

**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, 2022

OR

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

For the transition period from _____ to _____

Commission file number 001-39927

SEASTAR MEDICAL HOLDING CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

85-3681132
(I.R.S. employer
identification no.)

**3513 Brighton Blvd,
Suite 410
Denver, CO**
(Address of principal executive offices)

80216
(Zip code)

Registrant's telephone number, including area code: (844) 427-8100

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

Title of each class:	Trading symbol	Name of each exchange on which registered
Common Stock par value \$0.0001 per share	ICU	The Nasdaq Stock Market LLC
Warrants, each warrant exercisable for one share of Common Stock at an exercise price of \$11.50	ICUW	The Nasdaq Stock Market LLC

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, anon-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 11, 2022, there were 12,699,668 shares of the Registrant's Common Stock, par value \$0.001 per share, issued and outstanding.

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SEASTAR MEDICAL HOLDING CORPORATION
(f/k/a LMF Acquisition Opportunities, Inc.)

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EXPLANATORY NOTE

On October 28, 2022 (the “Closing Date”), subsequent to the fiscal quarter ended September 30, 2022, the fiscal quarter to which this Quarterly Report on Form 10-Q (this “Report”) relates, SeaStar Medical Holding Corporation, a Delaware corporation (f/k/a LMF Acquisition Opportunities, Inc. (“LMAO”)) (the “Company”), consummated the previously announced business combination pursuant to that certain Agreement and Plan of Merger, dated April 21, 2022, (the “Merger Agreement”) by and among LMAO, LMF Merger Sub, Inc., a Delaware corporation and wholly-owned subsidiary of LMAO (“Merger Sub”), and SeaStar Medical, Inc., a Delaware corporation (“Old SeaStar Medical”).

Pursuant to the terms of the Merger Agreement, a business combination between LMAO and Old Seastar Medical was effected through the merger of Merger Sub with and into Old SeaStar Medical with Old SeaStar Medical surviving as a wholly owned subsidiary of LMAO (the “Merger” and, collectively with the other transactions described in the Merger Agreement, the “Business Combination”). Upon the closing of the Merger, the registrant changed its name from LMF Acquisition Opportunities, Inc. to SeaStar Medical Holding Corporation, and shares of Class B common stock, par value \$0.0001 per share, of LMAO automatically converted into shares of Class A common stock, par value \$0.0001 per share, of LMAO on a one-to-one basis, and the Class A Common Stock and Class B Common Stock of LMAO was reclassified as Common Stock of the Company.. SeaStar Medical Holding Corporation’s Class A common stock and public warrants commenced trading on the Nasdaq Stock Market under the ticker symbols “ICU” and “ICUW,” respectively, on November 1, 2022.

Unless stated otherwise, this report contains information about LMAO before the Business Combination. References in this report to “we,” “us,” “our,” or the “Company” refer to LMAO prior to the closing of the Business Combination and to SeaStar Medical Holding Corporation after the Business Combination, unless the context requires otherwise.

Except as otherwise expressly provided herein, the information in this Report does not reflect the consummation of the Business Combination, which, as discussed above, occurred subsequent to the period covered hereunder.

PART I. FINANCIAL INFORMATION**ITEM 1. Financial Statements**

SeaStar Medical Holding Corporation
(f/k/a LMF Acquisition Opportunities, Inc.)
Balance Sheets

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
	<u>(Unaudited)</u>	
ASSETS		
Cash	\$ 116,840	\$ 51,567
Prepaid insurance and other fees	41,361	286,237
Prepaid expenses	132,875	14,817
Cash and marketable securities held in trust	<u>107,048,750</u>	<u>105,581,820</u>
Current Assets	<u>107,339,826</u>	<u>105,934,441</u>
Total assets	<u>\$ 107,339,826</u>	<u>\$ 105,934,441</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Accrued expenses	1,866,028	376,702
Notes and advances payable - related parties	2,768,405	—
Deferred underwriting commissions in connection with the initial public offering	3,622,500	3,622,500
Warrant liability (Note 9)	<u>1,129,378</u>	<u>6,930,740</u>
Total current liabilities	<u>9,386,311</u>	<u>10,929,942</u>
Total liabilities	9,386,311	10,929,942
Commitments		
Class A common stock subject to possible redemption 10,350,000 shares at redemption value of \$10.32 and \$10.20 per share at September 30, 2022 and December 31, 2021, respectively	106,848,750	105,570,000
Stockholders' deficit:		
Preferred stock, \$0.0001 par value; 1,000,000 shares authorized; none issued and outstanding	—	—
Class A common stock, \$0.0001 par value; 100,000,000 shares authorized; 103,500 issued and outstanding at September 30, 2022 and December 31, 2021 excluding 10,350,000 shares subject to possible redemption	10	10
Class B common stock, \$0.0001 par value; 20,000,000 shares authorized; 2,587,500 shares issued and outstanding at September 30, 2022 and December 31, 2021 (See Note 11)	259	259
Additional paid-in capital	—	—
Accumulated deficit	<u>(8,895,504)</u>	<u>(10,565,770)</u>
Total stockholders' deficit	<u>(8,895,235)</u>	<u>(10,565,501)</u>
Total liabilities and stockholders' deficit	<u>\$ 107,339,826</u>	<u>\$ 105,934,441</u>

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

SeaStar Medical Holding Corporation
(f/k/a LMF Acquisition Opportunities, Inc.)
Statements of Operations (unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Expenses:				
Formation and Administrative costs	\$ 270,265	\$ 411,398	\$ 830,707	\$ 747,073
Merger costs	<u>1,391,601</u>	<u>—</u>	<u>2,453,569</u>	<u>—</u>
Loss from operations	(1,661,866)	(411,398)	(3,284,276)	(747,073)
Gain on warrant liability revaluation	680,522	644,720	5,801,362	702,400
Other income				
Investment income earned on marketable securities held in Trust Account	<u>361,717</u>	<u>2,661</u>	<u>431,930</u>	<u>4,415</u>
Net income (loss)	<u>\$ (619,627)</u>	<u>\$ 235,983</u>	<u>\$ 2,949,016</u>	<u>\$ (40,258)</u>
Net income (loss) per share:				
Weighted average shares outstanding, basic and dilutive				
Class A - Common stock	10,453,500	10,453,500	10,453,500	9,381,347
Class B - Common stock	2,587,500	2,587,500	2,587,500	2,543,269
Basic and diluted net income (loss) per share				
Class A - Common stock	\$ (0.05)	\$ 0.02	\$ 0.23	\$ (0.00)
Class B - Common stock	\$ (0.05)	\$ 0.02	\$ 0.23	\$ (0.00)

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

SeaStar Medical Holding Corporation
(f/k/a LMF Acquisition Opportunities, Inc.)
Statements of Cash Flows (unaudited)

	For the Nine Months Ended September 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 2,949,016	\$ (40,258)
Adjustments to reconcile net income (loss) to cash used in operating activities		
Formation costs paid by related parties	—	(126,413)
Gain on warrant liability revaluation	(5,801,362)	(702,400)
Interest earned on marketable securities in trust	(431,930)	—
Change in assets and liabilities		
Prepaid costs	126,818	342,091
Accrued expenses	1,489,326	154,275
Net cash used in operating activities	<u>(1,668,132)</u>	<u>(372,705)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in Trust account	(1,035,000)	(105,578,132)
Net cash used in investing activities	<u>(1,035,000)</u>	<u>(105,578,132)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Insurance financing payments	—	(753,994)
Proceeds from issuance of private placement warrants	—	5,738,000
Proceeds from issuance of units	—	103,500,000
Issue costs from issuance of units	—	(2,405,717)
Proceeds from notes and advances payable - related party	2,818,205	—
Repayment from notes and advances payable - related party	(49,800)	—
Net cash provided by financing activities	<u>2,768,405</u>	<u>106,078,289</u>
NET INCREASE IN CASH	65,273	127,452
CASH - BEGINNING OF YEAR	51,567	38,388
CASH - END OF PERIOD	<u>\$ 116,840</u>	<u>\$ 165,840</u>
SUPPLEMENTAL DISCLOSURES OF NON-CASHFLOW INFORMATION		
Reclassification of warrants to liability	\$ —	\$ 8,116,680
Deferred underwriting commissions in connection with the initial public offering	\$ —	\$ 3,806,185
Remeasurement of Class A common stock subject to redemption	\$ 1,278,750	\$ —

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

SeaStar Medical Holding Corporation
(f/k/a LMF Acquisition Opportunities, Inc.)
Statements of Changes in Stockholders' Deficit (unaudited)
For the Nine Months Ended September 30, 2022 and 2021

	<u>Class A Common Stock</u>		<u>Class B Common Stock</u>		<u>Additional paid in capital</u>	<u>Accumulated Deficit</u>	<u>Total Deficit</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>			
Balance as of December 31, 2020	—	\$ —	2,156,250	\$ 215	\$ 24,785	\$ (5,236)	\$ 19,764
Class A Units issued for cash	10,350,000	1,035	—	—	103,498,965	—	103,500,000
Representative shares issued for no cash	103,500	10	—	—	(10)	—	—
Class A Units reclassified to Commitments subject to possible redemption	(10,350,000)	(1,035)	—	—	(105,568,965)	—	(105,570,000)
Underwriter fee & offering costs	—	—	—	—	(6,211,902)	—	(6,211,902)
Private placement warrants issued for cash	—	—	—	—	5,738,000	—	5,738,000
Class B shares issued to Sponsor	—	—	431,250	44	(44)	—	—
Warrants classified as liabilities	—	—	—	—	(8,116,680)	—	(8,116,680)
Reclass APIC to retained earnings	—	—	—	—	10,635,851	(10,635,851)	—
Net income	—	—	—	—	—	1,706,457	1,706,457
Balance - March 31, 2021	<u>103,500</u>	<u>\$ 10</u>	<u>2,587,500</u>	<u>\$ 259</u>	<u>\$ —</u>	<u>\$ (8,934,630)</u>	<u>\$ (8,934,361)</u>
Net loss	—	—	—	—	—	(1,982,698)	(1,982,698)
Balance - June 30, 2021	<u>103,500</u>	<u>\$ 10</u>	<u>2,587,500</u>	<u>\$ 259</u>	<u>\$ —</u>	<u>\$ (10,917,328)</u>	<u>\$ (10,917,059)</u>
Net income	—	—	—	—	—	235,983	235,983
Balance as of September 30, 2021	<u>103,500</u>	<u>\$ 10</u>	<u>2,587,500</u>	<u>\$ 259</u>	<u>\$ —</u>	<u>\$ (10,681,345)</u>	<u>\$ (10,681,076)</u>
Balance as of December 31, 2021	103,500	\$ 10	2,587,500	\$ 259	\$ —	\$ (10,565,770)	\$ (10,565,501)
Net income	—	—	—	—	—	3,386,081	3,386,081
Balance - March 31, 2022	<u>103,500</u>	<u>\$ 10</u>	<u>2,587,500</u>	<u>\$ 259</u>	<u>\$ —</u>	<u>\$ (7,179,689)</u>	<u>\$ (7,179,420)</u>
Net income	—	—	—	—	—	182,562	182,562
Balance - June 30, 2022	<u>103,500</u>	<u>\$ 10</u>	<u>2,587,500</u>	<u>\$ 259</u>	<u>\$ —</u>	<u>\$ (6,997,127)</u>	<u>\$ (6,996,858)</u>
Net loss	—	—	—	—	—	(619,627)	(619,627)
Remeasurement of Class A common stock	—	—	—	—	—	(1,278,750)	(1,278,750)
Balance - September 30, 2022	<u>103,500</u>	<u>\$ 10</u>	<u>2,587,500</u>	<u>\$ 259</u>	<u>\$ —</u>	<u>\$ (8,895,504)</u>	<u>\$ (8,895,235)</u>

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

SeaStar Medical Holding Corporation
(f/k/a LMF Acquisition Opportunities, Inc.)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. ORGANIZATION AND BUSINESS OPERATIONS

LMF Acquisition Opportunities, Inc. (now known as SeaStar Medical Holding Corporation) (the “Company” or “LMAO”) was incorporated in Delaware for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, or similar business combination with one or more businesses.

Business Combination

On April 21, 2022, the Company, entered into an Agreement and Plan of Merger (the “Merger Agreement”) with LMF Merger Sub, Inc., a Delaware corporation and direct, wholly owned subsidiary of the Company (“Merger Sub”), and SeaStar Medical, Inc., a Delaware corporation (“Old SeaStar Medical”).

On October 28, 2022 (the “Closing Date”), LMAO consummated the merger transaction contemplated by the Merger Agreement, whereby Merger Sub merged with and into Old SeaStar Medical, with Old SeaStar Medical surviving the merger in accordance with the Delaware General Corporation Law as a wholly owned subsidiary of the Company (the “Merger” and, collectively with the other transactions described in the Merger Agreement and the related ancillary agreements, the “Business Combination”). Upon the closing of the Merger, the registrant changed its name from LMF Acquisition Opportunities, Inc. to SeaStar Medical Holding Corporation.

The aggregate consideration payable to the stockholders of Old SeaStar Medical at the closing of the Business Combination (the “Closing”) was \$85,408,328, which consisted of an aggregate equity value of Old SeaStar Medical of \$85,000,000, minus deductions for indebtedness of Old SeaStar Medical and Old SeaStar Medical transaction expenses in excess of \$800,000, plus the aggregate exercise price of (1) Old SeaStar Medical warrants issued and outstanding immediately prior to the Closing and (2) Old SeaStar Medical options issued and outstanding immediately prior to the Closing, less the value of the shares of Common Stock (as defined below) underlying the assumed equity (the “Closing Merger Consideration”). The Closing Merger Consideration was payable solely in shares of LMAO common stock, par value \$0.0001 per share (“Common Stock”), valued at \$10.00 per share, resulting in the issuance of 7,837,628 shares of common stock, par value \$0.0001 per share, of Common Stock to holders of stock of Old SeaStar Medical immediately prior to the Closing. At the Closing, shares of class B common stock, par value \$0.001 per share, of LMAO (“Class B Common Stock”) automatically converted into shares of class A common stock, par value \$0.0001 per share, of LMAO (“Class A Common Stock”) on a one-to-one basis, and pursuant to the charter of LMAO after the Business Combination, Class A Common Stock and Class B Common Stock was reclassified as Common Stock.

At the Closing, each of Old SeaStar Medical’s issued and outstanding convertible notes automatically converted into shares of Old SeaStar Medical common stock (the “Note Conversion”). Immediately prior to the effectiveness of the Business Combination, each share of Old SeaStar Medical’s issued and outstanding preferred stock automatically converted into shares of Old SeaStar Medical common stock (the “Preferred Conversion”) and those Old SeaStar Medical warrants that would be exercised or exchanged in connection with the Business Combination pursuant to the terms thereof were exercised for shares of Old SeaStar Medical common stock. At Closing, the (i) Old SeaStar Medical warrants that would not be exercised or exchanged in connection with the Business Combination were assumed by LMAO and converted into warrants to purchase Common Stock, (ii) outstanding options for shares of Old SeaStar Medical common stock under Old SeaStar Medical’s equity plan were assumed by LMAO and converted into options to purchase Common Stock, and (iii) issued and outstanding restricted stock unit awards under Old SeaStar Medical’s current equity plan were assumed by LMAO and converted into LMAO restricted stock units.

In connection with the Business Combination, holders of 8,878,960 shares of Common Stock exercised their right to redeem their shares after giving effect to any redemption reversals requested by stockholders to reverse their election to have their shares redeemed.

Prepaid Forward Agreements

On October 17 and October 26, 2022, LMAO and Old SeaStar Medical entered into certain prepaid forward agreements with two institutional investors, and the material terms of such agreements are described in more detail in the Forms 8-K filed on October 17, 2022, October 27, 2022, and November 4, 2022.

PIPE Financing

In connection with the Business Combination, LMAO entered into subscription agreements, each dated August 23, 2022 (collectively, the “Subscription Agreements”) with certain third-party investors (the “PIPE Investors”) pursuant to which LMAO agreed to issue and sell to the PIPE Investors in private placements to close immediately prior to the Closing, an aggregate of 700,000 shares of Common Stock at \$10.00 per share, and warrants to purchase up to 700,000 shares of Common Stock (the “PIPE Warrants”) for an aggregate purchase price of \$7,000,000 (the “PIPE Investment”). The PIPE Warrants are exercisable starting on the Closing at an exercise price of \$11.50 per share of Common Stock, subject to adjustment in certain circumstances, and expire five years after the Closing. At the Closing, the PIPE Investors and LMAO consummated the PIPE Investment pursuant to and in accordance with the terms of the Subscription Agreements.

Common Stock Purchase Agreement and Letter Agreement

On August 23, 2022, LMAO entered into an equity line financing arrangement through a Common Stock Purchase Agreement (the “Common Stock Purchase Agreement”) with Tumim Stone Capital LLC (“Tumim”), pursuant to which, after the Closing Date, subject to the conditions set forth in the Common Stock Purchase Agreement, LMAO has the right to sell to Tumim up to \$100,000,000 worth of shares of Common Stock, subject to certain limitations and conditions set forth in the Common Stock Purchase Agreement (the “Common Stock Investment”). The Common Stock Purchase Agreement provides for a commitment fee (the “Commitment Fee”) in the amount of \$2.5 million payable to Tumim, and such Commitment Fee shall be paid in shares of the Common Stock based on the weighted average trading price of the Common Stock prior to the filing of a registration statement pursuant to the registration rights agreement (the “Commitment Shares”).

On October 28, 2022, LMAO, Old SeaStar Medical, and Tumim entered into a letter agreement (the “Tumim Letter Agreement”) to amend certain terms of the Common Stock Purchase Agreement following the consummation of the Business Combination. Pursuant to the Tumim Letter Agreement, among other things, the parties agreed to the following amendments with respect to the Commitment Fee and Commitment Shares: (a) LMAO, or the Company from and after the Closing Date, was required to pay to Tumim \$1,000,000 of the Commitment Fee in cash on the Closing Date; (b) the Company is required to pay to Tumim \$500,000 of the Commitment Fee in cash no later than the earliest of (i) the 30th calendar day immediately following the Effective Date of the Initial Registration Statement (each as defined in the Purchase Agreement), (ii) the 30th calendar day immediately following the

Effectiveness Deadline (as defined in the Purchase Agreement) of the Initial Registration Statement, and (iii) not later than the second trading date immediately after the date on which written notice of termination is delivered by the Company or Tumim pursuant to the terms of the Purchase Agreement; and (c) the Company shall pay to Tumim the balance of the Commitment Fee, or \$1,000,000, as Commitment Shares as set forth under the terms in the Purchase Agreement.

Amendment to Credit Agreement with LM Funding America, Inc. ("LMFA") and Amended Promissory Note

On October 28, 2022, Old SeaStar Medical and LMFA entered into the First Amendment to Credit Agreement, dated September 9, 2022 between LMFA and Old SeaStar Medical (the "First Amendment to Credit Agreement"), pursuant to which the parties amended the Credit Agreement and entered into an Amended and Restated Promissory Note (the "LMFA Note") to (i) extend the maturity date of the loan under the Credit Agreement to October 30, 2023; (ii) permit the LMFA Note be prepaid without premium or penalty; (iii) require the Company to use 5.0% of the gross cash proceeds received by the Company from any future debt and equity financing to pay outstanding balance of LMFA Note, provided that such repayment is not required for the first \$500,000 of cash proceeds; (iv) reduce the interest rate of the LMFA Note from 15% to 7% per annum; and (v) reduce the default interest rate from 18% to 15%. The LMFA Note contains customary representations and warranties, affirmative and negative covenants and events of default. In addition, on October 28, 2022, the parties entered into a Security Agreement (the "LMFA Security Agreement"), pursuant to which the Company and Old SeaStar Medical granted LMFA a security interest in substantially all of the assets and property of the Company and Old SeaStar Medical, subject to certain exceptions, as collateral to secure the Company's obligations under the amended Credit Agreement. In addition, the Company entered into a Guaranty, dated October 28, 2022 (the "LMFA Guaranty"), pursuant to which the Company unconditionally guarantees and promises to pay to LMFA the outstanding principal amount under the LMFA Note.

LMFAO Sponsor LLC ("Sponsor") Promissory Note

On October 28, 2022, the Company entered into a Consolidated Amended and Restated Promissory Note with Sponsor as the lender, for an aggregate principal amount of \$2,785,000 (the "Sponsor Note") to amend and restate in its entirety (i) the Promissory Note, dated July 29, 2022, for \$1,035,000 in aggregate principal amount issued by LMAO to the Sponsor and (ii) the Amended and Restated Promissory Note, dated July 28, 2022, for \$1,750,000 in aggregate principal amount, issued by LMAO to the Sponsor (collectively, the "Original Notes"). The Sponsor Note amended and consolidated the Original Notes to: (i) extend maturity dates of the Original Notes to October 30, 2023; (ii) permit outstanding amounts due under the Sponsor Notes to be prepaid without premium or penalty; and (iii) require the Company to use 5.0% of the gross cash proceeds received from any future debt and equity financing to pay outstanding balance of Sponsor Note, provided that such repayment is not required for the first \$500,000 of cash proceeds. The Sponsor Note carries an interest rate of 7% per annum and contains customary representations and warranties and affirmative and negative covenants. The Sponsor Note is also subject to customary events of default, the occurrence of which may result in the Sponsor Promissory Note then outstanding becoming immediately due and payable, with interest being increased to 15.0% per annum. In addition, on October 28, 2022, the parties entered into a Security Agreement (the "Sponsor Security Agreement"), pursuant to which the Company and Old SeaStar Medical granted Sponsor a security interest in substantially all of the assets and property of the Company and Old SeaStar Medical, subject to certain exceptions, as collateral to secure the Company's obligations under the Sponsor Note. In addition, Old SeaStar Medical entered into a Guaranty, dated October 28, 2022 (the "Sponsor Guaranty"), pursuant to which Old SeaStar Medical unconditionally guarantees and promises to pay to Sponsor the outstanding principal amount under the LMFA Note.

Maxim Group LLC ("Maxim") Promissory Note

Pursuant to an engagement letter between Old SeaStar Medical and Maxim dated October 28, 2022, Old SeaStar Medical or the Company following the consummation of the Business Combination, was required to pay Maxim, as its financial advisor and/or placement agent, an amount equal to \$4,182,353 in cash as professional fees. Upon the closing of the Business Combination, the parties agreed that \$4,182,353 of such amount would be paid in the form of a promissory note. Accordingly, on October 28, 2022, the Company entered into a Promissory Note with Maxim as the lender, for an aggregate principal amount of \$4,182,353 (the "Maxim Note"). The Maxim Note has a maturity date of October 30, 2023 and outstanding amount may be prepaid without premium or penalty. If the Company receives any cash proceeds from a debt or equity financing transaction prior to the maturity date, then the Company is required to prepay the indebtedness equal to 25.0% of the gross amount of the cash proceeds, provided that such repayment obligation shall not apply to the first \$500,000 of the cash proceeds received by the Company. Interest on the Maxim Note is due at 7.0% per annum. The Maxim Note contains customary representations and warranties, and affirmative and negative covenants. The Maxim Note is also subject to customary events of default, the occurrence of which may result in the Maxim Promissory Note then outstanding becoming immediately due and payable, with interest being increased to 15.0% per annum.

Intercreditor Agreement

On October 28, 2022, Maxim, LMFA, Sponsor (collectively, the "Creditors"), SeaStar Medical and the Company entered into an Intercreditor Agreement (the "Intercreditor Agreement") in order to set forth their relative rights under the LMFA Note, Sponsor Note and Maxim Note, including the payments of amounts by the Company upon an event of default under such notes. Pursuant to the Intercreditor Agreement, each Creditor agrees and acknowledges that LMFA and Sponsor have been granted liens on the collateral as set forth in the applicable LMFA Security Agreement and Sponsor Security Agreement. Each Creditor also agrees and acknowledges that Maxim's indebtedness under the Maxim Promissory Note is unsecured.

Prior to the Business Combination

As of September 30, 2022, the Company had not yet commenced any operations. All activity for the period from October 28, 2020 (inception) through September 30, 2022 relates to the Company's formation, the initial public offering ("IPO"), which is described below, and the search for and due diligence on a potential target for a business combination. The Company will not generate any operating revenues until after the completion of its initial Business Combination, at the earliest. The Company will generate non-operating income in the form of interest income on cash and cash equivalents from the proceeds derived from the IPO and unrealized gains or losses from the revaluation of the warrant liability.

The Company's sponsor is LMFAO Sponsor, LLC, a Delaware limited liability company ("Sponsor"). The registration statement for the Company's IPO was declared effective on January 25, 2021 (the "IPO Effective Date"). On January 28, 2021, the Company consummated the IPO of 10,350,000 units (the "Units" and, with respect to the shares of Class A common stock included in the Units sold, the "Public Shares"), at \$10.00 per Unit, generating gross proceeds of \$103,500,000, which is described in Note 5.

Simultaneously with the closing of the IPO, the Company consummated the sale of 5,738,000 warrants (the "Private Placement Warrants") at a price of \$1.00 per Private Placement Warrant in a private placement to LMFAO Sponsor LLC, a Florida limited liability company (the "Sponsor"), generating gross proceeds of \$5,738,000, which is described in Note 6.

Transaction costs for the IPO amounted to \$6,211,902 consisting of \$2,070,000 of underwriting discount, \$3,622,500 of deferred underwriting fee, the fair value of the shares issued to the underwriters of \$1,000 deemed as underwriters' compensation, and \$518,402 of other offering costs. In addition, \$974,009 of cash was held outside of the Trust Account (as defined below) as of the date of the IPO and became available for working capital purposes at such time.

Following the closing of the IPO on January 28, 2021, an amount of \$105,570,000 (\$10.20 per Unit) from the net proceeds of the sale of the Units in the IPO and the sale of the Private Placement Warrants was placed in a trust account ("Trust Account") and invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 180 days or less or in any open-ended investment company that holds itself out as a money market fund meeting the conditions of Rule 2a-7 of the Investment Company Act, as determined by the Company. On July 29,

2022, an additional amount of \$1,035,000 was deposited into the Trust Account in order provide additional time to complete the Business Combination. Except with respect to interest earned on the funds held in the Trust Account that may be released to the Company to pay its franchise and income tax obligations (less up to \$100,000 of interest to pay dissolution expenses), the proceeds from the IPO and the sale of the Private Placement Warrants and the additional amounts deposited into the Trust Account related to the extension of time to complete the Business Combination will not be released from the Trust Account until the earliest of (a) the completion of the Company’s initial Business Combination, (b) the redemption of any Public Shares properly submitted in connection with a stockholder vote to amend the Company’s amended and restated certificate of incorporation, and (c) the redemption of the Company’s Public Shares if the Company is unable to complete the initial Business Combination within 18 months from the closing of the IPO (or up to 21 months from the closing of the IPO if the Company extends the period of time to consummate a business combination, which the Company has elected (see Proposed Business Combination), as described in more detail in the prospectus for the IPO,), subject to applicable law. The proceeds deposited in the Trust Account could become subject to the claims of the Company’s creditors, if any, which could have priority over the claims of the Company’s public stockholders.

Going Concern Consideration

Prior to the Business Combination, the Company incurred significant costs in pursuit of its financing and acquisition plans. In connection with the Company’s assessment of going concern considerations in accordance with Accounting Standards Update (“ASU”) 2014-15, “Disclosures of Uncertainties about an Entity’s Ability to Continue as a Going Concern,” management previously determined that if the Company was unsuccessful in consummating an initial business combination within the prescribed period of time from the closing of the IPO, the requirement that the Company cease all operations, redeem the public shares and thereafter liquidate and dissolve raises substantial doubt about the ability to continue as a going concern. While the company has agreements under the above-described PIPE Investment, Prepaid Forward Agreements, and equity line under the Common Stock Purchase Agreement in place to generate sufficient capital to fund operations over the next 12 months, the uncertainty related to market conditions may hinder the companies ability to raise capital. The accompanying financial statement has been prepared in conformity with generally accepted accounting principles in the United States of America (“GAAP”), which contemplate continuation of the Company as a going concern.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited financial statements have been prepared pursuant to the rules and regulations of the SEC. Certain information and note disclosures normally included in the annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading. The interim financial statements as of September 30, 2022 and for the three and nine months ended September 30, 2022 and September 30, 2021, respectively, are unaudited. In the opinion of management, the interim financial statements include all adjustments, consisting only of normal recurring adjustments, necessary to provide a fair statement of the results for the interim periods. Operating results for the Three and Nine months ended September 30, 2022 are not necessarily indicative of the results that may be expected for the year ending December 31, 2022 or any future period. The accompanying balance sheet as of December 31, 2021, is derived from the audited financial statements presented in the Company's Annual Report on Form 10-K for fiscal the year ended December 31, 2021.

Emerging Growth Company Status

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as amended, (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

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Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of 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 a 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 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 which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires 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 and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company did not have any cash equivalents as of September 30, 2022 and December 31, 2021.

Cash and Marketable Securities Held in Trust Account

At September 30, 2022, substantially all of the assets held in the Trust Account were held in U.S. Treasury Securities Money Market Funds. When the Company's investments held in the Trust Account are comprised of money market funds, the investments are recognized at fair value. Trading securities and investments in money market funds are presented on the condensed consolidated balance sheets at fair value at the end of each reporting period. Gains and losses resulting from the change in fair value of these securities is included in interest earned on investments held in Trust Account in the accompanying condensed consolidated statements of operations. The estimated fair values of investments held in the Trust Account are determined using available market information. The Company had \$107,048,750 and \$105,581,820 in investments held in the Trust Account as of September 30, 2022 and December 31, 2021, respectively.

Class A Common Stock Subject to Possible Redemption

The Company accounts for the Class A common stock subject to possible redemption in accordance with the guidance in Accounting Standards Codification ("ASC") Topic 480, "Distinguishing Liabilities from Equity." Class A common stock subject to mandatory redemption are classified as a liability instrument and are measured at fair value. Conditionally redeemable Class A common stock (including Class A common stock that features 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) is classified as temporary equity. At all other times, Class A common stock is classified as shareholders' equity. The Class A common stock features certain redemption rights that are considered to be outside of the Company's control and subject to occurrence of uncertain future events. Accordingly, as of September 30, 2022 and December 31, 2021, 10,350,000 and 10,350,000, respectively, shares of Class A common stock subject to possible redemption are presented at redemption value as temporary equity, outside of the shareholders' equity section of the Company's condensed balance sheets. The Company recognizes changes in redemption value immediately as they occur and adjusts carrying value of redeemable shares of common stock to equal the redemption value at the end of the reporting period. Immediately upon the closing of the Initial Public Offering, the Company recognized the accretion from initial book value to redemption amount value. The change in the carrying value of the redeemable Class A common stock resulted in charges against additional paid-in capital and accumulated deficit. On October 28, 2022, as a result of the Business Combination, the Class A Common Stock was reclassified as Common Stock of the Company. See Note 1.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of a cash account in a financial institution, which, at times, may exceed the Federal Depository Insurance Coverage of \$250,000. As of September 30, 2022 and December 31, 2021, the Company has not experienced losses on this account and management believes the Company is not exposed to significant risks on such account.

Derivative Warrant Liabilities

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates all of its financial instruments, including issued stock purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives, pursuant to ASC 480 and ASC 815-15. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. In accordance with ASC 825-10 "Financial Instruments", offering costs attributable to the issuance of the derivative warrant liabilities have been allocated based on their relative fair value of total proceeds and are recognized in the statement of operations as incurred.

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The 10,350,000 warrants issued in connection with the IPO (the “Public Warrants”) and the 5,738,000 Private Placement Warrants are recognized as derivative liabilities in accordance with ASC 815-40. Accordingly, the Company recognizes the warrant instruments as liabilities at fair value and adjust the instruments to fair value at each reporting period. The liabilities are subject to re-measurement at each balance sheet date until exercised. The fair value of the Public Warrants issued are estimated using the quoted market price and Private Placement Warrants have been estimated using a Monte Carlo simulation model each measurement date. Derivative warrant liabilities are classified as non-current liabilities as their liquidation is not reasonably expected to require the use of current assets or require the creation of current liabilities.

Offering Costs

The Company complies with the requirements of the ASC 340-10-S99-1 and SEC Staff Accounting Bulletin (“SAB”) Topic 5A - “Expenses of Offering”. Offering costs consist principally of professional and registration fees incurred through the balance sheet date that are related to the IPO and that were charged to stockholders’ equity upon the completion of the IPO. Accordingly, as of September 30, 2022, offering costs totaling \$6,211,902 have been charged to stockholders’ equity (consisting of \$2,070,000 in underwriters’ discount, \$3,622,500 in deferred underwriters’ fee, the fair value of the shares issued to the underwriters of \$1,000 deemed as underwriters’ compensation, and approximately \$518,402 of other cash expenses).

Fair Value of Financial Instruments

The fair value of the Company’s assets and liabilities, which qualify as financial instruments under the FASB ASC Topic 820, “Fair Value Measurements,” equal or approximate the carrying amounts represented in the condensed consolidated balance sheets.

Fair Value Measurements

Fair value is defined as the price that would be received for sale of an asset or paid for transfer of a liability, in an orderly transaction between market participants at the measurement date. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices (unadjusted) for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Income Taxes

The Company complies with the accounting and reporting requirements of ASC Topic 740 “Income Taxes”, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim period, disclosure and transition.

In assessing realizable deferred tax assets, management assesses the likelihood that deferred tax assets will be recovered from future taxable income, and to the extent that recovery is not likely or there is insufficient operating history, a valuation allowance is established. The Company adjusts the valuation allowance in the period management determines it is more likely than not that net deferred tax assets will or will not be realized. As of September 30, 2022, the Company determined that a valuation allowance should be established.

As of September 30, 2022 and December 31, 2021, the Company did not recognize any assets or liabilities relative to uncertain tax positions. Interest or penalties, if any, will be recognized in income tax expense. Since there are no significant unrecognized tax benefits as a result of tax positions taken, there are no accrued penalties or interest. Tax positions are positions taken in a previously filed tax return or positions expected to be taken in a future tax return that are reflected in measuring current or deferred income tax assets and liabilities reported in the financial statements.

The Company reflects tax benefits, only if it is more likely than not that the Company will be able to sustain the tax return position, based on its technical merits. If a tax benefit meets this criterion, it is measured and recognized based on the largest amount of benefit that is cumulatively greater than 50% likely to be realized. Management does not believe that there are any uncertain tax positions at September 30, 2022 and December 31, 2021.

The Company may be subject to potential examination by federal, state and city taxing authorities in the areas of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with federal, state and city tax laws. The Company’s management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

Net Income (Loss) Per Share of Common Stock

Net income (loss) per share of common stock is computed by dividing net income (loss) by the weighted-average number of shares of common stock outstanding for the period. The Company applies the two-class method in calculating the net income (loss) per common share. Shares of Class A common stock subject to possible redemption as of the three and nine month periods ended September 30, 2022 and 2021 have been excluded from the calculation of the basic net income per share since such shares, if redeemed, only participate in their pro rata share of the Trust Account earnings. When calculating its diluted net income per share, the Company has not considered the effect of the incremental number of shares of common stock to settle Warrants sold in the Initial Public Offering and Private Placement, as calculated using the treasury stock method. The calculation excludes 10,350,000 Public Warrants and 5,738,000 Private Placement Warrants for the three and nine month periods ended September 30, 2022 and 2021 as the exercise prices were greater than the average market price during the period (out-of-the-money warrants).

Recent Accounting Pronouncements

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

NOTE 3. GOVERNMENT MONEY MARKET FUND HELD IN TRUST ACCOUNT

As of September 30, 2022, substantially all of the assets totaling approximately \$107,048,750 were held in a treasury money market fund. Management elects to measure the treasury money market fund at fair value in accordance with the guidance in ASC Topic 825 "Financial Instruments". Any changes in fair value of the government securities are recognized in net income. Impairment of government securities is recognized in earnings when a decline in value has occurred that is deemed to be other than temporary, and the current fair value becomes the new cost basis for the securities.

NOTE 4. PREPAID EXPENSES

As of September 30, 2022, the Company had prepaid expenses of approximately \$174,000 primarily in connection with the prepayment for D&O insurance and professional services.

NOTE 5. INITIAL PUBLIC OFFERING

Pursuant to the IPO on January 28, 2021, the Company sold 10,350,000 Units, at a purchase price of \$10.00 per Unit. Each unit consists of one share of Class A common stock, and one warrant to purchase one share of Class A common stock. Each warrant will entitle the holder to purchase one share of Class A common stock at a price of \$11.50 per share, subject to adjustment. Each warrant will become exercisable on the later of 30 days after the completion of the initial Business Combination or 12 months from the closing of the IPO and will expire five years after the completion of the initial Business Combination, or earlier upon redemption or liquidation (see Note 9).

An aggregate of \$10.20 per Unit sold in the IPO is being held in the Trust Account and invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 180 days or less or in any open-ended investment company that holds itself out as a money market fund meeting the conditions of Rule 2a-7 of the Investment Company Act, as determined by the Company. As further described in Note 1, on July 29, 2022, an additional amount of \$1,035,000 was deposited into the Trust Account in order to provide additional time to complete the Business Combination. Except with respect to interest earned on the funds held in the Trust Account that may be released to the Company to pay its franchise and income tax obligations (less up to \$100,000 of interest to pay dissolution expenses), the proceeds from the IPO and the sale of the Private Placement Warrants will not be released from the Trust Account until the earliest of (a) the completion of the Company's initial Business Combination, (b) the redemption of any Public Shares properly submitted in connection with a stockholder vote to amend the Company's amended and restated certificate of incorporation, and (c) the redemption of the Company's Public Shares if the Company is unable to complete the initial Business Combination within 18 months from the closing of the IPO (or up to 21 months from the closing of the IPO if the Company extends the period of time to consummate a business combination, which the Company elected (See Note 1), as described in more detail the prospectus for the IPO), subject to applicable law. The proceeds deposited in the Trust Account could become subject to the claims of the Company's creditors, if any, which could have priority over the claims of the Company's public stockholders.

NOTE 6. PRIVATE PLACEMENT

Simultaneously with the closing of the IPO, the Company consummated a private placement with the Company's Sponsor purchasing an aggregate of 5,738,000 warrants at a price of \$1.00 per warrant, for an aggregate purchase price of \$5,738,000. A portion of the proceeds from the sale of the Private Placement Warrants were added to the proceeds from the IPO held in the Trust Account. The Private Placement Warrants are identical to the warrants sold in the IPO except that the Private Placement Warrants, so long as they are held by the Sponsor or their permitted transferees, (i) will not be redeemable by the Company, (ii) may not (including the Class A common stock issuable upon exercise of these warrants), subject to certain limited exceptions, be transferred, assigned or sold by the holders until 30 days after the completion of the Company's initial Business Combination, (iii) may be exercised by the holders on a cashless basis and (iv) will be entitled to registration rights.

The Private Placement Warrants will be non-redeemable and exercisable on a cashless basis so long as they are held by the Sponsor, the underwriters or their permitted transferees. If the Private Placement Warrants are held by holders other than the Sponsor, the underwriters or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by the holders on the same basis as the warrants included in the units being sold in the IPO. In addition, for as long as the Private Placement Warrants are held by the underwriters or their designees or affiliates, they may not be exercised after five years from the IPO Effective Date.

The Company's Sponsor agreed to (i) waive its redemption rights with respect to its founder shares and Public Shares in connection with the completion of the Company's initial Business Combination, (ii) waive its redemption rights with respect to its founder shares and Public Shares in connection with a stockholder vote to approve an amendment to the Company's amended and restated certificate of incorporation (A) to modify the substance or timing of the Company's obligation to redeem 100% of its Public Shares if the Company does not complete its initial Business Combination within 18 months from the closing of the IPO (or up to 21 months from the closing of the IPO if the Company extends the period of time to consummate a business combination, which the Company elected to do (See Note 1), as described in more detail in the prospectus for the IPO) or (B) with respect to any other provision relating to stockholders' rights or pre-initial Business Combination activity and (iii) waive its rights to liquidating distributions from the Trust Account with respect to its founder shares if the Company fails to complete its initial Business Combination within 18 months from the closing of the IPO (or up to 21 months from the closing of the IPO if the Company extends the period of time to consummate a business combination, which the Company elected to do (See Note 1)). In addition, the Company's Sponsor agreed to vote any founder shares it holds and any Public Shares purchased during or after the IPO (including in open market and privately negotiated transactions) in favor of the Company's initial Business Combination.

NOTE 7. RELATED PARTY TRANSACTIONS

Related Party Loans

On November 6, 2020, the Company issued an unsecured promissory note to the Sponsor, pursuant to which the Company may borrow up to an aggregate principal amount of \$300,000 to be used for a portion of the expenses of the IPO. This loan was non-interest bearing, unsecured and due at the earlier of September 30, 2021 or the closing of the IPO. The loan was to be repaid upon the closing of the IPO out of the offering proceeds not held in the Trust Account. On January 27, 2020, the Company had drawn down approximately \$151,000 under the promissory note with the Sponsor to pay for offering expenses. On January 28, 2021, the Company repaid the balance of approximately \$151,000 to the Sponsor and cancelled the note.

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"). In the event that a 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. The Company decided to forgo the option to convert the loan into warrants.

On February 1, 2022, the Company issued an unsecured promissory note to the Sponsor in the original principal amount of \$00,000 to evidence a Working Capital Loan, which was subsequently amended and restated on July 28, 2022 (effective as of June 30, 2022), to enable the Company to borrow up to an aggregate principal amount of \$1,750,000 to be used for a portion of the expenses of the IPO. The Working Capital Loan is non-interest bearing, unsecured and due at the date the company consummates a merger, capital stock exchange, asset acquisition, stock purchase reorganization or similar business combination with one or more businesses. No amount shall be due under the promissory note if an initial business combination is not consummated on or before the 24 month anniversary of the date of the IPO. As of September 30, 2022, the Company had drawn down \$1,750,000 under the promissory note with the Sponsor.

Related Party Extension Loans

Under the terms of the Company's certificate of incorporation, the Company had until 18 months from the closing of the IPO to consummate a Business Combination. However, the certificate of incorporation further provides that if the Company anticipates that it may not be able to consummate a Business Combination within 18 months, the Company may, by resolution of the Company's board

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of directors, extend the period of time to consummate a Business Combination by an additional three months (for a total of 21 months to complete a Business Combination) if such extension is requested by the Sponsor. Pursuant to the terms of the Company's certificate of incorporation and the trust agreement entered into between the Company and Continental Stock Transfer & Trust Company on January 25, 2021, in order to extend the time available for the Company to consummate a Business Combination, the Sponsor or its affiliates or designees must deposit into the Trust Account \$1,035,000 (\$0.10 per share in either case) on or prior to the date of the deadline, which was July 29, 2022. Such payment would be made in the form of a loan (an "Extension Loan"). Such loan will be non-interest bearing and payable upon the consummation of the Company's Business Combination. If the Company completes a Business Combination, the Company would repay such loaned amount out of the proceeds of the Trust Account released to the Company. If the Company does not complete a Business Combination, the Company will not repay such loan. Furthermore, the letter agreement with the Sponsor contains a provision pursuant to which the Sponsor agreed to waive its right to be repaid for such loan out of the funds held in the Trust Account in the event that the Company does not complete a Business Combination. The Sponsor and its affiliates or designees are obligated to fund the Trust Account in order to extend the time for the Company to complete a Business Combination, but the Sponsor is not obligated to extend such time.

The Company elected to extend the time to complete a Business Combination. On July 29, 2022, Sponsor funded an Extension Loan in the amount of \$1,035,000 and caused such amount to be deposited into the Trust Account in order provide additional time to complete the Business Combination.

Founder Shares

On November 6, 2020, the Company issued 2,156,250 shares of Class B common stock to the Sponsor for \$25,000 in cash, or approximately \$0.012 per share, in connection with formation. In January 2021, the Company effected a stock dividend of 431,250 shares of Class B common stock, resulting in the Sponsor holding an aggregate of 2,587,500 founder shares.

The Sponsor agreed not to transfer, assign or sell its founder shares until the earlier of: (i) one year after the date of the consummation of the Business Combination; or (ii) the date on which the Company consummates a liquidation, merger, stock exchange, or other similar transaction that results in all of its stockholders having the right to exchange their shares of Class A common stock for cash, securities, or other property. Notwithstanding the foregoing, if the closing price of the Company's Class A common stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations, and the like) for any 20 trading days within any 30-trading day period commencing 150 days after the Business Combination, the founder shares will no longer be subject to such transfer restrictions.

NOTE 8. COMMITMENTS REGISTRATION RIGHTS

The holders of the founder shares, Private Placement Warrants, shares of Class A common stock underlying the Private Placement Warrants, and warrants (including underlying securities) that may be issued upon conversion of working capital loans will have registration rights to require the Company to register a sale of any of its securities held by them pursuant to a registration rights agreement signed on January 19, 2021. These holders will be entitled to make up to three demands, excluding short form registration demands, that the Company registers such securities for sale under the Securities Act. In addition, these holders will have "piggy-back" registration rights to include their securities in other registration statements filed by the Company.

Notwithstanding the foregoing, the underwriters may not exercise their demand and "piggyback" registration rights after five and seven years, respectively, after the IPO Effective Date and may not exercise their demand rights on more than one occasion.

Right of First Refusal

Subject to certain conditions, the Company granted Maxim, for a period beginning on the closing of the IPO and ending 18 months after the date of the consummation of the Business Combination, a right of first refusal to act as lead left book-running managing underwriter with at least 75% of the economics; or, in the case of a three-handed deal 50% of the economics, for any and all future public and private equity, convertible and debt offerings for the Company or any of its successors or subsidiaries. In accordance with FINRA Rule 5110(g)(6), such right of first refusal shall not have a duration of more than three years from the IPO Effective Date.

Representative's Common Stock

On January 25, 2021, the Company issued to Maxim and/or its designees, 103,500 shares of Class A common stock. The Company estimated the fair value of the stock to be \$1,000 based upon the price of the Founder Shares issued to the Sponsor. The stock were treated as underwriters' compensation and charged directly to stockholders' equity.

Maxim agreed not to transfer, assign, or sell any such shares until the completion of the Business Combination. In addition, Maxim agreed: (i) to waive its redemption rights with respect to such shares in connection with the completion of the Business Combination; and (ii) to waive its rights to liquidating distributions from the Trust Account with respect to such shares if the Company fails to complete its Business Combination within 18 months from the closing of the IPO (or 21 months from the closing, if the Company extends the period of time to consummate a Business Combination, which the Company elected to do (See Note 1)).

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The shares have been deemed compensation by FINRA and are therefore subject to a lock-up for a period of 180 days immediately following the date of the effectiveness of the registration statement for the IPO pursuant to Rule 5110(e)(1) of FINRA's NASD Conduct Rules. Pursuant to FINRA Rule 5110(e)(1), these securities will not be the subject of any hedging, short sale, derivative, put, or call transaction that would result in the economic disposition of the securities by any person for a period of 180 days immediately following the IPO Effective Date, nor may they be sold, transferred, assigned, pledged, or hypothecated for a period of 180 days immediately following the IPO Effective Date, except to any underwriter and selected dealer participating in the offering and their bona fide officers or partners.

Risks and Uncertainties

We continue to evaluate the impact of the COVID-19 pandemic and have concluded that the specific impact is not readily determinable as of the date of the balance sheet. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 9. DERIVATIVE LIABILITY

Warrants

As of September 30, 2022, there are 16,088,000 warrants outstanding. Each warrant entitles the holder thereof to purchase one share of the Company's Class A common stock at a price of \$11.50 per share, subject to adjustment as discussed herein. In addition, if: (x) the Company issues additional shares of Class A common stock or equity-linked securities for capital raising purposes in connection with the closing of its Business Combination at an issue price or effective issue price of less than \$9.20 per share of Class A common stock (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 Company's Sponsor or its affiliates, without taking into account any founder shares held by the Company's Sponsor or its affiliates, prior to such issuance) (the "Newly Issued Price"); (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 the Business Combination on the date of the consummation of the Business Combination (net of redemptions); and (z) the volume weighted average trading price of the Company's common stock during the 20 trading day period starting on the trading day prior to the day on which the Company consummates the Business Combination (such price, the "Market Value") is below \$9.20 per share, the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value and the Newly Issued Price, and the \$18.00 per share redemption trigger price described below under "Redemption of warrants" will be adjusted (to the nearest cent) to be equal to 180% of the higher of the Market Value and the Newly Issued Price.

The warrants will become exercisable on the later of 12 months from the IPO date, or 30 days after the completion of its Business Combination, and will expire five years after the completion of the Business Combination, at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

The Company will not be obligated to deliver any shares of Class A common stock pursuant to the exercise of a warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act with respect to the shares of Class A common stock underlying the warrants is then effective and a prospectus is current. No warrant will be exercisable and the Company will not be obligated to issue shares of Class A common stock upon exercise of a warrant unless Class A common stock issuable upon such warrant exercise has been registered, qualified, or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants. In no event will the Company be required to net cash settle any warrant. In the event that a registration statement is not effective for the exercised warrants, the purchaser of a unit containing such warrant will have paid the full purchase price for the unit solely for the share of Class A common stock underlying such unit.

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Once the warrants become exercisable, the Company may call the warrants for redemption (excluding the Private Placement Warrants):

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon not less than 30 days' prior written notice of redemption to each warrant holder; and
- if, and only if, the reported last sale price of the Class A common stock equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending three business days before the Company send the notice of redemption to the warrant holders.

If the Company calls the warrants for redemption as described above, the management will have the option to require any holder that wishes to exercise its warrant to do so on a "cashless basis." If the management takes advantage of this option, all holders of warrants would pay the exercise price by surrendering their warrants for that number of shares of Class A common stock equal to the quotient obtained by dividing: (x) the product of the number of shares of Class A common stock underlying the warrants, multiplied by the difference between the exercise price of the warrants and the "fair market value" (defined below); by (y) the fair market value. The "fair market value" shall mean the average reported last sale price of the Class A common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants.

The exercise price and number of shares of common stock issuable on exercise of the warrants may be adjusted in certain circumstances, including in the event of a stock dividend, extraordinary dividend, or the Company's recapitalization, reorganization, merger, or consolidation. However, the warrants will not be adjusted for issuances of shares of common stock at a price below their respective exercise prices.

Warrants Classified as Derivative Liabilities

The Company previously accounted for its outstanding Public Warrants (as defined in Note 2) and Private Placement Warrants issued in connection with its IPO as components of equity instead of as derivative liabilities. The warrant agreement governing the warrants includes a provision that provides for potential changes to the settlement amounts dependent upon the characteristics of the holder of the warrant. In addition, the warrant agreement includes a provision that in the event of a tender or exchange offer made to and accepted by holders of more than 50% of the outstanding shares of a single class of common shares, all holders of the warrants would be entitled to receive cash for their warrants (the "tender offer provision").

The Company's management has evaluated both the Public Warrants and the Private Placement Warrants using ASC Subtopic 815-40, Contracts in Entity's Own Equity. ASC Section 815-40-15 addresses equity versus liability treatment and classification of equity-linked financial instruments, including warrants, and states that a warrant may be classified as a component of equity only if, among other things, the warrant is indexed to the issuer's common stock. Under ASC Section 815-40-15, a warrant is not indexed to the issuer's common stock if the terms of the warrant require an adjustment to the exercise price upon a specified event and that event is not an input to the fair value of the warrant. The Company concluded that the Company's Private Placement Warrants are not indexed to the Company's common shares in the manner contemplated by ASC Section 815-40-15 because the holder of the instrument is not an input into the pricing of a fixed-for-fixed option on equity shares. In addition, based on management's evaluation, the Company also concluded the tender offer provision included in the warrant agreement fails the "classified in stockholders' equity" criteria as contemplated by ASC Section 815-40-25.

As a result of the above, the Company has classified the warrants as derivative liabilities.

The following table presents fair value information as of September 30, 2022 and December 31, 2021 of the Company's warrants. The fair value of the Public Warrants issued are estimated using the quoted market price and a modified Black-Scholes model is used to value the Private Placement Warrants. The valuation model utilizes management judgment and pricing inputs from observable and unobservable markets with less volume and transaction frequency than active markets. These pricing inputs include the publicly traded value of the Public Warrants as of September 30, 2022 (\$0.07 per warrant) and December 31, 2021 (\$0.43 per warrant). Significant deviations from these estimates and inputs could result in a material change in fair value. The fair value of the warrant liability for Public Warrants and Private Placement Warrants are classified within Level 3 of the fair value hierarchy.

	As of September 30, 2022	As of December 31, 2021
Public Warrants	\$ 726,570	\$ 4,450,500
Private Placement Warrants	402,808	2,480,240
	<u>\$ 1,129,378</u>	<u>\$ 6,930,740</u>

The Company recognized a \$680,522 and \$5,801,362 gain for the three and nine months ended September 30, 2022, respectively, upon the revaluation of the warrants and a gain of \$644,720 and \$702,400 for the three and nine months ended September 30, 2021, respectively, upon the revaluation. The Company will remeasure these warrants at the end of each reporting period and recognize changes in the fair value from the prior period in the Company's operating results for the current period.

NOTE 10. FAIR VALUE MEASUREMENTS

The Company follows the guidance in ASC 820 for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually.

The fair value of the Company’s financial assets and liabilities reflects management’s estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

- Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs based on the Company’s assessment of the assumptions that market participants would use in pricing the asset or liability.

The following table presents information about the Company’s assets that are measured at fair value on a recurring basis at September 30, 2022 and December 31, 2021, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

	Level	September 30, 2022	December 31, 2021
Assets:			
Government securities held in Trust Account	1	\$ 107,048,750	\$ 105,581,820
Liabilities:			
Private Placement Warrants	3	402,808	2,480,240
Public Warrants	3	726,570	4,450,500

NOTE 11. STOCKHOLDERS’ EQUITY

Preferred Stock — The Company is authorized to issue a total of 1,000,000 shares of preferred stock at par value of \$0.0001 each. As of September 30, 2022, there were no shares of preferred stock issued or outstanding.

Class A Common Stock — The Company is authorized to issue a total of 100,000,000 shares of Class A common stock at par value of \$0.0001 each. As of September 30, 2022, there were 103,500 shares of Class A common stock issued and outstanding, excluding 10,350,000 shares of Class A common shares subject to possible redemption.

Class B Common Stock — The Company is authorized to issue a total of 20,000,000 shares of Class B common stock at par value of \$0.0001 each. In January 2021, the Company effected a stock dividend, resulting in the initial stockholder holding an aggregate of 2,587,500 founder shares of Class B common stock. As of September 30, 2022, there were 2,587,500 shares of Class B common stock issued and outstanding.

The Sponsor agreed not to transfer, assign, or sell any of its founder shares until the earlier of: (i) one year after the date of the consummation of the Business Combination; or (ii) the date on which the Company consummates a liquidation, merger, stock exchange, or other similar transaction that results in all of its stockholders having the right to exchange their shares of Class A common stock for cash, securities, or other property. Any permitted transferees will be subject to the same restrictions and other agreements of the Sponsor with respect to any founder shares. Notwithstanding the foregoing, if the closing price of the Company’s Class A common stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations, and the like) for any 20 trading days within any 30-trading day period commencing 150 days after the Business Combination, the founder shares will no longer be subject to such transfer restrictions. Any permitted transferees will be subject to the same restrictions and other agreements of the Sponsor with respect to any founder shares.

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The shares of Class B common stock will automatically convert into shares of the Company's Class A common stock at the time of its Business Combination on a one-for-one basis, subject to adjustment for stock splits, stock dividends, reorganizations, recapitalizations, and the like, and subject to further adjustment as provided herein. In the case that additional shares of Class A common stock, or equity-linked securities, are issued or deemed issued in excess of the amounts offered in the IPO and related to the closing of the Business Combination, the ratio at which shares of Class B common stock shall convert into shares of Class A common stock will be adjusted (unless the holders of a majority of the outstanding shares of Class B common stock agree to waive such adjustment with respect to any such issuance or deemed issuance) so that the number of shares of Class A common stock issuable upon conversion of all shares of Class B common stock will equal, in the aggregate, on an as-converted basis, 20% of the sum of the total number of all shares of common stock outstanding upon the completion of this offering (not including the shares of Class A common stock issuable to Maxim) plus all shares of Class A common stock and equity-linked securities issued or deemed issued in connection with the Business Combination (excluding any shares or equity-linked securities issued, or to be issued, to any seller in the Business Combination or any private placement-equivalent units issued to the Sponsor, its affiliates, or certain of officers and directors upon conversion of working capital loans made to the Company).

Holders of the Class A common stock and holders of the Class B common stock will vote together as a single class on all matters submitted to a vote of the Company's stockholders, with each share of common stock entitling the holder to one vote.

NOTE 12. SUBSEQUENT EVENTS

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the condensed consolidated financial statements were issued. Based upon this review, other than as described below, the Company did not identify any events that require disclosure in the condensed consolidated financial statements.

On October 28, 2022, the Company and Old SeaStar Medical consummated the transactions contemplated by the Merger Agreement. (see Note 1).

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

References in this report (the “Quarterly Report”) to “we,” “us” or the “Company” refer to LMF Acquisition Opportunities, Inc. prior to the Business Combination (as defined below), except where the context requires otherwise. References to our “management” or our “management team” refer to officers and directors of LMF Acquisition Opportunities, Inc. prior to the Business Combination (as defined below), and references to the “Sponsor” refer to LMFAO Sponsor LLC. The following discussion and analysis of the Company’s financial condition and results of operations should be read in conjunction with the financial statements and the notes thereto contained elsewhere in this Quarterly Report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts included in this Quarterly Report on Form 10-Q, including, without limitation, statements regarding our or our management team’s expectations, hopes, beliefs, intentions or strategies regarding the future, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “would” or the negative thereof or any variation thereon or similar terminology or expressions.

We have based these forward-looking statements on our current expectations and beliefs concerning future developments and their potential effects on us. These forward-looking statements are not guarantees and are subject to known and unknown risks, uncertainties, and assumptions about us that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by such forward-looking statements. Important factors which could materially affect our results and our future performance include, without limitation:

- the Company’s future capital requirements and sources and uses of cash;
- the Company’s ability to obtain funding or raise capital for its operations and future growth;
- any delays or challenges in obtaining FDA approval of the Company’s SCD product candidates;
- economic downturns and the possibility of rapid change in the highly competitive industry in which the Company operates;
- the ability to develop and commercialize its products or services following regulatory approval of the Company’s product candidates;
- the failure of third-party suppliers and manufacturers to fully and timely meet their obligations;
- product liability or regulatory lawsuits or proceedings relating to the Company’s products and services;
- inability to secure or protect its intellectual property;
- dispute or deterioration of relationship with the Company’s major partners and collaborators;
- the outcome of any legal proceedings that may be instituted against the Company following completion of the Business Combination and transactions contemplated thereby;
- the ability to maintain the listing of its Common Stock on Nasdaq;
- the risk that the Business Combination disrupts current plans and operations;
- the ability to recognize the anticipated benefits of the Business Combination, which may be affected by, among other things, competition, and the ability of the Company to grow and manage growth profitably;
- costs related to the Business Combination; and
- other risks and uncertainties indicated in the Proxy Statement/Prospectus contained in the Registration Statement on Form S-4 that became effective on September 26, 2022, including those set forth under the section entitled “*Risk Factors*.”

Should one or more of these risks or uncertainties materialize or should any of the assumptions made by the management of the Company prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements.

Except as required by law, we assume no duty to update or revise any forward-looking statements.

Overview

As of September 30, 2022, we were a former blank check company incorporated in Delaware for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, or similar business combination with one or more businesses (a “Business Combination”). We completed our initial public offering (the “IPO”) on January 28, 2021. For additional detail regarding the IPO and related transactions, see “Note 1 - Organization and Business Operations - Prior to the Business Combination.” We are an emerging growth company and, as such, are subject to all of the risks associated with emerging growth companies. On October 28, 2022, we consummated our Business Combination with Old SeaStar Medical (as defined below) as further described in Note 1 – Organization and Business Operations.

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Business Combination

On April 21, 2022, the Company, entered into an Agreement and Plan of Merger (the “Merger Agreement”) with LMF Merger Sub, Inc., a Delaware corporation and direct, wholly owned subsidiary of the Company (“Merger Sub”), and SeaStar Medical, Inc., a Delaware corporation (“Old SeaStar Medical”).

On October 28, 2022 (the “Closing Date”), LMAO consummated the merger transaction contemplated by the Merger Agreement, whereby Merger Sub merged with and into Old SeaStar Medical, with Old SeaStar Medical surviving the merger in accordance with the Delaware General Corporation Law as a wholly owned subsidiary of the Company (the “Merger”) and, collectively with the transactions contemplated by the Merger Agreement and the related ancillary agreements, the “Proposed Business Combination”).

The aggregate consideration payable to the stockholders of SeaStar Medical at the closing of the Proposed Business Combination (the “Closing”) was \$85,408,328, which consisted of an aggregate equity value of Old SeaStar Medical of \$85,000,000, minus deductions for indebtedness of Old SeaStar Medical and Old SeaStar Medical transaction expenses in excess of \$800,000, plus the aggregate exercise price of (1) Old SeaStar Medical warrants issued and outstanding immediately prior to the Closing and (2) Old SeaStar Medical options issued and outstanding immediately prior to the Closing, less the value of the shares of Common Stock (as defined below) underlying the assumed equity (the “Closing Merger Consideration”). The Closing Merger Consideration was payable solely in shares of LMAO common stock, par value \$0.0001 per share (“Common Stock”), valued at \$10.00 per share, resulting in the issuance of 7,837,628 shares of common stock, par value \$0.0001 per share, of Common Stock to holders of stock of Old SeaStar Medical immediately prior to the Closing. At the Closing, shares of class B common stock, par value \$0.0001 per share, of LMAO (“Class B Common Stock”) automatically converted into shares of class A common stock, par value \$0.0001 per share, of LMAO (“Class A Common Stock”) on a one-to-one basis, and pursuant to the charter of LMAO after the Business Combination, Class A Common Stock and Class B Common Stock was reclassified as Common Stock.

At the Closing, each of SeaStar Medical’s issued and outstanding convertible notes automatically converted into shares of Old SeaStar Medical common stock (the “Note Conversion”). Immediately prior to the effectiveness of the Business Combination, each share of Old SeaStar Medical’s issued and outstanding preferred stock automatically converted into shares of Old SeaStar Medical common stock (the “Preferred Conversion”) and those Old SeaStar Medical warrants that would be automatically exercised or exchanged in connection with the Business Combination pursuant to the terms thereof were exercised for shares of Old SeaStar Medical common stock. At Closing, the (i) Old SeaStar Medical warrants that would not be exercised or exchanged in connection with the Business Combination were assumed by the Company and converted into warrants to purchase Common Stock, (ii) outstanding options for shares of Old SeaStar Medical common stock under Old SeaStar Medical’s equity plan were assumed by the Company and converted into options to purchase Common Stock, and (iii) outstanding restricted stock unit awards under Old SeaStar Medical’s equity plan will be assumed by the Company and converted into restricted stock units of the Company.

In connection with the Business Combination, holders of 8,878,960 shares of Common Stock, par value \$0.0001 per share, exercised their right to redeem their shares after giving effect to any redemption reversals requested by stockholders to reverse their election to have their shares redeemed.

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Prepaid Forward Agreements

On October 17 and October 26, 2022, LMAO and Old SeaStar Medical entered into certain prepaid forward agreements with two institutional investors, and the material terms of such agreements are described in more detail in the Forms 8-K filed on October 17, 2022 and October 27, 2022.

PIPE Financing

In connection with the Business Combination, LMAO has entered into subscription agreements, each dated August 23, 2022 (collectively, the “Subscription Agreements”) with certain third-party investors (the “PIPE Investors”) pursuant to which LMAO agreed to issue and sell to the PIPE Investors in private placements to close immediately prior to Closing, an aggregate of 700,000 shares of Common Stock at \$10.00 per share, and warrants to purchase up to 700,000 shares of Common Stock (the “PIPE Warrants”) for an aggregate purchase price of \$7,000,000 (the “PIPE Investment”). The PIPE Warrants are exercisable starting on the Closing at an exercise price of \$11.50 per share of Common Stock, subject to adjustment in certain circumstances, and expire five years after the Closing. At the Closing, the PIPE Investors and LMAO consummated the PIPE Investment pursuant to and in accordance with the terms of the Subscription Agreements.

Common Stock Purchase Agreement and Letter Agreement

On August 23, 2022, LMAO entered into an equity line financing arrangement through a Common Stock Purchase Agreement (the “Common Stock Purchase Agreement”) with Tumim Stone Capital LLC (“Tumim”), pursuant to which, after the Closing, subject to the conditions set forth in the Common Stock Purchase Agreement, LMAO has the right to sell to Tumim up to \$100,000,000 worth of shares of Common Stock, subject to certain limitations and conditions set forth in the Common Stock Purchase Agreement (the “Common Stock Investment”). The Common Stock Purchase Agreement provides for a commitment fee (the “Commitment Fee”) in the amount of \$2.5 million payable to Tumim, and such Commitment Fee shall be paid in shares of the Common Stock based on the weighted average trading price of the Common Stock prior to the filing of a registration statement pursuant to the registration rights agreement (the “Commitment Shares”).

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On October 28, 2022, LMAO, Old SeaStar Medical, and Tumim entered into a letter agreement (the “Tumim Letter Agreement”) to amend certain terms of the Common Stock Purchase Agreement, following the consummation of the Business Combination. Pursuant to the Tumim Letter Agreement, among other things, the parties agreed to the following amendments with respect to the Commitment Fee and Commitment Shares: (a) LMAO, or the Company from and after the Closing Date, was required to pay to Tumim \$1,000,000 of the Commitment Fee in cash on the Closing Date; (b) the Company is required to pay to Tumim \$500,000 of the Commitment Fee in cash no later than the earliest of (i) the 30th calendar day immediately following the Effective Date of the Initial Registration Statement (each as defined in the Purchase Agreement), (ii) the 30th calendar day immediately following the Effectiveness Deadline (as defined in the Purchase Agreement) of the Initial Registration Statement, and (iii) not later than the second trading date immediately after the date on which written notice of termination is delivered by the Company or Tumim pursuant to the terms of the Purchase Agreement; and (c) the Company shall pay to Tumim the balance of the Commitment Fee, or \$1,000,000, as Commitment Shares as set forth under the terms in the Purchase Agreement.

Amendment to Credit Agreement with LM Funding America, Inc. (“LMFA”) and Amended Promissory Note

On October 28, 2022, Old SeaStar Medical and LMFA entered into the First Amendment to Credit Agreement, dated September 9, 2022 between LMFA and Old SeaStar Medical (the “First Amendment to Credit Agreement”), pursuant to which the parties amended the Credit Agreement and entered into an Amended and Restated Promissory Note (the “LMFA Note”) to (i) extend the maturity date of the loan under the Credit Agreement to October 30, 2022; (ii) permit the LMFA Note be prepaid without premium or penalty; (iii) require the Company to use 5.0% of the gross cash proceeds received by the Company from any future debt and equity financing to pay outstanding balance of LMFA Note, provided that such repayment is not required for the first \$500,000 of cash proceeds; (iv) reduce the interest rate of the LMFA Note from 15% to 7% per annum; and (v) reduce the default interest rate from 18% to 15%. The LMFA Note contains customary representations and warranties, affirmative and negative covenants and events of default. In addition, on October 28, 2022, the parties entered into a Security Agreement (the “LMFA Security Agreement”), pursuant to which the Company and Old SeaStar Medical granted LMFA a security interest in substantially all of the assets and property of the Company and Old SeaStar Medical, subject to certain exceptions, as collateral to secure the Company’s obligations under the amended Credit Agreement. In addition, the Company entered into a Guaranty, dated October 28, 2022 (the “LMFA Guaranty”), pursuant to which the Company unconditionally guarantees and promises to pay to LMFA the outstanding principal amount under the LMFA Note.

LMFAO Sponsor LLC (“Sponsor”) Promissory Note

On October 28, 2022, the Company entered into a Consolidated Amended and Restated Promissory Note with Sponsor as the lender, for an aggregate principal amount of \$2,785,000 (the “Sponsor Note”) to amend and restate in its entirety (i) the Promissory Note, dated July 29, 2022, for \$1,035,000 in aggregate principal amount issued by LMAO to the Sponsor and (ii) the Amended and Restated Promissory Note, dated July 28, 2022, for \$1,750,000 in aggregate principal amount, issued by LMAO to the Sponsor (collectively, the “Original Notes”). The Sponsor Note amended and consolidated the Original Notes to: (i) extend maturity dates of the Original Notes to October 30, 2023; (ii) permit outstanding amounts due under the Sponsor Notes to be prepaid without premium or penalty; and (iii) require the Company to use 5.0% of the gross cash proceeds received from any future debt and equity financing to pay outstanding balance of Sponsor Note, provided that such repayment is not required for the first \$500,000 of cash proceeds. The Sponsor Note carries an interest rate of 7% per annum and contains customary representations and warranties and affirmative and negative covenants. The Sponsor Note is also subject to customary events of default, the occurrence of which may result in the Sponsor Promissory Note then outstanding becoming immediately due and payable, with interest being increased to 15.0% per annum. In addition, on October 28, 2022, the parties entered into a Security Agreement (the “Sponsor Security Agreement”), pursuant to which the Company and Old SeaStar Medical granted Sponsor a security interest in substantially all of the assets and property of the Company and Old SeaStar Medical, subject to certain exceptions, as collateral to secure the Company’s obligations under the Sponsor Note. In addition, Old SeaStar Medical entered into a Guaranty, dated October 28, 2022 (the “Sponsor Guaranty”), pursuant to which Old SeaStar Medical unconditionally guarantees and promises to pay to Sponsor the outstanding principal amount under the LMFA Note.

Maxim Group LLC (“Maxim”) Promissory Note

Pursuant to an engagement letter between Old SeaStar Medical and Maxim dated October 28, 2022, Old SeaStar Medical or the Company following the consummation of the Business Combination, was required to pay Maxim, as its financial advisor and/or placement agent, an amount equal to \$4,182,353 in cash as professional fees. Upon the closing of the Business Combination, the parties agreed that \$4,182,353 of such amount would be paid in the form of a promissory note. Accordingly, on October 28, 2022, the Company entered into a Promissory Note with Maxim as the lender, for an aggregate principal amount of \$4,182,353 (the “Maxim Note”). The Maxim Note has a maturity date of October 30, 2023 and outstanding amount may be prepaid without premium or penalty. If the Company receives any cash proceeds from a debt or equity financing transaction prior to the maturity date, then the Company is required to prepay the indebtedness equal to 25.0% of the gross amount of the cash proceeds, provided that such repayment obligation shall not apply to the first \$500,000 of the cash proceeds received by the Company. Interest on the Maxim Note is due at 7.0% per annum. The Maxim Note contains customary representations and warranties, and affirmative and negative covenants. The Maxim Note is also subject to customary events of default, the occurrence of which may result in the Maxim Promissory Note then outstanding becoming immediately due and payable, with interest being increased to 15.0% per annum.

Intercreditor Agreement

On October 28, 2022, Maxim, LMFA, Sponsor (collectively, the “Creditors”), SeaStar Medical and the Company entered into an Intercreditor Agreement (the “Intercreditor Agreement”) in order to set forth their relative rights under the LMFA Note, Sponsor Note and Maxim Note, including the payments of amounts by the Company upon an event of default under such notes. Pursuant to the Intercreditor Agreement, each Creditor agrees and acknowledges that LMFA and Sponsor have been granted liens on the collateral as set forth in the applicable LMFA Security Agreement and Sponsor Security Agreement. Each Creditor also agrees and acknowledges that Maxim’s indebtedness under the Maxim Promissory Note is unsecured.

Except as otherwise expressly provided herein, the information in this Report does not reflect the consummation of the Business Combination, which, as discussed above, occurred subsequent to the period covered hereunder

Results of Operations

Results of Operations for the Three Months Ended September 30, 2022

The Company’s only activities since inception in October 28, 2020 through September 30, 2022 were organizational activities and those necessary to consummate the IPO. The Company does not expect to generate any operating revenues until after the completion of the initial Business Combination.

Revenues

The Company had no revenues during the three months ended September 30, 2022.

Expenses

During the three months ended September 30, 2022 and 2021, expenses were approximately \$1,662 thousand and \$411 thousand, respectively. The three months ended September 30, 2022 and 2021 included \$1,392 thousand and nill merger expenses and \$270 thousand and \$411 thousand of formation and administrative expenses, respectively.

Gain (Loss) on Revaluation of Warrants

The Company recognized a gain of \$681 thousand and \$645 thousand upon the revaluation of the warrants as of September 30, 2022 and 2021, respectively.

Income Tax Expense

For the three months ended September 30, 2022 and 2021, the Company did not incur any income tax expense due to the Company being in a loss situation since inception. As such, any benefits from the Company's operating loss is deferred as it recognizes a taxation valuation allowance for the full amount. The Company did not recognize any income tax expense for the three months ended September 30, 2022 or 2021.

Net Income (Loss)

During the three months ended September 30, 2022 and 2021, net income (loss) was (\$620) thousand and \$236 thousand, respectively. The net loss for the three months ended September 30, 2022, was primarily driven by an increase in merger expenses of \$1,392 offset by a reduction in formation and administrative expense of as \$141 thousand as compared to the three months ended September 30, 2021.

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Results of Operations for the Nine Months Ended September 30, 2022

The Company's only activities since inception in October 28, 2020 through September 30, 2022 were organizational activities and those necessary to consummate the IPO. The Company does not expect to generate any operating revenues until after the completion of the initial Business Combination.

Revenues

The Company had no revenues during the nine months ended September 30, 2022.

Expenses

During the nine months ended September 30, 2022 and 2021, expenses were approximately \$3,284 thousand and \$747 thousand, respectively. The nine months ended September 30, 2022 and 2021 included \$2,454 thousand and nil merger expenses and \$831 thousand and \$747 thousand of formation and administrative expenses, respectively.

Gain on Revaluation of Warrants

The Company recognized a \$5.8 million gain and \$702 thousand gain upon the revaluation of the warrants as of September 30, 2022 and 2021, respectively.

Income Tax Expense

During the nine months ended September 30, 2022 and 2021, the Company did not incur any income tax expense due to the Company being in a loss situation since inception. As such, any benefits from the Company's operating loss is deferred as it recognizes a taxation valuation allowance for the full amount. The Company did not recognize any income tax expense for the nine months ended September 30, 2022 or 2021.

Net Income (Loss)

During the nine months ended September 30, 2022 and 2021, net income (loss) was \$2,949 thousand and (\$40) thousand, respectively. Such net income resulted from a revaluation of the Company's warrants.

Liquidity and Capital Resources

General

As of September 30, 2022 and 2021, we had cash of \$117 thousand and \$166 thousand, respectively. Our liquidity needs through September 30, 2022 have been satisfied through a payment of \$25,000 from our sale of our founder shares to our Sponsor, a loan from our Sponsor for \$151,413, which we repaid in full on January 28, 2021, a working capital loan from our Sponsor of approximately \$1,750,000, an extension loan from our Sponsor of \$1,035,000, the net proceeds from the consummation of the IPO of \$103,500,000, and net proceeds of a sale of private placement warrants to our Sponsor of \$5,738,000.

We continue to evaluate the impact of the COVID-19 pandemic and have concluded that the specific impact is not readily determinable as of the date of the balance sheet. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Cash from Operations

Net cash used in operations was \$1,668 thousand and \$373 thousand during the nine months ended September 30, 2022 and 2021, respectively, due to cash used for merger expenses, operating and formation costs.

Cash from Investing Activities

For the nine months ended September 30, 2022 and 2021, net cash used in investing activities was \$1.0 million and \$105.6 million, respectively as the Company invested \$105.6 million into its Trust account during the period ended September 30, 2021 and invested an additional \$1.0 million during the nine months ended September 30, 2022.

Cash from Financing Activities

Net cash provided by financing activities was \$2.8 million and \$106.1 million for the nine months ended September 30, 2022 and 2021. During the nine months ended September 30, 2022 the Company received \$2.8 million, net of repayments, under a related party loan. During the nine months ended September 30, 2021, \$106.8 million was generated by the Company's IPO and the Company paid \$754 thousand for director and officer insurance premiums.

Shareholders' Equity

During the nine months ended September 30, 2021, the Company issued 10.3 million units, 0.1 million Class A shares to our underwriter, 0.4 million in Class B shares and 5.7 million Private Placement Warrants. There were no issuance of either shares or warrants during the nine months ended September 30, 2022.

Contractual Obligations

We did not have any long-term debt obligations, capital lease obligations, operating lease obligations, purchase obligations or long-term liabilities as of September 30, 2022,

The underwriter of our IPO is entitled to underwriting discounts and commissions of 5.5%, of which 2.0% (\$2,070,000) was paid at the closing of our IPO, and 3.5% (\$3,622,500) was deferred. The deferred underwriting discount will become payable to the underwriter from the amounts held in the Trust Account solely in the event that we complete a business combination, subject to the terms of the underwriting agreement. The underwriter is not entitled to any interest accrued on the deferred underwriting discount.

Critical Accounting Policies

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. A summary of our significant accounting policies is included in Note 2 to our unaudited condensed financial statements in Part I, Item 1 of this Quarterly Report. Certain of our accounting policies are considered critical, as these policies are the most important to the depiction of our financial statements and require significant, difficult or complex judgments, often employing the use of estimates about the effects of matters that are inherently uncertain. Such policies are summarized in the Management's Discussion and Analysis of Financial Condition and Results of Operations section in our 2021 Annual Report on Form 10-K filed with the SEC on April 6, 2022. There have been no significant changes in the application of our critical accounting policies during the nine months ended September 30, 2022.

Recent Accounting Pronouncements

See Note 2 to the unaudited financial statements included in Part I, Item 1 of this Quarterly Report for a discussion of recent accounting pronouncements.

Off-Balance Sheet Arrangements

As of September 30, 2022, we did not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K.

JOBS Act

The Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") contains provisions that, among other things, relax certain reporting requirements for qualifying public companies. We qualify as an "emerging growth company" and under the JOBS Act 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, the 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 auditor'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 PCAOB regarding mandatory audit firm rotation or a supplement to the auditor'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 our IPO or until we are no longer an "emerging growth company," whichever is earlier.

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Redeemable Equity Instruments

In accordance with the SEC and its staff's guidance on redeemable equity instruments, which has been codified in ASC 480-10-S99, redemption provisions not solely within the control of the Company require common stock subject to redemption to be classified outside of permanent equity. Although the Company did not specify a maximum redemption threshold, its charter provides that currently, the Company will not redeem its public shares in an amount that would cause its net tangible assets to be less than \$5,000,001.

Management reviewed the Company's initial application of ASC 480-10-S99-3A to its accounting classification of public shares and determined that the public shares include certain redemption provisions outside of the Company's control that require the public shares to be presented as temporary equity regardless of the minimum net tangible asset required by the Company to complete its initial business combination.

Warrants as Derivative Liability

The Company previously accounted for its outstanding Public Warrants and Private Placement Warrants issued in connection with its IPO as components of equity instead of as derivative liabilities. The warrant agreement governing the Warrant Agreement includes a provision that provides for potential changes to the settlement amounts dependent upon the characteristics of the holder of the Warrant. In addition, the Warrant Agreement includes a provision that in the event of a tender or exchange offer made to and accepted by holders of more than 50% of the outstanding shares of a single class of common shares, all holders of the Warrants would be entitled to receive cash for their Warrants (the "tender offer provision").

In connection with the reevaluation of the accounting treatment of the Warrants, the Company's management evaluated the warrants under Accounting Standards Codification ("ASC") Subtopic 815-40, Contracts in Entity's Own Equity. ASC Section 815-40-15 addresses equity versus liability treatment and classification of equity-linked financial instruments, including warrants, and states that a warrant may be classified as a component of equity only if, among other things, the warrant is indexed to the issuer's common stock. Under ASC Section 815-40-15, a warrant is not indexed to the issuer's common stock if the terms of the warrant require an adjustment to the exercise price upon a specified event and that event is not an input to the fair value of the warrant. Based on management's evaluation, the Company's Audit Committee, in consultation with management and after discussion with the Company's independent registered public accounting firm, concluded that the Company's Private Placement Warrants are not indexed to the Company's common shares in the manner contemplated by ASC Section 815-40-15 because the holder of the instrument is not an input into the pricing of a fixed-for-fixed option on equity shares. In addition, based on management's evaluation, the Company's Audit Committee, in consultation with management and after discussion with the Company's independent registered public accounting firm, concluded the tender offer provision included in the Warrant Agreement fails the "classified in stockholders' equity" criteria as contemplated by ASC Section 815-40-15.

As a result of the above, the Company should have classified the Warrants as derivative liabilities in its previously issued balance sheet as of January 28, 2021 that was filed on Form 8-K on February 3, 2021. Under this accounting treatment, the Company is required to measure the fair value of the Warrants at the end of each reporting period and recognize changes in the fair value from the prior period in the Company's operating results for the current period improper accounting classification of warrants we issued in January 2021 which, due to its impact on our financial statements which we determined to be a material weakness. This mistake in classification was brought to our attention only when the SEC issued a Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies ("SPACs") dated April 12, 2021 (the "SEC Statement"). The SEC Statement addresses certain accounting and reporting considerations related to warrants of a kind similar to those we issued at the time of our initial public offering in January 2021.

In accordance with SEC Staff Accounting Bulletin No. 99, "Materiality," and SEC Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements;" the Company evaluated the changes and has determined that the related impact was material to any previously presented financial statements. Therefore, the Company, in consultation with its Audit Committee, concluded that its previously issued financial statements should be restated to report all public shares as temporary equity and warrants should be classified and measured as derivative liabilities.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and are not required to make disclosures under this item.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, such as this Report, is recorded, processed, summarized, and reported within the time period specified in the SEC’s rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure. Our management evaluated, with the participation of our chief executive officer and chief financial officer (our “Certifying Officers”), the effectiveness of our disclosure controls and procedures as of September 30, 2022, pursuant to Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, our Certifying Officers concluded that, as of September 30, 2022, our disclosure controls and procedures were not effective.

Specifically, management’s determination was based solely on the following material weaknesses which existed as of September 30, 2022. Since inception in 2020 to the present, the Company did not effectively segregate certain accounting duties due to the small size of its accounting staff. In addition, we did not have sufficient controls in place surrounding the accounting of complex financial instruments. This lack of control led to improper accounting classification of warrants we issued in January 2021 which, due to its impact on our financial statements. This lack of control led to improper accounting classification of warrants we issued in January 2021 which we determined to be a material weakness. This mistake in classification was brought to our attention only when the SEC issued a Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies (“SPACs”) dated April 12, 2021 (the “SEC Statement”). The SEC Statement addresses certain accounting and reporting considerations related to warrants of a kind similar to those we issued at the time of our initial public offering in January 2021.

A material weakness is a deficiency, or a combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness 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 connection with the evaluation of the SEC Statement and management’s subsequent re-evaluation of its Prior Financials, the Company determined that there were errors in its accounting for its warrants and shares as temporary equity. Management concluded that a deficiency in internal control over financial reporting existed relating to the accounting treatment for complex financial instruments and that the failure to properly account for such instruments constituted a material weakness. This material weakness resulted in the need to restate the Prior Financials.

Notwithstanding the determination that our internal control over financial reporting was not effective, as of September 30, 2022, and that there was a material weakness as identified in this Quarterly Report, we believe that our financial statements contained in this Quarterly Report fairly present our financial position, results of operations and cash flows for the periods covered hereby in all material respects.

We do not expect that our disclosure controls and procedures will prevent all errors and all instances of fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs. Because of the inherent limitations in all disclosure controls and procedures, no evaluation of disclosure controls and procedures can provide absolute assurance that we have detected all our control deficiencies and instances of fraud, if any. The design of disclosure controls and procedures also is based partly on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

(b) Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2022 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

We are not currently a party to material litigation proceedings, nor, to our knowledge, is any material legal proceeding threatened against us or any of our officers or directors in their corporate capacity.

Item 1A. Risk Factors

As a result of the closing of the Business Combination on October 28, 2022, the risk factors previously disclosed in the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021 no longer apply. For risk factors relating to our business following the Business Combination, please refer to the section entitled “Risk Factors” in our final prospectus and definitive proxy statement filed with the SEC on September 28, 2022. Except as set forth below, there has not been any material changes to such risk factors set forth in the final prospectus and definitive proxy statement:

We may suffer from lack of availability of additional funds.

We expect to have ongoing needs for working capital in order to fund operations, continue to expand our operations and recruit experienced personnel. To that end, we will be required to raise additional funds through equity or debt financing. However, there can be no assurance that we will be successful in securing additional capital on favorable terms, if at all. If we are successful, whether the terms are favorable or unfavorable, there is a potential that we will fail to comply with the terms of such financing, which could result in severe liability for us. If we are unsuccessful, we may need to (a) initiate cost reductions; (b) forego business development opportunities; (c) seek extensions of time to fund liabilities, or (d) seek protection from creditors. In addition, any future sale of our equity securities would dilute the ownership and control of your shares and could be at prices substantially below prices at which our shares currently trade. Our inability to raise capital could require us to significantly curtail or terminate our operations altogether. We may seek to increase our cash reserves through the sale of additional equity or debt securities. The sale of convertible debt securities or additional equity securities could result in additional and potentially substantial dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations and liquidity. In addition, our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties.

In addition, if we are unable to generate adequate cash from operations, and if we are unable to find sources of funding, it may be necessary for us to sell all or a portion of our assets, enter into a business combination, or reduce or eliminate operations. These possibilities, to the extent available, may be on terms that result in significant dilution to our shareholders or that result in our shareholders losing all of their investment in our Company.

Our management team has limited experience managing a public company.

Most members of our management team have limited experience managing a publicly traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage our transition to being a public company subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could adversely affect our business, results of operations, cash flows and financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In connection with Business Combination, LMAO entered into subscription agreements, each dated August 23, 2022 (collectively, the “Subscription Agreements”) with certain third-party investors (the “PIPE Investors”) pursuant to which LMAO agreed to issue and sell to the PIPE Investors in private placements to close immediately prior to the Closing, an aggregate of 700,000 shares of Common Stock at \$10.00 per share, and warrants to purchase up to 700,000 shares of Common Stock (the “PIPE Warrants”) for an aggregate purchase price of \$7,000,000 (the “PIPE Investment”). The PIPE Warrants are exercisable starting on the Closing at an exercise price of \$11.50 per share of Common Stock, subject to adjustment in certain circumstances, and expire five years after the Closing. At the Closing, the PIPE Investors and LMAO consummated the PIPE Investment pursuant to and in accordance with the terms of the Subscription Agreements. The sale of shares of Common Stock and PIPE Warrants were made in reliance of an exemption under Section 4(2) of the Securities Act of 1933, as amended.

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(b) Use of Proceeds.

On November 6, 2020, we issued 2,156,250 shares of our Class B common stock, to our sponsor for \$25,000 in cash, at a purchase price of approximately \$0.012 per share, in connection with our formation. Such shares were issued in connection with our organization pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act.

On January 28, 2021, we consummated our initial public offering of 10,350,000 units. Each unit consists of one share of our Class A common stock and one redeemable warrant, with each warrant entitling the holder thereof to purchase one share of Class A common stock for \$11.50 per share. The units were sold at a price of \$10.00 per unit, generating gross proceeds of \$103,500,000. Maxim Group LLC acted as sole book-running manager. The securities sold in the initial public offering were registered under the Securities Act on a Registration Statement on Form S-1 (No. 333-251962), which was declared effective by the SEC on January 25, 2021.

Simultaneously with the closing of our initial public offering, we consummated a private placement of 5,738,000 private placement warrants, at a price of \$1.00 per private placement warrant, to our sponsor, generating gross proceeds of \$5,738,000. Such securities were issued pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act.

Following the closing of our initial public offering and the sale of the private placement warrants, an aggregate amount of \$105,570,00 (which amount includes the deferred underwriting discount) was placed in a trust account established in connection with the initial public offering.

Transaction costs amounted to \$6,211,902, consisting of \$2,070,000 in underwriting discount, \$3,622,500 in deferred underwriting discount, the fair value of the shares issued to the underwriters of \$1,000 deemed as underwriters' compensation, and \$518,402 of other offering costs.

We intend to use substantially all of the funds held in the trust account, including any amounts representing interest earned on the trust account not previously released to us (less taxes payable) to complete our initial business combination. We may withdraw interest to pay our franchise and income taxes. To the extent that our equity or debt is used, in whole or in part, as consideration to complete our initial business combination, we may apply the balance of the cash released to us from the trust account for general corporate purposes, including for maintenance or expansion of operations of the post-transaction company, the payment of principal or interest due on indebtedness incurred in completing our initial business combination, to fund the purchase of other companies or for working capital.

We intend to use the funds held outside the trust account primarily to identify and evaluate target businesses, perform business due diligence on prospective target businesses, travel to and from the offices of prospective target businesses or their representatives or owners, review corporate documents and material agreements of prospective target businesses, and structure, negotiate, complete a business combination, and implement our plan of dissolution.

For a description of the use of the proceeds generated in our initial public offering, see Part I, Item 2 of this Quarterly Report.

(c) Repurchase of Securities.

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None

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Item 6. Exhibits

The following documents are filed as a part of this report or are incorporated herein by reference.

<u>EXHIBIT NUMBER</u>	<u>DESCRIPTION</u>
2.1	Agreement and Plan of Merger, dated as of April 21, 2022, by and among LMF Acquisition Opportunities, Inc., LMF Merger Sub, Inc., and SeaStar Medical, Inc. (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed with the SEC on April 26, 2022).
3.1	Third Amended and Restated Certificate of Incorporation of Seastar Medical Holding Corporation, filed with the Secretary of State of Delaware on October 28, 2022 (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the SEC on November 4, 2022)
3.2	Amended and Restated Bylaws of Seastar Medical Holding Corporation (incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K filed with the SEC on November 4, 2022)
10.1	Amended and Restated Promissory Note, dated July 28, 2022 but effective as of September 30, 2022, between LMFAO Sponsor LLC and LMF Acquisition Opportunities Inc (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on August 1, 2022).
10.2	Amended and Restated Registration Rights Agreement, dated as of April 21, 2022, by and among LMF Acquisition Opportunities, Inc., SeaStar Medical, Inc., and certain stockholders of SeaStar Medical, Inc. (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on April 26, 2022)
10.3	Sponsor Support Agreement, dated as of April 21, 2022, by and among LMF Acquisition Opportunities, Inc., SeaStar Medical, Inc., and LMFAO Sponsor LLC (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the SEC on April 26, 2022).
10.4	Form of PIPE Subscription Agreement (incorporated by reference to Exhibit 10.29 to the Company's amendment to registration statement on Form S-4 filed with the SEC on August 24, 2022)
10.5	Common Stock Purchase Agreement by and among Tumim Stone Capital LLC, LMF Acquisition Opportunities, Inc., and SeaStar Medical, Inc., dated August 23, 2022 (incorporated by reference to Exhibit 10.30 to the Company's amendment to registration statement on Form S-4 filed with the SEC on August 24, 2022)
10.6	Registration Rights Agreement by and among Tumim Stone Capital LLC, LMF Acquisition Opportunities, Inc. and SeaStar Medical, Inc., dated August 23, 2022 (incorporated by reference to Exhibit 10.31 to the Company's amendment to registration statement on Form S-4 filed with the SEC on August 24, 2022).
10.7	Letter Agreement, dated October 28, 2022, by and among LMAO, SeaStar Medical, Inc., and Tumim Stone Capital LLC (incorporated by reference to Exhibit 10.13 of the Company's Current Report on Form 8-K filed November 4, 2022).
10.8	First Amendment to Credit Agreement, dated October 28, 2022, by and between SeaStar Medical, Inc. and LM Funding America, Inc. (incorporated by reference to Exhibit 10.15 of the Company's Current Report on Form 8-K filed November 4, 2022).
10.9	Amended and Restated Promissory Note, dated October 28, 2022, issued by SeaStar Medical, Inc. to LM Funding America, Inc. (incorporated by reference to Exhibit 10.16 of the Company's Current Report on Form 8-K filed November 4, 2022).
10.10	Consolidated Amended and Restated Promissory Note, dated October 28, 2022, issued by SeaStar Medical Holding Corporation to LMFAO Sponsor, LLC (incorporated by reference to Exhibit 10.19 of the Company's Current Report on Form 8-K filed November 4, 2022).
10.11	Promissory Note, dated October 28, 2022, issued by SeaStar Medical Holding Corporation to Maxim Group LLC (incorporated by reference to Exhibit 10.22 of the Company's Current Report on Form 8-K filed November 4, 2022).
10.12	Intercreditor Agreement, dated October 28, 2022, by and among Maxim Group LLC, LM Funding America, Inc., LMFAO Sponsor, LLC, SeaStar Medical, Inc. and SeaStar Medical Holding Corporation (incorporated by reference to Exhibit 10.23 of the Company's Current Report on Form 8-K filed November 4, 2022).
10.13	Confirmation for Prepaid Forward Transaction, dated October 17, 2022, by and among LMF Acquisition Opportunities, Inc., SeaStar Medical, Inc. and Vellar Opportunity Fund SPV LLC - Series 4 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on October 17, 2022).
10.14	Confirmation for Prepaid Forward Transaction, dated October 26, 2022, by and among LMF Acquisition Opportunities, Inc., SeaStar Medical, Inc. and HB Strategies LLC (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on October 27, 2022).
31.1*	Rule 13a – 14(a) Certification of the Principal Executive Officer
31.2*	Rule 13a – 14(a) Certification of the Principal Financial Officer
32.1*	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL 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 (embedded within the Inline XBRL document).

* Filed herewith

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:

SeaStar Medical Holding Corporation;

Date: November 14, 2022

By: /s/ Eric Schlorff
Eric Schlorff
Chief Executive Officer and Chairman of the Board
(Principal Executive Officer)

Date: November 14, 2022

By: /s/ Caryl Baron
Caryl Baron
Chief Financial Officer
(Principal Accounting Officer)

**Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Eric Schlorff, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SeaStar Medical Holding Corporation;
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 are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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.

November 14, 2022

/s/ Eric Schlorff
Eric Schlorff
Chief Executive Officer
(Principal Executive Officer)

A signed original of this document has been provided to SeaStar Medical Holding Corporation and will be retained by SeaStar Medical Holding Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Caryl Baron, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SeaStar Medical Holding Corporation.;
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 are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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.

November 14, 2022

/s/ Caryl Baron
Caryl Baron
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this document has been provided to SeaStar Medical Holding Corporation, and will be retained by SeaStar Medical Holding Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION 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 SeaStar Medical Holding Corporation (the “Company”) on Form 10-Q for the period ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Eric Schlorff, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (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 Company.

Date: November 14, 2022

By:

/s/ Eric Schlorff

Eric Schlorff
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION 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 SeaStar Medical Holding Corporation (the "Company") on Form 10-Q for the period ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Caryl Baron, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (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 Company.

Date: November 14, 2022

By:

/s/ Caryl Baron

Caryl Baron
Chief Financial Officer
(Principal Financial Officer)