ma, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 of Chavant Capital Acquisition Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2023

By: /s/ Jiong Ma

Jiong Ma
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael Lee, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 of Chavant Capital Acquisition Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2023

By: /s/ Michael Lee

Michael Lee
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Chavant Capital Acquisition Corp. (the "Registrant") on Form 10-Q for the quarter ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, in the capacity and on the date indicated below, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: November 14, 2023

By: /s/ Jiong Ma
Jiong Ma
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Chavant Capital Acquisition Corp. (the "Registrant") on Form 10-Q for the quarter ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, in the capacity and on the date indicated below, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: November 14, 2023

By: /s/ Michael Lee
Michael Lee
Chief Financial Officer
(Principal Financial Officer)
