

REFINITIV

DELTA REPORT

10-Q

SEASTAR MEDICAL HOLDING C

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1496

█	CHANGES	122
█	DELETIONS	782
█	ADDITIONS	592

**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** **March** **30** **31, 2023** **2024**

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

85-3681132

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer

Identification No.)

3513 Brighton Blvd., Suite 410

Denver, CO

80216

(Address of principal executive offices)

(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(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value	ICU	The Nasdaq Stock Market LLC

Warrants, each whole warrant exercisable for one share
of Common Stock for \$11.50 per share

ICUCW

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 Yes No No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of **November 10, 2023** **April 30, 2024**, the registrant had **36,979,724** **75,419,458** shares of common stock, \$0.0001 par value per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements.

SeaStar Medical Holding Corporation
Condensed Consolidated Balance Sheets
(in thousands, except for share and per-share amounts)

	September 30, 2023	December 31, 2022
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ASSETS				
Current assets				
Cash	\$	73	\$	47
Other receivables		—		12
Prepaid expenses		2,172		2,977
Total current assets		2,245		3,036
Forward option-prepaid forward contracts, net		—		1,729
Other assets		2		2
Total assets	\$	2,247	\$	4,767
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current liabilities				
Accounts payable	\$	5,042	\$	1,927
Accrued expenses		1,481		2,245
Contingent upfront payment for license agreement		100		—
Notes payable, net of deferred financing costs		—		1,178
Convertible notes		4,405		—
Warrants liability		1,400		—
Total current liabilities		12,428		5,350
Notes payable, net of deferred financing costs		5,722		7,652
Total liabilities		18,150		13,002
Commitments and contingencies (see Note 10)				
Stockholders' deficit (1)				
Common stock - \$0.0001 par value per share; 500,000,000 and 100,000,000 shares authorized at September 30, 2023 and December 31, 2022, respectively;				
27,201,087 and 12,699,668 shares issued and outstanding at September 30, 2023 and				
December 31, 2022, respectively		3		1
Additional paid-in capital		99,776		91,089
Accumulated deficit		(115,682)		(99,325)
Total stockholders' deficit		(15,903)		(8,235)
Total liabilities and stockholders' deficit	\$	2,247	\$	4,767

(1) Retroactively restated to present effect of the reverse recapitalization

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

SeaStar Medical Holding Corporation
Condensed Consolidated Statements of Operations
(in thousands, except for share and per-share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Operating expenses				
Research and development	\$ 1,107	\$ 727	\$ 4,898	\$ 1,678
General and administrative	1,829	1,042	6,369	2,215
Total operating expenses	<u>2,936</u>	<u>1,769</u>	<u>11,267</u>	<u>3,893</u>
Loss from operations	(2,936)	(1,769)	(11,267)	(3,893)
Other income (expense), net				
Interest expense	(224)	(123)	(882)	(483)
Change in fair value of convertible notes	(291)	—	(291)	—
Change in fair value of warrants liability	825	—	1,305	—
Change in fair value of notes payable derivative liability	—	—	—	578
Change in fair value of forward option-prepaid forward contracts	—	—	(1,723)	—
Loss on extinguishment of convertible notes	(4,949)	—	(4,949)	—
Gain on sale of recycled shares	—	—	1,306	—
Other income	<u>149</u>	<u>1</u>	<u>149</u>	<u>1</u>
Total other income (expense), net	<u>(4,490)</u>	<u>(122)</u>	<u>(5,085)</u>	<u>96</u>
Loss before provision for income taxes	(7,426)	(1,891)	(16,352)	(3,797)
Provision for income taxes	—	1	5	1
Net loss	<u>\$ (7,426)</u>	<u>\$ (1,892)</u>	<u>\$ (16,357)</u>	<u>\$ (3,798)</u>
Net loss per share of common stock, basic and diluted	<u>\$ (0.37)</u>	<u>\$ (0.26)</u>	<u>\$ (1.02)</u>	<u>\$ (0.52)</u>

Weighted-average shares outstanding, basic and diluted, retrospectively restated to present effect of the reverse recapitalization	20,048,473	7,238,767	16,028,118	7,238,767
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The accompanying notes are an integral part of these condensed consolidated financial statements.

2

SeaStar Medical Holding Corporation

Condensed Consolidated Statements of Changes in Stockholders' Deficit

(in thousands, except for share and per-share amounts)

	Stockholders' Deficit						Total Stockholders' Deficit	
	Common Shares		Additional		Accumulated			
	Shares (1)	Amount				Deficit		
Balance, January 1, 2022	7,238,767	\$ 1	\$ 73,495	\$ (76,312)	\$ (2,816)			
Stock-based compensation	—	—	4	—	—	4		
Net loss	—	—	—	(1,004)	(1,004)	(1,004)		
Balance, March 31, 2022	7,238,767	1	73,499	(77,316)	(3,816)	(3,816)		
Stock-based compensation			345			345		
Net loss			—	(902)	(902)	(902)		
Balance, June 30, 2022	7,238,767	1	73,844	(78,218)	(4,373)	(4,373)		
Stock-based compensation			357			357		
Net loss			—	(1,892)	(1,892)	(1,892)		
Balance, September 30, 2022	7,238,767	\$ 1	\$ 74,201	\$ (80,110)	\$ (5,908)	(5,908)		
Balance, January 1, 2023	12,699,668	\$ 1	\$ 91,089	\$ (99,325)	\$ (8,235)	(8,235)		
Issuance of shares - equity line of credit	378,006	—	1,108	—	—	1,108		
Issuance of shares - commitment			—	—	—	—		
fee for equity line of credit	218,842	—	1,000	—	—	1,000		
Stock-based compensation	—	—	505	—	—	505		
Net loss	—	—	—	(5,262)	(5,262)	(5,262)		
Balance, March 31, 2023	13,296,516	1	93,702	(104,587)	(10,884)	(10,884)		
Issuance of shares - equity line of credit	26,993	—	55	—	—	55		

Issuance of shares - conversion of convertible notes	3,088,167	1	1,936	—	1,937
Issuance of shares - vesting of RSUs	153,405	—	—	—	—
Issuance of shares - prepaid forward contracts	1,096,972	—	558	—	558
Stock-based compensation	459,185	—	555	—	555
Net loss	—	—	—	(3,669)	(3,669)
Balance, June 30, 2023	18,121,238	2	96,806	(108,256)	(11,448)
Issuance of shares - equity line of credit	234,579	—	120	—	120
Issuance of shares - conversion of convertible notes	8,432,517	1	2,410	—	2,411
Issuance of shares - vesting of RSUs	32,839	—	—	—	—
Stock-based compensation	379,914	—	440	—	440
Net loss	—	—	—	(7,426)	(7,426)
Balance, September 30, 2023	27,201,087	\$ 3	\$ 99,776	\$ (115,682)	\$ (15,903)

(1) Retroactively restated to give effect to the reverse recapitalization

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

3

SeaStar Medical Holding Corporation
Condensed Consolidated Statements of Cash Flows
(in thousands, except for shares and per-share amounts)

	Nine Months Ended	
	September 30,	
	2023	2022
Cash flows from operating activities		
Net loss	\$ (16,357)	\$ (3,798)
Adjustments to reconcile net loss to net cash used in operating activities		
Amortization of discount on notes payable	—	234
Amortization of deferred financing costs	37	—

Non-cash accrued interest related to convertible notes	—	249
Change in fair value of notes payable derivative liability	—	(578)
Change in fair value of convertible notes	291	—
Change in fair value of warrants liability	(1,305)	—
Change in fair value of forward option-prepaid forward contracts	1,723	—
Gain on sale of recycled shares	(1,306)	—
Loss on extinguishment of convertible notes	4,949	—
Stock-based compensation	1,544	706
Changes in operating assets and liabilities		
Other receivables	12	—
Prepaid expenses	805	(3)
Capitalized merger costs	—	(1,005)
Accounts payable	3,115	1,206
Accrued expenses	692	497
Net cash used in operating activities	<u>(5,800)</u>	<u>(2,492)</u>
Cash flows from financing activities		
Proceeds from issuance of convertible notes	6,500	—
Payment of convertible notes	(282)	—
Proceeds from issuance of shares	1,283	—
Payment of commitment fee - equity line of credit	(500)	—
Proceeds from sale of recycled shares	1,870	—
Proceeds from notes payable	100	2,031
Payment of notes payable	(3,145)	—
Net cash provided by financing activities	<u>5,826</u>	<u>2,031</u>
Net increase (decrease) in cash	26	(461)
Cash, beginning of period	<u>47</u>	<u>510</u>
Cash, end of period	<u>\$ 73</u>	<u>\$ 49</u>

Supplemental disclosure of cash flow information

Cash paid for interest	\$	707	\$	—
Supplemental disclosure of noncash financing activities				
Value of derivative liability on issuance of convertible notes	\$	—	\$	52
Non-cash conversion of accrued expenses into convertible notes	\$	—	\$	96
Shares issued as payment of convertible notes	\$	4,348	\$	—
Shares issued to settle forward option-prepaid forward contracts	\$	558	\$	—
Issuance of convertible note warrants	\$	2,705	\$	—

		March 31, 2024	December 31, 2023
		(unaudited)	
ASSETS			
Current assets			
Cash	\$	5,019	\$ 176
Prepaid expenses		1,518	2,132
Total current assets		6,537	2,308
Other assets		1,203	1,205
Total assets	\$	7,740	\$ 3,513
LIABILITIES AND STOCKHOLDERS' DEFICIT			
Current liabilities			
Accounts payable	\$	3,879	\$ 4,372
Accrued expenses		1,544	1,523
Contingent upfront payment for license agreement		100	100
Notes payable, net of deferred financing costs		357	565
Convertible notes, current portion		1,135	4,179
Liability classified warrants		2,633	2,307
Total current liabilities		9,648	13,046
Notes payable, net of deferred financing costs		2,565	4,143
Convertible notes, net of current portion		—	194
Total liabilities		12,213	17,383

Commitments and contingencies (Note 9)

Stockholders' deficit

Preferred stock - \$0.0001 par value, 10,000,000 shares authorized at March 31, 2024 and December 31, 2023; no shares issued and outstanding at March 31, 2024 and December 31, 2023

— —

Common stock - \$0.0001 par value per share;

500,000,000 shares authorized; 75,419,458 and 47,615,285 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively

8 5

Additional paid-in capital

122,950 100,859

Accumulated deficit

(127,431) (114,734)

Total stockholders' deficit

(4,473) (13,870)

Total liabilities and stockholders' deficit

\$ 7,740 \$ 3,513

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

1

SeaStar Medical Holding Corporation

Condensed Consolidated Statements of Operations

(unaudited)

(in thousands, except for share and per-share amounts)

	Three Months Ended March 31,	
	2024	2023
Operating expenses		
Research and development	\$ 1,697	\$ 1,730
General and administrative	2,253	2,851
Total operating expenses	3,950	4,581
Loss from operations	(3,950)	(4,581)
Other income (expense)		
Interest expense	(143)	(433)
Change in fair value of convertible notes	(5,758)	100

Change in fair value of warrants liability	(2,846)	36
Change in the fair value of the forward purchase agreement derivative liability	—	(2,218)
Total other income (expense), net	(8,747)	(2,515)
Loss before provision for income taxes	(12,697)	(7,096)
Provision for income taxes	—	—
Net loss	\$ (12,697)	\$ (7,096)
Net loss per share of common stock, basic and diluted	\$ (0.19)	\$ (0.54)
Weighted-average shares outstanding, basic and diluted	67,106,081	13,025,852

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

2

SeaStar Medical Holding Corporation						
Condensed Consolidated Statements of Changes in Stockholders' Deficit						
(unaudited)						
(in thousands, except for share and per-share amounts)						
Stockholders' Deficit (unaudited)						
Common Shares						
	Shares	Amount	Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit	
Balance, December 31, 2022	12,699,668	\$ 1	\$ 67,739	\$ (88,502)	\$ (20,762)	
Issuance of shares - equity line of credit	378,006	—	1,108	—	—	1,108
Issuance of shares - commitment fee for equity line of credit	218,842	—	1,000	—	—	1,000
Issuance of shares - prepaid forward contracts	—	—	1,870	—	—	1,870
Stock-based compensation	—	—	505	—	—	505
Net loss	—	—	—	(7,096)	—	(7,096)
Balance, March 31, 2023	13,296,516	\$ 1	\$ 72,222	\$ (95,598)	\$ (23,375)	

Balance, December 31, 2023	47,615,285	\$	5	\$	100,859	\$	(114,734)	\$	(13,870)
Issuance of shares - conversion of convertible notes	12,697,792		1		9,389		—		9,390
Issuance of shares - exercise of warrants	8,801,836		1		3,959		—		3,960
Issuance of shares - equity offering, net of issue costs	6,304,545		1		8,309		—		8,310
Stock-based compensation	—		—		434		—		434
Net loss	—		—		—		(12,697)		(12,697)
Balance, March 31, 2024	75,419,458	\$	8	\$	122,950	\$	(127,431)	\$	(4,473)

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

3

SeaStar Medical Holding Corporation
Condensed Consolidated Statements of Cash Flows
(unaudited)
(in thousands, except for shares and per-share amounts)

	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities		
Net loss	\$ (12,697)	\$ (7,096)
Adjustments to reconcile net loss to net cash used in operating activities		
Amortization of deferred financing costs	27	4
Change in fair value of convertible notes (issued, converted and outstanding)	5,758	2,218
Change in fair value of forward purchase agreement derivative liability	—	(100)
Change in fair value of liability classified warrants (exercised and outstanding)	2,846	(36)
Stock-based compensation	434	505
Changes in operating assets and liabilities		

Other receivables	—	12
Prepaid expenses	614	318
Other assets	2	—
Accounts payable	(493)	1,095
Accrued expenses	21	—
Other liabilities	—	786
Net cash used in operating activities	(3,488)	(2,294)
Cash flows from financing activities		
Proceeds from issuance of convertible notes	979	3,000
Payment of convertible notes	—	(10)
Proceeds from issuance of shares	4,543	1,108
Proceeds from exercise of convertible note warrants	853	—
Proceeds of Pre-Funded warrants	3,769	—
Payment of commitment fee - equity line of credit	—	(500)
Proceeds from sale of recycled shares	—	1,870
Proceeds from notes payable	—	100
Payment of notes payable	(1,813)	(2,596)
Net cash provided by financing activities	8,331	2,972
Net increase in cash	4,843	678
Cash, beginning of period	176	47
Cash, end of period	\$ 5,019	\$ 725
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ —	\$ 508
Exercise of pre-funded warrants	\$ 3,106	\$ —
Shares issued as payment of convertible notes	\$ 9,387	\$ —
Issuance of convertible note warrants	\$ 586	\$ 500

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

Notes to the Unaudited Condensed Consolidated Financial Statements

Note 1. Description of Business

Organization and description of business

SeaStar Medical Holding Corporation, a Delaware corporation ("SeaStar", "we") and its wholly owned subsidiary, SeaStar Medical, Inc., are collectively referred to as the "Company". SeaStar Medical, Inc. was incorporated as a Delaware corporation in June 2007, and it is headquartered in Denver, Colorado. The Company is principally engaged in the research, development, and commercialization of a platform medical device technology designed to modulate inflammation in various patient populations. The primary target of this technology is for the treatment of acute kidney injuries.

The Company is in the pre-revenue stage focused on product development.

On October 28, 2022, LMF Merger Sub, Inc., a wholly owned subsidiary of LMF Acquisition Opportunities, Inc., ("LMAO") merged with and into SeaStar Medical, Inc. (the "Business Combination"), with SeaStar Medical, Inc. surviving the Business Combination as a wholly owned subsidiary of LMAO. Following the consummation of the Business Combination, LMAO was renamed to "SeaStar Medical Holding Corporation."

Basis of presentation and consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the rules and regulations of the Securities and Exchange Commission ("SEC") for interim reporting. As permitted under those rules and regulations, certain notes or other financial information normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. The interim unaudited condensed consolidated financial statements have been prepared on the same basis as the annual **condensed** consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal, recurring adjustments that are necessary to present fairly the Company's results for the interim periods presented. The results from operations for the three **and nine** months ended **September 30, 2023** **March 31, 2024**, are not necessarily indicative of the results to be expected for the year ended **December 31, 2023** **December 31, 2024**, or for any future annual or interim period.

The accompanying interim unaudited condensed consolidated financial statements should be read in conjunction with the annual **condensed** consolidated financial statements and the related notes for the year ended **December 31, 2022** **December 31, 2023**. There have been no material changes in our significant accounting policies as described in our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

The interim unaudited condensed consolidated financial statements include the consolidated accounts of the Company's wholly owned subsidiary, SeaStar Medical, Inc. All significant intercompany transactions have been eliminated in consolidation.

Segment information

The Company operates in one operating segment and, accordingly, no segment disclosures have been presented herein.

Liquidity and Going Concern

As of **September 30, 2023** **March 31, 2024**, the Company has an accumulated deficit of **\$115,682** **127.4** million and cash of **\$735.0** million. We do not believe that will be sufficient to enable us to fund our operations, including clinical trial expenses and capital expenditure requirements for at least 12 months from the issuance of these unaudited **interim** condensed consolidated financial statements. We believe that these conditions raise substantial doubt about our ability to continue as a going concern.

Notes to the Unaudited Condensed Consolidated Financial Statements

(in thousands, except for shares and per-share amounts)

Our need for additional capital will depend in part on the scope and costs of our development activities. To date, we have not generated any revenue from the sales of commercialized products. Our ability to generate product revenue will depend on the successful development and eventual commercialization of our product. Until such time, if ever, we expect to finance our operations through the sale of equity or debt, borrowing under credit facilities, or through potential collaborations, other strategic transactions or government and other grants. Adequate capital may not be available to us when needed or on acceptable terms.

Notes to the Condensed Consolidated Financial Statements

(in thousands, except for shares Risks and per-share amounts) uncertainties

If we are unable to raise capital, we could be forced to delay, reduce, suspend, or cease our research and development programs or any future commercialization efforts, which would have a negative impact on our business, prospects, operating results and financial condition. The accompanying unaudited condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern and do not include adjustments that might result from the outcome of this uncertainty. This basis of accounting contemplates the recovery of the Company's assets and the satisfaction of liabilities in the normal course of business.

Risks and uncertainties

The Company is subject to risks common to early-stage companies in the medical technology industry including, but not limited to, new medical and technological innovations, regulatory approval requirement, lack of funding and capital resources, dependence on key personnel, protection of proprietary technology, and product liability. There can be no assurance that the Company's products or services will be accepted in the marketplace, nor can there be any assurance

that any future products or services can be developed or deployed at an acceptable cost and with appropriate performance characteristics, or that such products or services will be successfully marketed, if at all. These factors could have a materially adverse effect on the Company's future financial results, financial position and cash flows.

Note 2. Summary of Significant Accounting Policies

Use of ~~Estimates~~ estimates

The preparation of the unaudited ~~interim~~ condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the ~~condensed~~ consolidated financial statements and reported amounts of revenues and expenses during the period. Significant estimates include the valuation of the ~~forward option on~~ ~~liability classified warrants~~, prepaid forward ~~contracts~~, ~~purchase agreement~~ derivative liability, ~~warrants~~, provision for income taxes, convertible debt measured at fair value, and the amount of stock-based compensation expense. Although actual results could differ from those estimates, such estimates are developed based on the best information available to management and management's best judgments at the time.

Concentrations of credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. Periodically, the Company may maintain deposits in financial institutions in excess of government insured limits. ~~The Company has not experienced any losses~~ Any loss incurred or a lack of access to such funds could have a significant adverse impact on deposits since inception. the Company's financial condition, results of operations, and cash flows.

Fair value option of accounting

Generally, when financial instruments ~~are first acquired and are not~~

The following provides a summary of those assets or liabilities for which the Company is required to be recorded ~~measure~~ at fair value ~~ASC 825, Financial Instruments ("ASC 825")~~, allows an entity either on a recurring basis, the valuation techniques and summary of inputs used to ~~elect~~ the fair value option ("FVO"). The FVO may be elected on an instrument-by-instrument basis only ~~arrive~~ at the ~~time~~ ~~measure~~ of acquisition and once elected is irrevocable. The FVO allows an entity to account for the entire financial instrument at fair ~~value~~ with subsequent changes ~~value~~. Changes in fair value of these assets or liabilities are recognized as a component of net income in ~~earnings~~ through the ~~condensed~~ consolidated ~~statements~~ ~~statement~~ of operations ~~operations~~. Changes in fair value of these assets or liabilities are considered unrealized gains or losses and therefore are classified as non-cash adjustments to reconcile net income to operating cash flows. Significant increases (decreases) in unobservable inputs used in fair value measurements could, in isolation, potentially result in a significantly lower or higher valuation for those assets or liabilities requiring recurring fair value measurements at each reporting date. A financial instrument is generally eligible for the FVO if, amongst other factors, no part of the financial instrument is classified in stockholders' equity.

Based on the eligibility assessment discussed above, the Company concluded that its convertible notes (see Note 7) were eligible for the FVO and accordingly elected the FVO for those debt instruments. This election was made because of operational efficiencies in valuing and reporting for these debt instruments at fair value in their entirety at each reporting date. The convertible notes contain certain embedded derivatives that otherwise would require bifurcation and separate accounting at fair value.

The convertible notes, inclusive Company uses a Black-Scholes option pricing model to fair value Warrants, using standard option pricing inputs such as the strike price of their respective accrued each warrant tranche, estimated volatility, time to maturity, and the risk-free interest rate. The risk-free interest rate is the U.S. Treasury rate at the stated interest rates (collectively referred date of issuance, and the time to as the "FVO debt instruments") were initially recorded at fair value as liabilities maturity is based on the condensed consolidated balance sheets and subsequently re-measured at fair value contractual life at the end date of issuance, which is an interpolated value based on the remaining term of each reporting period presented within the condensed consolidated financial statements. individual instrument. The changes change in fair value of the FVO debt instruments are liability classified warrants each reporting period is recorded in changes to the change in fair value of convertible notes, included as a component of other income (expense), net, warrants liability in the condensed consolidated statements statement of operations.

Notes to the Unaudited Condensed Consolidated Financial Statements
(in thousands, except for shares and per-share amounts)

Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Inputs used to measure fair value are classified into the following hierarchy:

Level 1 – quoted prices in active markets for identical assets and liabilities.

Level 2 – other significant observable inputs (including quoted prices for similar assets and liabilities, interest rate, credit risk, etc.).

Level 3 – significant unobservable inputs (including the Company's own assumptions in determining the fair value of assets and liabilities).

The fair value of the forward option on prepaid forward contracts, convertible notes, and the warrants liability, are classified as Level 3 in the fair value hierarchy.

The following table presents the changes in the forward option-prepaid forward contracts, convertible notes measured at fair value, warrants liability, and the notes derivative liability for the nine months ended September 30, 2023 and 2022 (in

(thousands):

Level 3 Rollforward	Forward Option-				Notes Payable	
	Prepaid		Convertible Notes	Warrants Liability		
	Forward	Contracts				
Balance January 1, 2022	\$	—	\$	—	\$ (526)	
Additions		—	—	—	(52)	
Changes in fair value		—	—	—	578	
Balance September 30, 2022	\$	—	\$	—	\$ —	
Balance January 1, 2023	\$	1,729	\$	—	\$ —	
Additions		—	3,795	2,705	—	
Sale of recycled shares		(564)	—	—	—	
Payments		—	(282)	—	—	
Shares issued as payments		—	(4,348)	—	—	
Changes in fair value		(1,723)	291	(1,305)	—	
Loss on extinguishment (see Note 7)		—	4,949	—	—	
Shares issued as maturity consideration		558	—	—	—	
Balance September 30, 2023	\$	—	\$ 4,405	\$ 1,400	\$ —	

The convertible notes are recorded as liabilities and are recorded at fair value based on Level 3 measurements. The estimated fair values of the convertible notes are each determined based on the aggregated, probability-weighted average of the outcomes of certain possible scenarios. The combined value of the probability-weighted average of those outcomes is then discounted back to each reporting period in which the convertible notes are outstanding, in each case, based on a risk-adjusted discount rate estimated based on the implied interest rate using the changes in observed interest rates of corporate rate debt that the Company believes is appropriate for those probability-adjusted cash flows.

The estimated fair value of prepaid expenses, accounts payable and accrued expenses approximate their fair value because of the short-term nature of these instruments.

Emerging growth company status

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Notes to the Condensed Consolidated Financial Statements

(in thousands, except for shares and per-share amounts)

The Company is an “emerging growth company”, as defined in the Jumpstart Our Business Startups Act of 2012 (“JOBS Act”). Under the JOBS Act, emerging growth companies can take advantage of an extended transition period for complying with new or revised accounting standards, delaying the adoption of these accounting standards until they would

apply to private companies. The Company has elected to use this extended transition period for complying with certain new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it is (1) no longer an emerging growth company or (2) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act.

Note 3. Forward Purchase Agreements

During the nine months ended September 30, 2023, 374,005 recycled shares were sold by Forward Purchase Agreement Sellers ("FPA Sellers"). The Company received \$1,870 for the shares sold and recognized a gain of \$1,306 on the sale. Losses on remeasurement of \$0 and \$1,723 were recorded in Change in fair value of forward option-prepaid forward contracts on the unaudited condensed consolidated statements of operations for the three and nine months ended September 30, 2023, respectively.

In March 2023, the price of the Company stock was below \$3.00 for more than 20 trading days and the FPA Sellers at their discretion had the ability to specify the maturity dates for the Forward Purchase Agreements ("FPA"). During the nine months ended September 30, 2023, the FPA Sellers specified the maturity dates and the FPAs matured and were settled by transferring 1,096,972 shares to the FPA Sellers, with a fair value of \$558. As the FPAs were classified as a liability at fair value, upon settlement, the FPAs were marked to their fair value at the settlement dates and the liability was settled.

Recently issued accounting standards

In December 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-09 *Income Taxes (Topic 740) Improvements to Income Tax Disclosures*. ASU 2023-09 enhances the transparency and decision usefulness of income tax disclosures. The amendments in this update are effective for public business entities for annual periods beginning after December 15, 2024. Early adoption is permitted. We are currently assessing the impact of this guidance on our disclosures.

Note 4.3. Accrued Expenses

Accrued expenses consisted of the following: following amounts as of March 31, 2024 and December 31, 2023:

(\$ in thousands)	September 30,		December 31,		March 31,		December 31,	
	2023	2022	2024	2023	2024	2023	2024	2023
Accrued commitment fee, equity line of credit	\$ —	\$ 1,500						
Accrued bonus	663	450	\$ 671	\$ 501				
Accrued director compensation	335	61	519		427			
Accrued research and development			308		507			
Accrued legal			—		43			
Accrued interest	224	112	29		19			

Accrued settlement	100	—		
Other	159	122	17	26
Total accrued expenses	\$ 1,481	\$ 2,245	\$ 1,544	\$ 1,523

Note 5. Equity Line 4. Notes Payable

Notes payable activity was as follows for the three month period ended March 31, 2024:

(\$ in thousands)	LMFA	LMFAO	Maxim	Insurance Financing	Unamortized deferred financing costs
Balance as of December 31,					
2023	\$ 296	\$ 1,128	\$ 2,771	\$ 565	\$ (52)
Payments	(296)	(1,128)	(181)	(208)	—
Amortization of costs	—	—	—	—	27
Balance as of March 31,					
2024	\$ —	\$ —	\$ 2,590	\$ 357	\$ (25)

Future maturities of principal repayment of the notes payable as of March 31, 2024 are as follows:

The Company paid previously accrued commitment fees of \$1,500 during the nine months ended September 30, 2023, of which \$1,000 was paid in 218,842 shares of common stock and \$500 was paid in cash.

During the three and nine months ended September 30, 2023, the Company sold 234,579 and 639,578 shares of common stock to Tumim Stone Capital LLC for proceeds of \$120 and \$1,283, respectively, as part of the equity line financing arrangement. As of September 30, 2023, \$98,717 was available to draw.

Notes to the Unaudited Condensed Consolidated Financial Statements (in thousands, except for shares and per-share amounts)

(\$ in thousands)		
2024 (remaining)		\$ 357

2025	2,590
	<u>\$ 2,947</u>

Note 6. Notes Payable

Notes payable consisted of the following:

(\$ in thousands)	September 30,	December 31,
	2023	2022
LMFA notes payable	\$ 438	\$ 968
LMFAO note payable	1,757	2,785
Maxim note payable	3,590	4,167
Insurance financing	—	910
Unamortized deferred financing costs	(63)	—
	5,722	8,830
Less current portion	—	(1,178)
	\$ 5,722	\$ 7,652

Future maturities of principal repayment of the notes payable as of September 30, 2023 are as follows: Senior Secured LMFA Note Payable

(\$ in thousands)	\$	—
2023 (remaining)	\$	—
2024	—	—
2025	5,722	—
	\$ 5,722	\$ 5,722

On March 15, 2023, The company entered into a senior secured note with LMFA in September 2022. The interest rate on the loan was 7.0% and was to mature on March 27, 2025. The Company paid this note in full during Q1 2024.

Senior Secured LMFAO Note Payable

The company entered into a senior secured note with LMFAO in October 2022. The interest rate on the loan was 7.0% and was to mature on March 27, 2025. The Company paid this note in full during Q1 2024.

Unsecured Maxim Note Payable

In October 2022, the Company amended its LMFA notes payable, LMFAO entered into an unsecured promissory note payable, and with Maxim, note payable, extending their maturity dates to June 15, 2024. Inconsideration for such extension, the Company agreed to pay the noteholders an aggregate principal amount of \$100 4.2 in cash upon receipt of proceeds from million. The interest rate on the issuance note is 7% and matures on May 8, 2025.

Insurance Financing

In October 2023, the Company entered into a financing arrangement with a lender to finance a portion of the note at annual premium of an insurance policy in the second closing under amount of \$0.7 million. The Company will pay the Securities Purchase Agreement (the "SPA") (see Note 7). The \$remaining five 100monthly consideration installments of principal and interest with the last payment being made in August 2024.

Note 5. Convertible Notes

The activity for the modification was capitalized as a deferred financing cost. The Company amortized \$convertible notes is disclosed in the table below for the period ended March 31, 2024.14 and \$37 of See our Annual Report on Form 10-K for the deferred financing cost during year-ended for December 31, 2023, for all other details relating to the three and nine months ended September 30, 2023, respectively.

On August 7, 2023 Investor D convertible notes issued prior to December 31, 2023. During the quarter-ended March 31, 2024, the Company entered into certain amendments and waivers for the LMFA notes payable, LMFAO two additional Investor D note payable, and Maxim note payable. The lenders waved their rights to receive any mandatory prepayments for proceeds received by the Company from the convertible note financings and agreed to extend the maturity dates to March 26, 2025. (see Note 7).

LMFA Notes Payable issuances:

The balance due was Company completed Additional Closings related to the Second Amendment to the Investor D SPA on January 12, 2024 and January 24, 2024, issuing notes in principal amounts of \$438 0.3 million and \$0.8 million, respectively, each at 7.00% per annum (the "Fifth Investor D Note" and "Sixth Investor D Note", collectively called the "2024 Investor D Notes"). The 2024 Investor D Notes mature on April 12, 2025 and \$968 April 24, 2025 as of September 30, 2023 and December 31, 2022, respectively. The balance at December 31, 2022 consisted 2024 Investor D Notes have an initial conversion price of a \$700 0.56 interest bearing note per share and are convertible into shares of the Company's common stock, par value \$268 0.0001 noninterest bearing (the "common stock"), beginning on the earlier of June 11, 2024 (or earlier upon mutual written agreement of the Company and the purchaser), or the date of an event of default, as defined in the note. The Company recorded interest expense also issued warrants to purchase up to 131,927 and 395,781 shares of common stock, respectively, with an exercise price of \$8 0.56 per share, and an additional warrants to purchase up to 131,927 and \$27 395,781 for the three and nine months ended September 30, 2023, shares of common stock, respectively, on the interest-bearing note. The noninterest bearing note was paid in full in January 2023.

LMFAO Note Payable

The balance due was \$1,757 and \$2,785 on September 30, 2023 and December 31, 2022, respectively. The Company recorded interest expense with an exercise price of \$32 0.56 and \$105 for the three and nine months ended September 30, 2023, respectively, per share.

Maxim Note Payable

The balance of the Maxim note was \$3,590 and \$4,167 as of September 30, 2023 and December 31, 2022, respectively. The Company recorded interest expense of \$63 and \$194 for the three and nine months ended September 30, 2023, respectively.

Notes to the Unaudited Condensed Consolidated Financial Statements
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Insurance Financing

The balance due was \$0 and \$910 on September 30, 2023 and December 31, 2022, respectively. The Company recorded interest expense of \$2 and \$19 for the three and nine months ended September 30, 2023, respectively.

Notes Payable

Amortization of the debt discounts related to the Dow Employees' Pension Plan Trust, Union Carbide Employees' Pension Trust, Innovative BioTherapies, Inc., and investor notes for the three and nine months ended September 30, 2022 was \$26 and \$234, respectively.

(\$ in thousands)	3rd		3rd		3rd		3rd		4th	5th	6th			
	Investor		Investor		Investor		Investor							
	D Note	D Note	D Note	D Note	D Note	D Note	D Note	D Note						
3-1	3-2	3-3	3-4	3-5	3-6	3-7	3-8	3-9						
Balance as of December 31, 2023	\$ 1,012		999	\$ 972	\$ 568	\$ 822	—	—	—	—	\$ 4,373			
Issuance (Face Value)	—	—	—	—	—	—	272	815			1,087			
Fair value of detachable warrants at issuance	—	—	—	—	—	—	(147)	(439)			(586)			
(Gain)/Loss on conversion	1,201	636	615	381	77	482	2,005	2,005			5,397			
Conversion to common stock	(2,213)	(1,635)	(1,587)	(949)	(125)	(607)	(2,381)	(2,381)			(9,497)			
(Gain)/Loss on reporting period remeasurement	—	—	—	—	361	—	—	—			361			
Balance as of March 31, 2024	\$ —	\$ —	\$ —	\$ —	\$ 1,135	\$ —	\$ —	\$ —			\$ 1,135			

Note 7. Convertible Future maturities of principal repayment of convertible Notes as of March 31, 2024, was as follows:

(\$ in thousands)	\$	—
2024 (remaining)	\$	—
2025	\$	1,135
	<hr/>	<hr/>
	\$	1,135

3i Notes

On March 15, 2023 January 30, 2024, the Company entered into the SPA with 3i LP ("3i") an institutional investor whereby agreed to waive its Optional Redemption Rights and any event of default that may arise thereunder with respect to this offering and suspend the Optional Redemption Rights for a period of sixty (60) days following the closing of this offering (the "Suspension Period"), and the Company has granted the ability institutional investor a right to issue redeem all or a series of four senior unsecured convertible notes (collectively the "Convertible Notes"), with aggregate principal amounts totaling up to \$9,000 and warrants to purchase shares portion of the Company's common stock. On March 15, 2023, then outstanding Conversion Amount (as defined in the Company issued a note (the "First Convertible Note"), convertible into 1,207,729 shares of common stock Note Documents) within three (3) trading days after the Suspension Period at an initial conversion price of \$2.70, in a principal amount of \$3,261, and a warrant to purchase up equal to 328,352 shares of common stock. The First Convertible Note was issued at an 8.0 200% discount, bears interest at 7.0% per annum, matures on June 15, 2024, and requires monthly installments of principal and interest. the Conversion Amount.

On May 12, 2023, the Company issued a note (the "Second Convertible Note"), convertible into 805,153 shares of common stock at an initial conversion price of \$2.70, in a principal amount of \$2,174, and a warrant to purchase up to 218,901 shares of common stock. The Second Convertible Note was issued at an 8.0% discount, bears interest at 7.0% per annum, matures on August 12, 2024, and requires monthly installments of principal and interest.

During the period from January 1, 2023 through August 7, 2023 quarter-ended March 31, 2024, the institutional investor converted approximately \$3.3 million (face value) of outstanding debt, by converting the outstanding debt into approximately \$9.5 million of the Company's common stock. As of March 31, 2024, the Company made cash payments of principal and interest of still owed the institutional investor approximately \$237 1.0 and \$21, respectively, on the First Convertible Note. The Company also made additional principal and interest payments, which included accelerated payments through equity conversions. 3i elected to convert the conversion amount (as defined million (face value) in the First Convertible Note) into shares of common stock of the Company. The Company converted principal and interest into 1,879,688 shares of common stock convertible debt, with a fair value of approximately \$1,291 1.1 during the period from January 1, 2023 through August 7, 2023. million.

During the period from January 1, 2023 through August 7, 2023, the Company made cash payments of principal and interest of \$

21 and \$3, respectively, on the Second Convertible Note. The Company also made additional principal and interest payments, which included accelerated payments through equity conversions. 3i elected to convert the conversion amount (as defined in the Second Convertible Note) into shares incurred a loss of common stock approximately \$5.8 million as a result of the Company. The Company converted principal and interest following: (i) \$4.7 million loss on conversion into

1,423,633 shares equity as a result of common stock with the difference between the fair value of the convertible notes being converted and the equity being delivered, (ii) \$763 0.7 million losses on issuance of the Investor D convertible notes issued during the period from January 1, 2023 through August 7, 2023 three-months ended March 31, 2024, as a result of the combination of the fair value of detachable warrants issued in conjunction to the Investor D Notes issues during the three-months ended March 31, 2024, and the excess fair value over the proceeds received for the Investor D convertible notes issues during the three-months ended March 31, 2024, and (iii) \$0.4 million loss on the change in fair value of those Investor D convertible notes still outstanding as of March 31, 2024.

Note 6. Equity Transactions

On August 7, 2023, the Company entered into an amendment to the SPA dated March 15, 2023, whereby 3i may purchase additional Convertible Notes in aggregate principal amounts up to \$2,000 (the "Additional Convertible Notes") in lieu of the third and fourth series as provided in the original SPA dated March 15, 2023.

Also on August 7, 2023 January 26, 2024, the Company entered into a side letter Securities Purchase Agreement with 3i (the "Letter Agreement"), a single institutional investor, pursuant to which the Company agreed to adjust the conversion price of the First and Second Convertible Notes issued to the lowest of Purchaser (the "Q1 2024 SPA"), (i) \$ in a registered direct offering, 0.20, (ii) the closing sale price of common stock on the trading day immediately preceding the date of the conversion, and (iii) the average closing sale price of common stock for the five consecutive trading days immediately preceding the date of the conversion. The Company also agreed to issue a convertible note warrant to purchase up to 4,765,620 6,304,545 shares of the Company's common stock, par value \$0.0001 per share, and pre-funded warrants to purchase 4,536,216 shares of Common Stock with an exercise price of \$0.20 0.0001 per share, and (ii) in a concurrent private placement, series A warrants to purchase 10,840,761 shares of common stock (the "Series A Common Warrants") and series B warrants to purchase 5,420,381 shares of common stock each with an exercise price of \$0.8302 (the "Series B Common Warrants" and together with the Series A Common Warrants, the "Investor E Warrants". Such registered direct offering and concurrent private placement are referred to herein as part of the August 7, 2023 amendment to the SPA. "Transactions."

The Company concluded that received aggregate gross proceeds from the August 7, 2023 amendment should Transactions of approximately \$9.0 million, before deducting fees to the Placement Agent and other estimated offering expenses payable by the Company. The Shares were declared effective on December 22, 2023. The Investor E Warrants will be accounted exercisable commencing on the effective date of stockholder approval for as an extinguishment the issuance of the First and Second Convertible Notes. shares of common stock issuable upon exercise of the Investor E Warrants. The Company derecognized the First and Second Convertible Notes with principal amounts of \$1,937 and \$1,568, respectively, and recorded fair value amounts of \$1,643 and \$1,257, respectively. The amended First and Second Convertible Notes were recorded at fair value based Series A Common Warrants will expire on the amended fifth anniversary of the Stockholder Approval

Notes to the Unaudited Condensed Consolidated Financial Statements
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terms at \$3,472 Date and \$2,747, respectively, along with a loss the Series B Common Warrants will expire on extinguishment for the difference between the fair value 12 month anniversary of the amended terms Stockholder Approval Date. The Pre-Funded Warrants will not expire and the fair value will be exercisable commencing on January 26, 2024, and at any time until all of the original terms on August 7, 2023 of \$3,319. The Company recorded Pre-Funded Warrants are exercised in full. All Pre-Funded Warrants were exercised during the convertible note warrants issued with the Letter Agreement as a liability measured at fair value at inception with subsequent changes in fair value recorded in earnings. The initial fair value of the convertible note warrants issued with the Letter Agreement of \$1,630 was also recorded as loss on extinguishment. first quarter ended March 31, 2024.

The Company closed three of four tranches paid approximately \$0.7 million in fees to the Placement Agent and issued 542,038 warrants (the "PA Warrants") to purchase shares of the Additional Convertible Notes on August 7, 2023, August 30, 2023, and September 26, 2023, respectively. Each tranche of the Additional Convertible Notes is convertible into 2,717,144 shares of common stock at an initial conversion price of \$0.20, in a principal amount of \$543, and includes a warrant to purchase up to 738,791 shares of common stock. The Additional Convertible Notes mature on November 6, 2024, November 29, 2024, and December 25, 2024, respectively. All Additional Convertible Notes are issued at an 8.0% discount, bear interest at 7.0% per annum, and require monthly installments of principal and interest.

During the period from August 8, 2023 through September 30, 2023, the Company made additional principal and interest payments, which included accelerated payments through equity conversions. In accordance and pursuant to the Second Convertible Note, 3i elected to convert the conversion amount (as defined in the Second Convertible Note) into shares of common stock of the Company. The Company converted principal and interest into 8,217,363 shares of Company's common stock, with a fair value of approximately \$2,294.03 million at issuance. The exercise price of these warrants is \$0.9132 and the warrants became exercisable on January 30, 2024, expiring one year after the grant date.

The Tumin Equity Line of Credit

During the year ended December 31, 2023, the Company did not make any payments sold 6,500,000 shares of common stock to Tumin for proceeds of approximately \$4.7 million as part of the Tumin Equity Line of Credit (see the Company's Annual Report on Form 10-K for the year-ended December 31, 2023, for additional information on the Additional Convertible Notes during the nine months ended September 30, 2023).

The Company concluded that the transactions include legally detachable structure and separately exercisable freestanding financial instruments: the Convertible Notes and the warrants. The Company concluded that the warrants should be recorded as a liability (see Note 8) purpose. The Company determined the Convertible Notes are liability instruments under ASC 480, As of December 31, 2023, approximately \$Distinguishing Liabilities from Equity 95.3. The Convertible Notes were then evaluated in accordance with the requirements of ASC 825, and it million was concluded that available to draw.

In February 2024, the Company was not precluded from electing and Tumim agreed to terminate the FVO for the Convertible Notes. As such, the Convertible Notes are carried at fair value in the condensed consolidated balance sheets. The Convertible Notes are measured at fair value each reporting date with changes in fair value recognized in the condensed consolidated statements of operations, unless the change is concluded to be related to the changes in the Company's credit rating, in which case the change will be recognized as a component of accumulated other comprehensive income in the condensed consolidated balance sheets.

The Second Convertible Note was paid in full in October 2023 (see Note 13).

Future maturities of principal repayment of the Convertible Notes as of September 30, 2023 are as follows:

(\$ in thousands)		
2023 (remaining)	\$	2,065
2024		1,645
	\$	<u>3,710</u>

Purchase Agreement.

Note 8.7. Warrants

On March 15, 2023,

Warrants Issued in FY 2024

As discussed in Note 7, as part of the issuance of Q1 2024 SPA, the First Convertible Note, a convertible note warrant exercisable for Company issued on January 26, 2024 the following warrants to purchase of 3 the Company's common stock:

- Pre-Funded Warrants - 28,352 warrants to purchase 4,536,216 shares of common stock was issued with an exercise price of \$2.97 0.0001 per share. On May 12, 2023, as part. The Pre-Funded Warrants had no expiration date and were exercisable commencing on the date of issuance and at any time until all of the issuance Pre-Funded Warrants are exercised in full. The Pre-Funded Warrants were exercised in full during the first quarter-ended March 31, 2024
- Series A and Series B Warrants - in a concurrent private placement, Series A Common Warrants to purchase 10,840,761 shares of the Second Convertible Note, a convertible note warrant exercisable for the Common Stock and Series B Common Warrants to purchase of 218,901 5,420,381 shares of common stock was issued each with an exercise price of \$2.97 0.8302 per share. On August 7, 2023, as part.
- Investor E Warrants will be exercisable commencing on the effective date of stockholder approval for the issuance the Letter Agreement, an additional convertible note warrant exercisable for the purchase of 4,765,620 shares of common stock was issued with an issuable upon exercise price of \$0.20 per share. Also on August 7, 2023, as part the issuance Investor E Warrants. The Series A Common Warrants will expire on the fifth anniversary of the First Additional Convertible Note, 738,791 Convertible Note Stockholder Approval Date and the Series B Common Warrants were issued with an exercise price of \$0.20 per share. On August 30, 2023, as part will expire on the 12-month anniversary of the issuance Stockholder Approval Date.

Maxim Group LLC acted as the placement agent in connection with the Transactions pursuant to the Placement Agency Agreement, dated January 26, 2024, by and between the Company and the Placement Agent. The Placement Agent will receive warrants to purchase common stock covering a number of shares equal to 5% of the Second Additional Convertible Note, a convertible note warrant exercisable for the purchase total number of 738,791 shares of common stock was issued with an exercise sold in the Transactions. The PA Warrants will be exercisable commencing six months after the Closing and will expire five years after such date. The PA Warrants are exercisable at a price of \$ equal to 0.20 110.0 per share. On September 26, 2023, as part % of the issuance of offering price in connection with the Third Additional Convertible Note, a convertible note warrant exercisable for the purchase of 738,791 shares of common stock was issued with an exercise price of \$0.20 per share. The convertible note warrants expire five years from their issuance date and contain cashless exercise

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provisions. The Company does not have the ability to redeem the convertible note warrants. The convertible note warrants were collectively valued at \$2,705 at issuance. placement.

In accordance with ASC 815-40, *Derivatives and Hedging-Contracts in and Entity's own Equity*, the Company has determined that the convertible note warrants do not meet the conditions for equity classification, due to potential cash settlement under the Exchange Cap provisions located in the SPA, and should be carried on the condensed consolidated balance sheets as a liability measured at fair value, with subsequent changes in fair value recorded in the condensed consolidated statements component of operations as change in fair value of warrants liability. stockholders equity (deficit). The initial fair value of the convertible note warrants was determined using a Black-Scholes option pricing model, which considers variables such as estimated volatility, time to maturity, and the risk-free interest rate. The risk-free interest rate is the U.S. Treasury rate at the date of issuance, and the time to maturity is based on the contractual life at the date of issuance, which is five years. years.

The Company has had the following warrants outstanding: outstanding at March 31, 2024 and December 31, 2023:

	September 30,	December 31,
	2023	2022
Public Stockholders' Warrants	10,350,000	10,350,000
Private Placement Warrants	5,738,000	5,738,000
PIPE Investor Warrants	700,000	700,000
Convertible Note Warrants	7,529,246	—
SeaStar Medical, Inc. Warrants	69,714	69,714
	24,386,960	16,857,714

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	March 31, 2024	December 31, 2023
<i>Liability Classified Warrants</i>		
Investor D Warrants	3,158,086	6,368,289
Private Placement Warrants	5,738,000	5,738,000
PIPE Investor Warrants	500,000	500,000
	<i>Subtotal</i>	<i>9,396,086</i>
	<i>12,606,289</i>	
<i>Equity Classified Warrants</i>		
Investor E Warrants	16,261,142	—
Placement agent Warrants	542,038	—
Public Stockholders' Warrants	10,550,000	10,550,000
Legacy Warrants	48,914	48,914
	<i>Subtotal</i>	<i>27,402,094</i>
	<i>10,598,914</i>	
	<i>Grand Total</i>	<i>36,798,180</i>
	<i>23,205,203</i>	

The following tables provides the weighted-average strike price and time to maturity for each warrant tranche as of March 31, 2024 and December 31, 2023:

March 31, 2024	Warrant Share Equivalents	Weighted-Average Strike Price	Weighted-Average Time to Maturity
<i>Liability Classified Warrants</i>			
Investor D Warrants	3,158,086	\$ 0.50	4.40
Private Placement Warrants	5,738,000	\$ 11.50	3.57
PIPE Investor Warrants	500,000	\$ 11.50	3.57
<i>Equity Classified Warrants</i>			
Investor E Warrants	16,261,142	\$ 0.83	4.45
Placement Agent Warrants	542,038	\$ 0.91	5.25

Public Stockholders' Warrants	10,550,000	\$	11.50	3.57
Legacy SeaStar Inc. Warrants	48,914	\$	10.00	2.13
	Warrant Share Equivalents	Weighted-Average Strike Price	Weighted-Average Time to Maturity	
December 31, 2023				
Liability Classified Warrants				
Investor D Warrants	6,368,289	\$	0.50	4.65
Private Placement Warrants	5,738,000	\$	11.50	3.82
PIPE Investor Warrants	500,000	\$	11.50	3.82
Equity Classified Warrants				
Public Stockholders' Warrants	10,550,000	\$	11.50	3.82
Legacy SeaStar Inc. Warrants	48,914	\$	10.00	2.38

Below is the warrant activity for the period ended March, 31, 2024:

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Notes to the Unaudited Condensed Consolidated Financial Statements
(in thousands, except for shares and per-share amounts)

	Public						
	Investor D Warrants	Investor E Warrants	Placement	Private	PIPE	Stockholde rs' Warrants	Legacy Warrants
			Agent Warrants	Placement Warrants	Investor Warrants	Warrants	
Outstanding as of December 31, 2023	6,368,289	—	—	5,738,000	500,000	10,550,000	48,914
Issuance	1,055,416	20,797,358	542,038	—	—	—	—
Exercised	(4,265,619)	(4,536,216)	—	—	—	—	—
Forfeited / cancelled	—	—	—	—	—	—	—
Outstanding as of March 31, 2024	<u>3,158,086</u>	<u>16,261,142</u>	<u>542,038</u>	<u>5,738,000</u>	<u>500,000</u>	<u>10,550,000</u>	<u>48,914</u>

During the quarter-ended March 31, 2024, the Company incurred \$1.6 million from losses on exercises of certain Investor D Warrants, and a loss of approximately \$1.2 million from the mark-to-market adjustment for all remaining liability classified warrants; which are required to be remeasured at fair value at each reporting period, including March 31, 2024.

Note 8. Stock-Based Compensation Awards

The following table sets forth the total stock-based compensation cost included in the Company's condensed consolidated statements of operations for the period indicated:

Hi, I am hiring for my 9* logistics company. If interested, please send working stats and # of EE merits. Thank you!

(\$ in thousands)	Three Months Ended March 31,	
	2024	2023
Research and development	\$ 119	\$ 39
General and administrative	315	466
Total stock-based compensation	<u>\$ 434</u>	<u>\$ 505</u>

Equity incentive plan - summary

2022 Omnibus Incentive Plan

The Company's Board of Directors adopted, and the shareholders approved the 2022 Omnibus Incentive Plan to provide long-term incentive for its employees and non-employee service providers. The vesting of stock options is stated in each individual grant agreement, which is generally either one or four years. Options granted expire 10 years after the date of grant.

2019 Stock Incentive Plan

The Company's Board of Directors adopted the 2019 Stock Incentive Plan on February 25, 2019, to provide long-term incentive for its employees and non-employee service providers. The Stock Incentive Plan was terminated on October 28, 2022, and no further awards were granted under such plan.

Equity incentive plan - stock options

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Notes to the Unaudited Condensed Consolidated Financial Statements

(in thousands, except for shares and per-share amounts)

Option activity for the periods ended March 31, 2024, is as follows:

2022 Omnibus Incentive Plan - Options

	Options	Weighted-Average Exercise Price	Total Intrinsic Value	Weighted-Average Remaining Contractual Life (Years)
Outstanding at December 31, 2023	351,029	\$ 1.84	\$ —	9.1
Exercised	—			
Issued	—			
Forfeited / cancelled	—			
Outstanding at March 31, 2024	<u>351,029</u>	\$ 1.84	\$ —	8.8
Vested and exercisable at March 31, 2024	<u>—</u>	\$ —	\$ —	8.8

2019 Omnibus Incentive Plan - Options

	Options	Weighted-Average Exercise Price	Total Intrinsic Value	Weighted-Average Remaining Contractual Life (Years)
Outstanding at December 31, 2023	244,792	\$ 1.84	\$ —	6.4
Exercised	—			
Issued	—			
Forfeited / cancelled	—			
Outstanding at March 31, 2024	<u>244,792</u>	\$ 1.84	\$ —	6.2
Vested and exercisable at March 31, 2024	<u>213,273</u>	\$ 1.84	\$ —	6.2

Equity incentive plan - restricted stock units

A summary of the Company's restricted stock unit ('RSU') activity is as follows:

2022 Omnibus Incentive Plan - RSUs

	Number of RSU	Weighted-Average Grand Date Fair Value (per share)
Outstanding at December 31, 2023	234,019	\$ 1.47
Granted	—	

Vested	—	—
Forfeited / cancelled	—	—
Outstanding at March 31, 2024	<u>234,019</u>	<u>\$ 1.47</u>

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Notes to the Unaudited Condensed Consolidated Financial Statements
(in thousands, except for shares and per-share amounts)

2019 Stock Incentive Plan - RSUs

	Number of RSU	Weighted-Average Grand Date Fair Value (per share)
Outstanding at December 31, 2023	92,442	\$ 8.00
Exercised	—	—
Vested	(19,689)	—
Forfeited / cancelled	—	—
Outstanding at March 31, 2024	<u>72,753</u>	<u>\$ 8.00</u>

Note 9. Common Stock and Stock-Based Compensation

During the nine months ended September 30, 2023, the Company issued 474,255 shares of common stock for management bonuses, 186,244 shares of common stock for vested restricted stock units, and 364,844 stock awards. In addition, the Company granted 168,002 stock awards for which shares had not been issued as of September 30, 2023. The Company has recorded \$44 in accrued expenses as of September 30, 2023, for the unissued stock awards. The Company also granted 351,029 options and 234,019 restricted stock units during the nine months ended September 30, 2023. For options granted during the nine months ended September 30, 2023, the weighted-average grant date fair value was \$1.20 per share and the options vest one year from the grant date. For RSUs granted during the nine months ended September 30, 2023, the weighted-average grant date fair value was \$1.47 per share and the RSUs vest one year from the grant date.

The following represents stock-based compensation expense in the company's unaudited condensed consolidated statements of operations:

Three Months Ended September 30	Nine Months Ended September 30
---------------------------------	--------------------------------

(\$ in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023		2022	
	2023	2022	2023	2022
Research and development	\$ 198	\$ 27	\$ 355	\$ 53
General and administrative	286	330	1,189	653
Total	\$ 484	\$ 357	\$ 1,544	\$ 706

Note 10. Commitments and Contingencies

License and distribution agreement

On December 27, 2022, the Company entered into a license and distribution agreement ("License Agreement") with a distributor, appointing the distributor as the exclusive distributor to promote, advertise, market, distribute and sell the Selective Cytopheretic

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Notes to the Condensed Consolidated Financial Statements

(in thousands, except for shares and per-share amounts)

Device ("SCD") in the United States. The Company received an upfront payment of \$100.1 million on January 3, 2023.

If Pursuant to the License Agreement, the Company does not receive written authorization to market the SCD, prior to the first anniversary of the effective date, the Company will repay the \$100. The Company has recorded the \$100 upfront payment as a liability in the unaudited condensed consolidated balance sheets as of September 30, 2023. The Company shall also receive milestone payments in the amounts of approximately \$450.5 and \$350million for obtaining approval a Humanitarian Device Approval ("HDE") from the Food and Drug Administration (the "FDA") and for selling shall receive another milestone payment of approximately \$0.4 million after the distributor sells the first sixty units to any third parties. The term of the agreement is three years. The license agreement was amended in December 2023, removing the potential to require refund of the \$0.1 million up-front payment from the Company to the distributor, while extending a certain milestone payment owed to the Company upon certain regulatory achievements. However, recognition for such relief from repayment of the deposit would be recognized over the remaining term of the agreement due to certain ongoing future obligations of the Company under the arrangement.

Lease agreements

The Company is party to a membership agreement for shared office space and can cancel at any time. Rent expense was approximately \$8 and \$24 thousand for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

Litigation

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. From time to

time, the Company may become involved in legal proceedings arising in the ordinary course of business.

In connection with the Business Combination, LMAO proposed, for stockholder approval, various amendments to its Amended and Restated Certificate of Incorporation, which included among other things a proposal to increase the authorized shares of common stock. A purported stockholder sent a Stockholder Litigation Demand letter (the "Demand") to the Board of Directors of LMAO alleging that the Delaware General Corporation Law required a separate class vote of the Class A common stockholders to increase the authorized shares of common stock. Following receipt of the Demand, the Company canceled and withdrew the proposal to increase the authorized shares of common stock.

The stockholder's counsel thereafter demanded that the Company pay counsel fees for the purported benefit conferred upon the Company's shareholders by causing the Company to withdraw the allegedly invalid proposal to increase the authorized shares of common stock. The Company ~~recorded~~ paid approximately \$100.2 million for a legal settlement during the year ended December 31, 2023.

Notes to the Unaudited Condensed Consolidated Financial Statements
(in ~~accrued expenses~~ thousands, except for shares and per-share amounts)

Note 10. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Inputs used to measure fair value are classified into the following hierarchy:

Level 1 – quoted prices in active markets for identical assets and liabilities.

Level 2 – other significant observable inputs (including quoted prices for similar assets and liabilities, interest rate, credit risk, etc.).

Level 3 – significant unobservable inputs (including the Company's own assumptions in determining the fair value of assets and liabilities).

The fair value of the forward option on prepaid forward contracts, convertible notes, and the warrants liability is classified as Level 3 in the fair value hierarchy.

Fair Value Measurement Hierarchy

The following table presents the Company's financial assets and/or liabilities that were accounted for at fair value on a recurring basis as of ~~September 30, 2023~~ ~~March 31, 2024~~ and December 31, 2023, by level within the fair value

hierarchy. There were no non-recurring fair value measurements, as the Company does not have any long-lived assets, including fixed assets, intangible assets or goodwill which can require non-recurring measurements for impairment.

Fair Value Measurements at March 31, 2024						
	(Level 1)	(Level 2)	(Level 3)		Total	
Liabilities:						
Convertible notes	\$ —	\$ —	\$ 1,135	\$ 1,135		
Liability classified warrants	—	—	2,633	2,633		
	\$ —	\$ —	\$ 3,768	\$ 3,768		

Fair Value Measurements at December 31, 2023						
	(Level 1)	(Level 2)	(Level 3)		Total	
Liabilities:						
Convertible notes	\$ —	\$ —	\$ 4,179	\$ 4,179		
Liability classified warrants	—	—	2,307	2,307		
Total	\$ —	\$ —	\$ 6,486	\$ 6,486		

Summary of Level 3 Input Changes

The following table presents the changes in the forward option-prepaid forward contracts, convertible notes measured at fair value, warrants liability, and the notes derivative liability for the periods ended March 31, 2024 and December 31, 2023 (in thousands):

Level 3 Roll Forward	Liability Classified	
	Convertible Notes	Warrants
Balance December 31, 2023	\$ 4,373	\$ 2,307
Additions	501	586
Cash paid to settle	—	—
Shares issued upon conversion or exercise	(4,100)	(3,106)
Changes in fair value	361	2,846
Balance March 31, 2024	\$ 1,135	\$ 2,633

Notes to the Unaudited Condensed Consolidated Financial Statements
(in thousands, except for shares and per-share amounts)

Level 3 Inputs

For assets or liabilities for which the Company is required to remeasure the fair value on a recurring basis at each reporting date, generally the Company is required to disclose certain quantitative data related to the inputs used at the most recent reporting period date. However, for those assets or liabilities for which the Company has elected to take the FVO in accordance with ASC 825, *Financial Instruments*, then such quantitative disclosures are not required.

Liability Classified Warrants

The liability classified warrants as of March 31, 2024 and December 31, 2023, include three classes of warrants, and therefore, the range of assumptions used has been provided. Significant assumptions used in valuing warrants which require liability classification were as follows as of March 31, 2024 and December 31, 2023.

	March 31, 2024	
	Minimum	Maximum
Expected volatility	85.00 %	100.00 %
Equivalent term (#)	3.58	5.25
Risk-free rate	4.26 %	4.35 %
Dividend yield	0.00 %	0.00 %
Stock price	\$ 0.73	\$ 0.73
Strike price (#)	\$ 0.20	\$ 11.50
	December 31, 2023	
	Minimum	Maximum
Expected volatility	85.00 %	90.00 %
Equivalent term	4.04	4.65
Risk-free rate	3.84 %	3.90 %
Dividend yield	0.00 %	0.00 %
Stock price	\$ 0.44	\$ 0.44
Strike price	\$ 0.50	\$ 11.50

Note 11. Income Taxes

In accordance with U.S. GAAP, a valuation allowance should be provided if it is more likely than not that some or all of the Company's deferred tax assets will not be realized. The Company's ability to realize the benefit of its deferred tax assets will depend on the generation of future taxable income. Due to the uncertainty of future profitable operations and taxable income, the Company has recorded a full valuation allowance against its net deferred tax assets. The Company

believes its tax filing position and deductions related to tax periods subject to examination will be sustained under audit and, therefore, has no reserve for uncertain tax positions.

Note 12. Net Loss Per Share

Basic net loss per common share is calculated by dividing

The following table presents the net loss by the weighted-average number of common shares outstanding during the period, including vested restricted stock units for which common shares have not yet been issued, without consideration of potentially dilutive securities. Diluted net loss per share is computed by dividing the net loss by the weighted-average number of common shares basic and potentially dilutive securities outstanding for the period. For purposes of the diluted net loss per share calculation, the warrants, common stock options, (in thousands except share and unvested restricted stock units are considered to be potentially dilutive securities. As the Company has reported a net loss for all periods presented, diluted net loss per common share is the same as basic net loss per common share for all periods. information):

	Three Months Ended March 31,	
	2024	2023
Net loss	\$ (12,697)	\$ (7,096)
Weighted-average shares outstanding - basic and diluted	67,106,081	13,025,852
Basic and diluted net loss per share	\$ (0.19)	\$ (0.54)

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Notes to the Unaudited Condensed Consolidated Financial Statements (in thousands, except for shares and per-share amounts)

The following weighted-average outstanding shares of potentially dilutive securities were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because including them would have been anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022

Public Stockholders' warrants	10,350,000	—	10,350,000	—
Private Placement warrants	5,738,000	—	5,738,000	—
PIPE Investor warrants	700,000	—	700,000	—
Convertible Note warrants	4,135,056	—	1,563,488	—
SeaStar Medical, Inc. warrants	69,714	69,714	69,714	69,714
Options to purchase common stock	595,821	326,399	473,668	330,121
Unvested restricted stock units	353,446	306,811	339,169	202,293
Total	21,942,037	702,924	19,234,039	602,128

Net loss per share is calculated using the shares in connection with the Business Combination and related transactions, assuming the shares were outstanding since January 1, 2022. As the Business Combination and related transactions are being reflected as if they had occurred at the beginning of the period presented, the calculation of weighted average shares outstanding for basic and diluted net loss per share assumes that the shares issued in connection with the Business Combination have been outstanding for the entire period presented. The calculation of weighted average shares outstanding for basic and diluted net loss per share for the three and nine months ended September 30, 2022 has been retroactively restated to give effect to the Business Combination.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net loss	\$ (7,426)	\$ (1,892)	\$ (16,357)	\$ (3,798)
Weighted average shares outstanding				
- basic				
and diluted	20,048,473	7,238,767	16,028,118	7,238,767
Basic and diluted net loss per share	\$ (0.37)	\$ (0.26)	\$ (1.02)	\$ (0.52)

	As of March 31,	
	2024	2023
Investor D warrants	3,158,086	328,352
Investor E warrants	16,261,142	—
Placement Agent warrants	542,038	—
Public Stockholders' warrants	10,550,000	10,350,000
Private Placement warrants	5,738,000	5,738,000
PIPE Investor warrants	500,000	700,000
Legacy warrants	48,914	69,714
Employee based options to purchase common stock	213,273	244,792
Unvested employee based restricted stock units	306,772	298,389
Total	37,318,225	17,729,247

Note 13. Subsequent Events

In October 2023, Investor D April 2024 Side Letter

On April 1, 2024, the Company sold and Investor D entered into the a side letter agreement (the "April 2024 Side Letter") whereby each party agreed to suspend certain rights of Investor D for a 5,860,42260 day shares period, extending those rights from March 30, 2024, to May 30, 2024. Those rights included a 10 day notice period for any subsequent financing and rights to review terms of common stock such financing arrangements. Finally, Investor D waived its rights or notice of default in the event of such financings. In addition, after the end to Tumim Stone Capital LLC for proceeds the May 30, 2024, suspension period has been reached, Investor D has the right to require the Company to redeem all or a portion of \$ any outstanding Investor D convertible notes in the amount equity to 3,459 200, as part % of the equity line financing arrangement.

In October and November 2023, the Company made principal and interest payments on the First Convertible Note, which included accelerated payments, through equity conversions. 3i elected to convert the conversion amount (as defined in the First Convertible Note) into shares of common stock of the Company. The Company converted principal and interest into 1,374,664 and 1,757,585, shares of common stock with a fair value of \$573 and \$1,330 in October and November, respectively.

In October 2023, the Company made the final principal and interest payments on the Second Convertible Note, which included accelerated payments, through equity conversions. 3i elected to convert the conversion amount (as defined in the Second Convertible Note) into shares of common stock of the Company. The Company converted principal and interest into 785,966 shares of common stock with a fair value of \$328 amount.

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

The following discussion and analysis are intended to help you understand our business, financial condition, results of operations, liquidity, and capital resources. You should read this discussion in conjunction with the Company's

condensed consolidated financial statements and related notes included elsewhere in this Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

In addition to historical financial analysis, this discussion and analysis contains forward-looking statements based upon current expectations that involve risks, uncertainties, and assumptions, as described under the heading "Cautionary Note Regarding Forward Looking Statements." Actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of various factors, risks and uncertainties, including those set forth under "Risk Factors" included elsewhere (or incorporated by reference) in this Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2022. Unless the context otherwise requires, references in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" to "SeaStar Medical," "we," "us," "Medical", "we", "us", "our," and "the Company" are intended to mean the business and operations of SeaStar Medical Holding Corporation and its consolidated subsidiaries following the Business Combination.

Overview

On October 28, 2022, LMAO consummated a series of transactions that resulted in the combination of LMF Merger Sub, Inc. and SeaStar Medical, Inc. pursuant to an Agreement and Plan of Merger (the "Business Combination").

The Company is a medical technology company developing a platform therapy to reduce the consequences of hyperinflammation on vital organs. In a normal inflammatory response, neutrophils are the first immune cells to arrive at the site and are key to the entire immune response that kills pathogens and promotes tissue repair. If the inflammatory response becomes excessive and dysregulated, normal neutrophil die off may be delayed, altering feedback mechanisms that regulate the immune system. This results in damaging hyperinflammation spreading uncontrollably to other parts of the body, often leading to acute chronic solid organ dysfunction or failure, including heart, lung, kidney and liver diseases. This hyperinflammatory response is also known as the cytokine storm, referring to the body's reaction to the category of small-secreted proteins released by hyperinflammatory cells that affect communication between cells. The cytokine storm, when left uncontrolled, can lead to organ damage and even death.

We are initially using our proprietary Selective Cytopheretic Device ("SCD") technology platform to clinically validate several acute organ injury indications, including kidneys and lungs. Our investigational SCD is an extracorporeal synthetic membrane device designed to be easily integrated into existing Continuous Renal Replacement Therapy ("CRRT") systems that are commonly installed in hospitals, including in Intensive Care Units throughout the United States. Once approved and commercialized, the SCD would initially target acute kidney injury in both the pediatric CRRT population as well as adults on CRRT. In addition, we are developing our SCD to address inflammation associated with chronic dialysis and chronic heart failure. The regulatory approval process for our SCD product candidates is costly and involves significant risks and uncertainties. For a detailed description of these and other risks, please see "Risk Factors" under Part II, Item I of this Form 10-Q.

We have incurred net losses in each year since our inception in 2007. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, we had an accumulated deficit of \$115.7 million \$127.4 million and \$99.3 million \$114.7 million, respectively. Our net losses were \$7.4 million \$12.7 million and \$1.9 million \$7.1 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. Our net losses were \$16.4 million and \$3.8

million for the nine months ended September 30, 2023 and 2022, 2023, respectively. Substantially all our net losses resulted from costs incurred in connection with our research and development programs and from general and administrative costs associated with our operations. For the three and nine months ended September 30, 2023 additional losses were related to change in fair value of convertible notes, change in fair value of forward option-prepaid forward contracts and loss on extinguishment of convertible notes, which were partially offset by gains from the change in fair value of warrants liability and gain on sale of recycled shares. For the three and nine months ended September 30, 2022, additional gains were related to the change in fair value of notes payable derivative liability.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, we had cash of \$0.1 million \$5.0 million and \$0.0 million. \$0.2 million, respectively.

Our accompanying unaudited condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liabilities in the normal course of business. Our condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset amounts or the classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The recurring losses, working capital deficiency, the need for capital to fund our operations, including clinical trial and regulatory approval expenses, and the amount of cash reserve are factors that raise substantial doubt about our ability to continue as a going concern for the twelve-month period from the date the unaudited condensed consolidated financial statements are made available. See Note 1 to our unaudited consolidated financial statements for the three months ended March 31, 2024 included elsewhere in this Form 10-Q for additional information on our assessment.

Our need for additional capital will depend in part on the scope and costs of our development activities. To date, we have not generated any significant revenue from the sale of commercialized products. Our ability to generate product revenue will depend on the successful development and eventual commercialization of our products. Until such time, if ever, we expect to finance our operations through the

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sale of equity or debt, borrowings under credit facilities, potential collaborations, other strategic transactions or government and other grants. Adequate capital may not be available to us when needed or on acceptable terms. If we are unable to raise capital, we could be forced to delay, reduce, suspend or cease our research and development programs or any future commercialization efforts,

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which would have a negative impact on our business, prospects, operating results and financial condition. See Part I, Item 1A "Risk Factors" for additional information.

Key Components of Results of Operations

Revenue

To date, we have not generated any revenue from the sale of commercialized products. Our pediatric SCD received HDE approval from the Food and Drug Administration (the "FDA") in February 2024, and we expect to commercialize the product in the near term. Revenue has been primarily derived from government and other grants. We may generate revenue in the future based on payments from future license or collaboration agreements and government and other grants, and, if our products receive regulatory approval for commercialization, from product sales. sales of our pediatric SCD. We expect that any revenue we generate will fluctuate from quarter to quarter. We also continue to develop our adult SCD product for which we are pursuing FDA approval. If we fail to complete the development of or obtain regulatory approval for commercialization of our adult SCD products in a timely manner, our ability to generate future revenue and our results of operations and financial position, would be materially adversely affected.

Research and Development Expenses

Since our inception, we have focused our resources on our research and development activities, including conducting preclinical studies and clinical trials, and developing our process and activities related to regulatory filings for our products. Subject to the availability of additional funding, we plan to further increase our research and development expenses for the foreseeable future as we continue the development of our products.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related costs for employees in executive and finance roles, which also include stock-based compensation expenses and benefits for such employees.

Other significant general and administrative expenses include facilities costs, professional fees for accounting and legal services and expenses associated with obtaining and maintaining patents and obtaining financing, and expenses related to SEC reporting. financing. As we continue to expand and grow our operations, we expect that our general and administrative expenses will increase, including additional expenses relating to new hires, travel, a new enterprise resource planning platform, and branding.

Other Income (Expense), Net

Total other income (expense), net primarily consists of interest expense relating to interest incurred on our notes, financing fees related to interest incurred on our convertible notes, change in the fair value of warrants liability, change in fair value of convertible notes, gain on issuance of convertible notes, change in fair value of convertible notes, change in fair value of warrants liability, change in fair value of forward-option forward contracts, and gain on sale of recycled shares.

Net Loss

Net loss consists of the Company's loss from operations, less other expense.

Factors Affecting the Company's Operating Results

We believe that our performance and future success depend on a number of factors that present significant opportunities for us but also pose risks and challenges. Please see the factors discussed elsewhere in this Form 10-Q, including those discussed in Part I, Item 1A, "Risk Factors," for additional information.

Results of Operations

Comparison of the Three Months Ended September 30, 2023 March 31, 2024 to the Three Months Ended September 30, 2022 March 31, 2023

The following table sets forth a summary of our results of operations. This information should be read together with our unaudited **condensed** consolidated financial statements and related Notes included elsewhere in this Form 10-Q.

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(\$ in thousands)	Three Months Ended				Change	
	September 30,					
	2023	2022	\$	%		
Revenue	\$ —	\$ —	\$ —	—		
Operating expenses						
Research and development	1,107	727	380	52 %		
General and administrative	1,829	1,042	787	76 %		
Total operating expenses	2,936	1,769	1,167	66 %		
Loss from operations	(2,936)	(1,769)	(1,167)	66 %		
Total other income (expense)	(4,490)	(122)	(4,368)	3580 %		
Loss before income tax provision	(7,426)	(1,891)	(5,535)	293 %		
Income tax provision (benefit)	—	1	(1)			
Net loss	\$ (7,426)	\$ (1,892)	\$ (5,534)	292 %		

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(\$ in thousands)	Three Months Ended				Change	
	March 31,					
	2024	2023	\$	%		

Revenue	\$ —	\$ —	\$ —	—
Operating expenses				
Research and development	1,697	1,730	(33)	(2)%
General and administrative	2,253	2,851	(598)	(21)%
Total operating expenses	3,950	4,581	(631)	(14)%
Loss from operations	(3,950)	(4,581)	631	(14)%
Total other income (expense)	(8,747)	(2,515)	(6,232)	248%
Loss before income tax provision	(12,697)	(7,096)	(5,601)	79%
Income tax provision (benefit)	—	—	—	—
Net loss	\$ (12,697)	\$ (7,096)	\$ (5,601)	79%

Research and Development Expenses

The following table discloses the breakdown of research and development expenses:

(\$ in thousands)	Three Months Ended				Three Months Ended				
	September 30,		Change		March 31,		Change		
	2023	2022	\$	%	2024	—	2023	\$	%
			44	10					
Clinical trials	\$ 447	\$ —	\$ 7	0%	\$ 613		550	\$ 63	11%
			57	(4)	(8)				
External services	96	4	78	(3)%	345		549	(204)	(37)%
			11	43	36				
Payroll and personnel expenses	551	9	2	3%	690		568	122	21%
Other research and development expenses	(2)	(6)			(49)		63	(14)	(22)%
	13	34	1)	2)%					
	1,10	72	38						
	\$ 7	\$ 7	\$ 0	52%	\$ 1,697	\$ 1,730	\$ (33)	(2)%	

Research and development expenses for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 were \$1.1 million \$1.7 million and \$0.7 million \$1.7 million, respectively. The increase slight decrease in research and development expenses of \$0.4 million less than \$0.1 million, or 52% 2%, was primarily driven by (i) a decrease in the use of external services of \$0.1 million, driven by a reduction in the amount of focus on the design of the technology, and (ii) a reduction in other expenses of less than \$0.1 million, due to a reduction in patent fees. This was offset by (i) increases in clinical trial expenses of \$0.5 million \$0.1 million, and (ii) an increase in payroll and personnel expenses of \$0.4

million \$0.1 million, partially offset by a decrease of external services of \$0.5 million, as the Company began to increase its clinical trial activity in order to gain future regulatory approvals.

General and Administrative Expenses

General and administrative expenses for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 were \$1.8 million \$2.3 million and \$1.0 million \$2.9 million, respectively. The increase decrease in general and administrative expenses of \$0.8 million, or 76%, is due primarily to an increase approximately \$0.6 million was driven by a reduction in (i) \$0.2 million reduction in accounting, finance, legal and SEC related fees, as the extension of the Form 10-K filing into April of 2024, moved some efforts into the second quarter of 2024 including proxy related costs, (ii) \$0.1 million reduction in sales and marketing expenses, (iii) \$0.1 million reduction in insurance expense fees, (iv) \$0.1 million in other related business expenses driven mostly by a legal settlement in Q1 2023, and (v) \$0.1 million reduction due to a combination of \$0.4 million, increased fees related to SEC reporting slightly lower personnel costs and use of \$0.2 million, an increase in payroll related expenses third-party consultants during the first quarter of \$0.1 million, and an increase in accounting and tax expenses of \$0.1 million. 2024.

Other Income (Expense)

Other income (expense) expenses increased approximately \$6.2 million, or 248% for the three months ended September 30, 2023 and 2022 March 31, 2024, compared to the three months ended March 31, 2023. The key drivers for this increase was expense (i) a \$4.6 million loss on the extinguishment of \$4.5 million and expense convertible notes, due to the fair value of \$0.1 million, respectively. The increase the common stock issued in excess of \$4.4 million primarily resulted from a the fair value of the underlying note; (ii) \$2.8 million loss on the change in interest expense the fair value of \$0.1 million liability classified warrants, whether exercised or outstanding at March 31, 2024, change a (iii) \$0.7 million loss on issuance of convertible notes, as a result of the fair value of the convertible notes exceeding the proceeds received from the investor, net of the fair value of detachable warrants and (iv) a \$0.4 million loss on the increase in the fair value of convertible notes of \$0.3 million, and notes. This was offset by (i) the company recognized a \$2.2 million dollar loss on extinguishment a forward purchase agreement derivative liability at March 31, 2023, which no longer exists in 2024, and (ii) \$0.3 million reduction in interest expense as a result of both paying down notes payable and converting all but \$1.1 million in convertible notes of \$4.9 million, partially offset by the change in fair value of warrants liability of \$0.8, and other income of \$0.1. at March 31, 2024.

Income Tax Provision (Benefit)

SeaStar Medical recorded a provision for income taxes of \$0.0 million for the three months ended **September 30, 2023** **March 31, 2024**, and an income tax benefit of \$0.0 million for the three months ended **September 30, 2022**.

Under Accounting Standards Codification ("ASC") 740-10-30-5, Income Taxes, deferred tax assets should be reduced by a valuation allowance if, based on the weight of available evidence, it is more-likely-than-not (i.e., a likelihood of more than 50%) that some portion or all of the deferred tax assets will not be realized. SeaStar Medical considers all positive and negative evidence available in determining the potential realization of deferred tax assets including, primarily, the recent history of taxable earnings or losses. Based on operating losses reported during 2022 and 2021, the Company concluded there was not sufficient positive evidence to overcome this recent operating history. As a result, we believe that a valuation allowance continues to be necessary based on the more-likely-than-not threshold noted above.

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Net Loss

The net loss for the three months ended September 30, 2023 and 2022 were \$7.4 million and \$1.9 million, respectively. The increased net loss of \$5.5 million primarily resulted from increases in general and administrative expenses of \$0.8 million, increases in research and development expenses of \$0.4 million, change in fair value of convertible notes of \$0.3, and loss on extinguishment of convertible notes of \$4.9, partially offset by fair value of warrants liability of \$0.8 million, and \$0.1 other income during the three months ended September 30, 2022.

Comparison of the Nine Months Ended September 30, 2023 to the Nine Months Ended September 30, 2022

The following table sets forth a summary of our results of operations. This information should be read together with our unaudited condensed consolidated financial statements and related Notes included elsewhere in this Form 10-Q.

(\$ in thousands)	Nine Months Ended			
	September 30,		Change	
	2023	2022	\$	%
Revenue	\$ —	\$ —	\$ —	—
Operating expenses				
Research and development	4,898	1,678	3,220	192 %
General and administrative	6,369	2,215	4,154	188 %
Total operating expenses	11,267	3,893	7,374	189 %
Loss from operations	(11,267)	(3,893)	(7,374)	189 %
Total other income (expense)	(5,085)	96	(5,181)	(5397)%
Loss before income tax provision	(16,352)	(3,797)	(12,555)	331 %
Income tax provision (benefit)	5	1	4	
Net loss	\$ (16,357)	\$ (3,798)	\$ (12,559)	331 %

Research and Development Expenses

The following table discloses the breakdown of research and development expenses:

(\$ in thousands)	Nine Months Ended			
	September 30,		Change	
	2023	2022	\$	%
Clinical trials	\$ 1,735	\$ —	\$ 1,735	100 %
External services	1,289	1,263	26	2 %
Payroll and personnel expenses	1,775	277	1,498	541 %
Other research and development expenses	99	138	(39)	(28)%
	<u>\$ 4,898</u>	<u>\$ 1,678</u>	<u>\$ 3,220</u>	<u>192 %</u>

Research and development expenses for the nine months ended September 30, 2023 and 2022 were \$4.9 million and \$1.7 million, respectively. The increase in research and development expenses of \$3.2 million, or 192%, was primarily driven by increases in clinical trial expenses of \$1.7 million, and an increase in payroll and personnel expenses of \$1.5 million.

General and Administrative Expenses

General and administrative expenses for the nine months ended September 30, 2023 and 2022 were \$6.4 million and \$2.2 million, respectively. The increase in general and administrative expenses of \$4.2 million, or 188%, was driven by an increase in marketing related expenses of \$0.2 million, an increase in SEC reporting related expenses of \$0.5 million, payroll related expenses of \$0.8 million, an increase in professional fees of \$1.0 million, a legal settlement of \$0.2 million, an increase in insurance expense of \$1.3 million, and an increase in general business expenses of \$0.2 million.

Other Income (Expense)

Other income (expense) for the nine months ended September 30, 2023 and 2022 was expense of \$5.1 million and income of \$0.1 million, respectively. The decrease of \$5.2 million, or 5,397%, primarily resulted from an increase in interest expense of \$0.4 million, the change in fair value of convertible notes of \$0.3 million, the change in fair value of forward option-prepaid forward contracts of \$1.7 million, and the loss on extinguishment of convertible notes of \$4.9 million, partially offset by the change in fair value of warrants liability of \$1.3 million, a gain on sales of recycled shares of \$1.3 million, the change in fair value of notes payable derivative liability of \$0.6 million, and other income of \$0.1 million.

Income Tax Provision (Benefit)

SeaStar Medical recorded a provision for income taxes of \$0.0 million for the **nine** **three** months ended **September 30, 2023**, and an income tax benefit of \$0.0 million for the nine months ended **September 30, 2022** **March 31, 2023**.

Under Accounting Standards Codification ("ASC") 740-10-30-5, Income Taxes, deferred tax assets should be reduced by a valuation allowance if, based on the weight of available evidence, it is more-likely-than-not (i.e., a likelihood of

more than 50%) that some portion or all of the deferred tax assets will not be realized. SeaStar Medical considers all positive and negative evidence available in determining the potential realization of deferred tax assets including, primarily, the recent history of taxable earnings or losses. Based on operating losses reported during 2022 and 2021, the Company concluded there was not sufficient positive evidence to overcome this recent operating history. As a result, we believe that a valuation allowance continues to be necessary based on the more-likely-than-not threshold noted above.

Net Loss

The During the three months ended March 31, 2024, SeaStar Medical had a net loss of \$12.7 million compared to a net loss of \$7.1 million for the nine months ended September 30, 2023 and 2022 were \$16.4 million and \$3.8 million, respectively. March 31, 2023. The increased net loss of \$12.6 million primarily resulted from increases \$5.6 million has been disclosed in general and administrative expenses of \$4.2 million, increases in research and development expenses of \$3.2 million, increases in interest expense of \$0.3 million, a change in fair value of convertible notes of \$0.3 million, a change in fair value of forward option-prepaid forward contracts of \$1.7 million, a change in fair value of notes payable of \$0.6 million, and a loss on extinguishment of convertible notes of \$4.9 million, partially offset by a change in fair value of warrants liability of \$1.3 million, and a gain on sale of recycled shares of \$1.3 million during the nine months ended September 30, 2023. above discussion.

Liquidity and Capital Resources

Sources of Liquidity

To date, we have financed our operations primarily through the sale of equity securities and convertible debt and, to a lesser extent, through grants from governmental and other agencies. Since our inception, we have incurred significant operating losses and negative cash flows. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, we had an accumulated deficit of \$115.7 million \$127.4 million and \$99.3 million \$114.7 million, respectively.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, we had cash of \$0.1 million \$5.0 million and \$0.0 million \$0.2 million, respectively. We expect that our existing cash will be insufficient to fund our operations, including clinical trial expenses and capital expenditure requirements. We believe that this raises doubt about our ability to continue as a going concern. To finance our operations beyond that point, we would need to raise additional capital, and there is no guarantee that we will be able to secure additional funding on favorable terms, or at all. We have concluded that these circumstances raise doubt about our ability to continue as a going concern within one year after the issuance date of this Form 10-Q. See Note 1 to our unaudited condensed consolidated financial statements for the period ended March 31, 2024.

On March 15, 2023, We would receive the Company entered into a Securities Purchase Agreement ("SPA") with 3i LP ("3i"), whereby proceeds from any exercise of any warrants that are exercised for cash pursuant to their terms. Assuming the Company agreed to issue a series exercise in full of four senior unsecured convertible notes, with principal amounts totaling up to \$9.8 million, and warrants to purchase shares all of the Company's common stock. On March 15, 2023 warrants for cash, we would receive an aggregate of approximately \$16.2 million, but would not receive any proceeds

from the Company issued the first senior unsecured convertible note in the amount of \$3.3 million and warrants to purchase 328,352 shares of common stock. On May 12, 2023, the Company issued the second senior unsecured convertible note in the amount of \$2.2 million and warrants to purchase 218,901 shares of common stock. The senior unsecured convertible notes were issued at an 8.0% discount and bear interest at 7.0% per annum and mature on June 15, 2024, and August 12, 2024. The senior unsecured convertible notes are redeemable, in whole or in part, at any time at the discretion **sale** of the Company. The warrants have an initial exercise price of \$2.97 per share of common stock, expire 5 years from their issuance date, and contain cashless exercise provisions.

On May 12, 2023, the Company issued a note (the "Second Convertible Note"), convertible into 805,153 shares of common stock at an initial conversion **issuable** upon such exercise. To the extent any warrants are issued on a "cashless basis," the amount of cash we would receive from the exercise of the warrants will decrease. We would expect to use any such proceeds received from warrants that are exercised for cash in the future for general corporate and working capital purposes, which would increase our liquidity. However, we will only receive such proceeds if and when the warrant holders exercise the warrants. The exercise of the warrants, and any proceeds we may receive from their exercise, are highly dependent on the price of \$2.70, in a principal amount of \$2,174, our common stock and a warrant to purchase up to 218,901 shares of common stock. The Second Convertible Note was issued at an 8.0% discount, bears interest at 7.0% per annum, matures on August 12, 2024, and requires monthly installments of principal and interest. The Second Convertible Note was paid in full in October 2023.

On August 7, 2023, the Company entered into an amendment to spread between the SPA, whereby 3i will have the discretion to purchase additional convertible notes in an aggregate principal amount of \$2.0 million (the "Additional Convertible Notes") in lieu of the third and forth series of convertible notes as provided in the original SPA dated March 15, 2023.

Also on August 7, 2023, the Company entered into a side letter with 3i (the "Letter Agreement"), pursuant to which the Company agreed to adjust the conversion **exercise** price of the **First warrant** and **Second Convertible Notes** to the lowest of (i) \$0.20, (ii) the closing **sale** price of our common stock **on** at the **trading** day immediately preceding **time** of exercise. There is no assurance that the warrant holders will elect to exercise for cash any or all of such warrants, and we believe that any such exercise currently is unlikely to occur as described below. As of the date of the conversion, and (iii) the average **closing** **sale** price of common stock for

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the five consecutive trading days immediately preceding the date of the conversion. The Company also agreed issue a warrant **this Annual Report**, we have neither included nor intend to purchase up to 4,765,620 shares of common stock, as part of the August 7, 2023 amendment to the SPA.

The Company closed three of four tranches of the Additional Convertible Notes on August 7, 2023, August 30, 2023, and September 26, 2023, respectively. Each tranche of the Additional Convertible Notes is convertible into 2,717,144 shares of common stock at an initial conversion price of \$0.20, in a principal amount of \$0.5 million, and includes a warrant to purchase up to 738,791 shares of common stock. The Additional Convertible Notes mature on November 6, 2024, November 29, 2024, and December 25, 2024, respectively.

On March 15, 2023, the Company amended its LMFA notes, LMFAO note and Maxim note, extending their maturity dates to June 15, 2024. Inconsideration for such extension, the Company agreed to pay the noteholders an aggregate amount of \$0.1 million in include any potential cash upon receipt of proceeds from the issuance exercise of our warrants in our short-term or long-term liquidity projections. We will continue to evaluate the probability of warrant exercise over the life of our warrants and the merit of including potential cash proceeds from the exercise in our liquidity projections.

We do not expect to rely on the cash exercise of warrants to fund our operations. Instead, we intend to rely on our primary sources of cash discussed elsewhere in this Form 10-Q to continue to support our operations. Accordingly, we believe that it is currently unlikely that warrant holders will exercise their warrants. The likelihood that warrant holders will exercise the warrants, and therefore the amount of cash proceeds that we would receive, is dependent upon the trading price of our common stock. If the trading price for our common stock remains less than \$0.8302 per share, we believe our warrant holders will be unlikely to exercise their warrants. There is no guarantee that the warrants will be in the money following the time they become exercisable and prior to their expiration, and as such, the warrants may expire worthless, and we may not receive any proceeds from the exercise of the notes at warrants. To the second closing under the SPA. The mandatory repayment provisions extent that any of the notes were waived for warrants are exercised on a "cashless basis," the first senior unsecured convertible note drawn on March 15, 2023.

On May 12, 2023, amount of cash we would receive from the Company amended its LMFA notes, LMFAO note and Maxim note. The mandatory repayment provisions exercise of the notes were waived for the LMFA notes, and LMFAO note for the second senior unsecured convertible note drawn on May 12, 2023. The mandatory repayment for the Maxim note was reduced to \$0.1 in full satisfaction of the obligation under the promissory note with respect to the second closing.

On August 7, 2023, the Company entered into certain amendments and waivers for the Maxim Note, LMFA Note, and LMFAO Note. The lenders waved their rights to receive any mandatory prepayments for proceeds received by the Company from the convertible note financings and agreed to extend the maturity dates to March 26, 2023, warrants will decrease.

Future Funding Requirements

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We expect to incur significant expenses in connection with our ongoing activities as we seek to (i) continue clinical development of our adult SCD product for approval by the Food and Drug Administration ("FDA"), FDA, and (ii) if regulatory approval is obtained, to launch and commercialize our adult SCD product in the U.S. market, including subsequent launches in key international markets. We will need additional funding in connection with these activities. Our future funding requirements, both short-term and long-term, will depend on many factors, including:

- our ability to receive cash proceeds from our new and existing funding sources, including equity line of credit; sources;
- the progress and results of our clinical trials and interpretation of those results by the FDA and other regulatory authorities;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims; and
- the costs of operating as a public company, including hiring additional personnel as well as increased director and officer insurance premiums, audit and legal fees, investor relations fees and expenses related to compliance with public company reporting requirements under the Securities Exchange Act of 1934, as amended, and rules implemented by the SEC and Nasdaq.

Until such time, if ever, as we are able to successfully develop and commercialize our products, we expect to continue financing our operations through the sale of equity, debt, borrowings under credit facilities or through potential collaborations with other companies, other strategic transactions or government or other grants. Adequate capital may not be available to us when needed or on acceptable terms.

Based on our results of operations and liquidity as of **September 30, 2023** **March 31, 2024**, we believe our cash and cash equivalents, including the cash we obtained from the **Business Combination and the PIPE Investment**, as well as potential proceeds available under the **Purchase Agreement with Tumim Stone Capital ("Tumim")** and from the **Forward Purchase Agreements ("FPA")**, **Q1 2024 SPA registered direct financing** are not sufficient to meet our working capital and capital expenditure requirements for a period of at least twelve months from the date of our unaudited **condensed consolidated financial statements as of September 30, 2023** **for the three months ended March 31, 2024**, are made available. In addition, we do not expect to receive any cash proceeds from the exercise of warrants in the near term, because the trading price of our common stock is currently below the exercise price of such warrants. We are seeking additional cash to fund our growth through future debt or equity financing transactions; however, there can be no assurance that we will be able to obtain additional capital on terms acceptable to us, if at all, or that we will generate sufficient future revenues and cash flows to fund our operations. Our estimates of our results of operations, working capital and capital expenditure requirements may be different than our actual needs, and those estimates may need to be revised if, for example, our actual revenue is lower, and our net operating losses are higher, than we project, and our cash and cash equivalents position is reduced faster than anticipated. We do not currently have any committed external source of funds.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of stockholders. Debt financing and preferred equity

financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making acquisitions or capital expenditures. Debt financing would also result in fixed payment obligations. If we are unable to raise additional funds through equity or debt financings or other arrangements when needed, we may be required to delay, reduce, suspend or cease our research and development programs or any future commercialization efforts, which would have a negative impact on our business, prospects,

operating results, and financial condition. See the section titled "Risk Factors" for additional risks associated with our substantial capital requirements.

Cash Flows

The following table shows a summary of our cash flows for each of the periods shown below:

(\$ in thousands)	Nine Months Ending	
	September 30,	2022
Statement of cash flow data:		
Total cash (used in)/provided by:		
Operating activities	\$ (5,800)	\$ (2,492)
Investing activities	—	—
Financing activities	5,826	2,031
	\$ 26	\$ (461)

Cash Flow from Operating Activities

(\$ in thousands)	Three Months Ended	
	March 31,	2023
Statement of cash flow data:		
Total cash (used in)/provided by:		
Operating activities	\$ (3,488)	\$ (2,294)
Investing activities	—	—
Financing activities	8,331	2,972
	\$ 4,843	\$ 678

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Net cash used in operating activities for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** was **\$5.8 million** **\$3.5 million** compared to **\$2.5 million** **\$2.3 million** for the **nine** **three** months ended **September 30, 2022** **March 31, 2023**. The increase in cash used for operating activities of **\$3.3 million** **\$1.2 million** is primarily due to the **increase** **timing**

of resources certain payments to launch the clinical trial, an increase in expenses related to SEC reporting, and an increase in insurance expense.

Cash Flow from Financing Activities vendors, reducing our outstanding payables, as a result cash provided by financing activities as discussed below.

Net cash provided by financing activities for the **nine** three months ended **September 30, 2023** **March 31, 2024** was **\$5.8 million** **\$8.3 million**, primarily related to the issuance of new shares of common stock, proceeds from convertible notes, exercise of warrants, and the **sale avoidance** of recycled shares, partially offset certain principal payments due to the conversion of certain convertible notes. Cash provided by payments financing activities for the three months ended March 31, 2023 was \$3.0 million, primarily from the issuance of notes payable, payment of convertible notes, and payment of commitment fees for the equity line of credit payable.

Critical Accounting Policies and Estimates

The preparation of the unaudited **condensed** consolidated financial statements and related disclosures in conformity with U.S. GAAP requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the **condensed** consolidated financial statements, and income and expenses during the periods reported. Although actual results could materially differ from those estimates, such estimates are developed based on the best information available to management and management's best judgments at the time.

Significant estimates include **There has been no material change from the valuation of policies or methods disclosed in our Annual Report to Form 10-K filed April 16, 2024, as amended by Form 10-K/A filed April 26, 2024, for the forward option on forward purchase agreement, derivative liability, warrants, convertible notes at fair value, and the amount of share-based compensation expense.** year-ended December 31, 2023.

Emerging Growth Company Status

We are an emerging growth company ("EGC"), as defined in the Jumpstart Our Business Startups ("JOBS") Act. The JOBS Act permits companies with EGC status to take advantage of an extended transition period to comply with new or revised accounting standards, delaying the adoption of these accounting standards until they apply to private companies. We have elected to use this extended transition period to enable us to comply with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our **condensed** consolidated financial statements may not be comparable to companies that comply with the new or revised accounting standards as of public company effective dates.

In addition, we intend to rely on the other exemptions and reduced reporting requirements provided by the JOBS Act. Since we intend to rely on such exemptions, we are not 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(b) of the Sarbanes-

Oxley Act; (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act; (iii) comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding

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mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the condensed consolidated 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 Chief Executive Officer's compensation to median employee compensation.

We will remain an EGC under the JOBS Act until the earliest of (i) the last day of our first fiscal year following the fifth anniversary of the closing of this the Business Combination, (ii) the last date of our fiscal year in which we have total annual gross revenue of at least \$1.07 billion, (iii) the date on which we are deemed to be a "large-accelerated filer" under the rules of the SEC with at least \$700.0 million of outstanding securities held by non-affiliates, or (iv) the date on which we have issued more than \$1.0 billion in non-convertible debt securities during the previous three-years.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations as of September 30, 2023 March 31, 2024:

(\$ in thousands)	Less					More					
	than					than					
	Total	1 year	years	3-5 years	5 years	Total	Less than	1 year	1-3 years	3-5 years	More than
Contractual Obligations:											
LMFA note payable	438	—	438	—	—	\$ —	\$ —	\$ —	\$ —	\$ —	—
LMFAO note payable	1,7		1,7			—	—	—	—	—	—
Maxim note payable	57	—	57	—	—	—	—	—	—	—	—
First Convertible Note	3,5		3,5			2,565	—	2,565	—	—	—
Second Convertible Note	90	—	90	—	—						
Additional Convertible Notes	2,4	2,4									
Second Convertible Note	36	36	—								
Additional Convertible Notes	202	202	—	—	—						
Additional Convertible Notes	1,7		1,7								
Notes	67	—	67	—	—						

Convertible Notes	918	918	—	—	—
Insurance					
Financing	—	—	—	—	—
Total contractual obligations	10,267,5	357	357	—	—
	\$ 190	\$ 38	\$ 52	\$ —	\$ —
				\$ 3,840	\$ 1,275
					\$ 2,565
					\$ —
					\$ —

Financing Transactions

Equity Line of Credit 23

The Company paid previously accrued commitment fees of \$1.5 million during the nine months ended September 30, 2023, of which \$1.0 million was paid in 218,842 shares of common stock and \$0.5 million was paid in cash. Recent Developments

During the nine months ended September 30, 2023, In April of 2024, the Company sold 639,578 shares of common stock to Tumim for \$1.3 million was included as part of a consortium with various research institutions as part of a National Institute for Health ("NIH") National Heart, Lung, and Blood Institute has awarded a \$3.6 million grant, of which SeaStar expects to receive a portion, for serving as a contract research organization for the equity line financing arrangement.

Convertible Notes

On March 15, 2023, clinical trial, to evaluate the Company entered into Selective Cytopheretic Device Adult (SCD-ADULT, a SPA with 3i, whereby the Company agreed to issue a series of four Convertible Notes ("Convertible Notes"), with principal amounts totaling up to \$9.8 million, and warrants to purchase shares member of the Company's common stock. On March 15, 2023, Quelimmune™ product family). SCD-Adult is a potential bridging strategy to left ventricular assist device (LVAD) implantation in patients with chronic heart failure (CHF) who have progressed to acute decompensated heart failure (ADHF). This grant award follows a Breakthrough Device Designation for cardiorenal syndrome granted by the Company issued the First Convertible Note (the "First Convertible Note"), convertible into 1,207,729 shares FDA's Center for Biologics Evaluation and Research (CBER) in September 2023. With current standard of common stock at an initial conversion price of \$2.70, care treatment, ADHF can accelerate worsening renal function in a principal amount of \$3.0 million, and feedback loop known as cardiorenal syndrome, which is associated with a warrant to purchase up to 328,352 shares of common stock. The First Convertible Note was issued at an 8.0% discount, bears interest at 7.0% per annum, and matures on June 15, 2024. The First Convertible Note is redeemable, in whole or in part, at any time at the discretion of the Company. The warrant has an initial exercise price of \$2.97 per share of common stock, expire five years from their

issuance date, and contain cashless exercise provisions. The First Convertible Note contains an original issue discount of \$0.3 million and was measured at fair value.

On May 12, 2023, the Company issued the Second Convertible Note (the "Second Convertible Note"), convertible into 805,153 shares of common stock at an initial conversion price of \$2.70, in a principal amount of \$2.2 million, and a warrant to purchase up to 218,901 shares of common stock. The Second Convertible Note was issued at an 8.0% discount, bears interest at 7.0% per annum, and matures on August 12, 2024. The Second Convertible Note is redeemable, in whole or in part, at any time at the discretion of the Company. The warrant has an initial exercise price of \$2.97 per share of common stock, expires five years from their issuance date, and contains

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cashless exercise provisions. The Second Convertible Note contains an original issue discount of \$0.2 million and was measured at fair value.

On May 12, 2023, the Second Convertible Note and the warrant attached poor prognosis. These patients are often ineligible for lifesaving LVAD implantation due to the Second Convertible Note were recorded at severity of their fair values condition. This grant was awarded to Innovative BioTherapies (IBT), which is led by SCD inventor H. David Humes, M.D., Professor, Division of \$1.2 million Nephrology, Internal Medicine, University of Michigan and \$0.1 million, respectively, which was less than the proceeds received from the Second Convertible Note of \$2.0 million.

On August 7, 2023, the Company entered into an amendment to the SPA, whereby 3i will have the discretion to purchase the Additional Convertible Notes (the "Additional Convertible Notes") in an aggregate principal amount of \$2.0 million in lieu of the third and fourth series of convertible notes as provided in the original SPA.

Also on August 7, 2023, the Company entered into a side letter with 3i (the "Letter Agreement"), pursuant to which the Company agreed to adjust the conversion price of the First and Second Convertible Notes to the lowest of (i) \$0.20, (ii) the closing sale price of common stock on the trading day immediately preceding the date of the conversion, and (iii) the average closing sale price of common stock for the five consecutive trading days immediately preceding the date of the conversion. The Company also agreed issue a warrant to purchase up to 4,765,620 shares of common stock, as part of the August 7, 2023 amendment to the SPA.

The Company issued three of four tranches of the Additional Convertible Notes on August 7, 2023, August 30, 2023, and September 26, 2023, respectively. Each tranche of the Additional Convertible Notes is convertible into 2,717,144 shares of common stock at an initial conversion price of \$0.20, in a principal amount of \$543, and includes a warrant to purchase up to 738,791 shares of common stock. The Additional Convertible Notes mature on November 6, 2024, November 29, 2024, and December 25, 2024, respectively.

The warrants attached to the notes at the time of issuance are classified as a liability. SeaStar Medical Scientific Advisor.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

Item 4. Controls and Procedures.

This Item 4 includes information concerning the controls and controls evaluation referred to in the certifications of our Chief Executive Officer and **Interim** Chief Financial Officer required by Rule 13a-14 of the Exchange Act included in this Form 10-Q as Exhibits 31.1 and 31.2.

Evaluation of Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and **Interim** Chief Financial Officer, **have conducted an evaluation evaluated as** of the effectiveness **of the design and operation** of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of **September 30, 2023** **March 31, 2024** and based on this evaluation, have concluded that, as a result of the material weaknesses in internal control over financial reporting as described below, our disclosure controls and procedures were not effective as of **September 30, 2023** **March 31, 2024**.

Pursuant to Rule 13a-15(e), the term "disclosure controls and procedures" means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for designing, implementing, and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The management of the Company has 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. Internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Further, because of changes in conditions, the effectiveness of internal control over financial reporting may vary over time. **Material Weaknesses**

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As discussed elsewhere in this report, we completed the Business Combination on October 28, 2022. Prior to the Business Combination, SeaStar Medical, Inc. was a private company and therefore its controls were not required to be designed or maintained in accordance with Rules 13a-15 and 15d-15 under the Exchange Act. The design and implementation of internal control over financial reporting for the Company post-Business Combination has required and will continue to

require significant time and resources from management and other personnel. Because of this, the design and ongoing development of our framework for implementation and evaluation of internal control over financial reporting is in its preliminary stages. As a result, management was unable, without incurring unreasonable effort or expense, to conduct an assessment of our internal control over financial reporting as of December 31, 2022. Accordingly, we are excluding management's report on internal control over financial reporting pursuant to Section 215.02 of the SEC Division of Corporation Finance's Regulation S-K Compliance & Disclosure Interpretations.

Identification of Material Weaknesses

In the course of preparing the unaudited condensed consolidated financial statements that are included in this Form 10-Q, the Company has identified material weaknesses in its internal controls over financial reporting as of September 30, 2023, which relates to a deficiency in the design and operation of its financial accounting and reporting controls. 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 our annual or interim financial statements will not be prevented or detected on a timely basis. The Company has

In the course of preparing the audited consolidated financial statements as of and for the year-ended December 31, 2023, our management identified that additional headcount will be addressed material weaknesses in its internal controls over financial reporting related to a deficiency in the near term design and operation of our financial accounting and reporting controls.

To help address the material weaknesses, we have strengthened our accounting team with the addition of an experienced Controller and Chief Financial Officer and have identified additional accounting resources that are expected to allow for further research and internal dialogue on complex accounting transactions prior help to conclusion. The Company remediate the material weaknesses. We will also continue to review the overall internal control environment as we develop the requisite internal control framework. While we believe these efforts will remediate the material weakness, the material weakness cannot be considered fully remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in Internal Control over Financial Reporting

There Except for the changes intended to remediate the material weakness described above, there were no changes in our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the period ended September 30, 2023 March 31, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may become involved in various claims and legal proceedings. We are not currently a party to any legal proceedings that, in the opinion of our management, are likely to have a material adverse effect on our business, financial condition or results of operations. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors.

In addition to the other information set forth in this report, you should carefully consider the No additional risk factors discussed in the "Risk Factors" have arisen not already disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022 and our other public filings, which could materially affect our business, financial condition or future results. Except as set forth below, there has been no material changes from risk factors previously disclosed in "Risk Factors" in our Form 10-K for the year ended December 31, 2022: year-ended December 31, 2023, filed April 16, 2024. If the Company fails to obtain additional financing, it would be forced to delay, reduce or eliminate its product development program, which may result in the cessation of its operations.

Developing medical device products, including conducting preclinical studies and clinical trials, is expensive. The Company expects its research and development expenses to substantially increase in connection with its ongoing activities, particularly as it advances its clinical programs. As of September 30, 2023 and December 31, 2022, the Company had negative working capital of \$10.2 million and \$2.3 million, respectively. The Company currently does not have sufficient capital to support its operations and complete its planned regulatory approval process. The Company will need to secure additional capital to continue its operation, and such funding may not be available on acceptable terms, or at all. In addition, the Company incurred a significant amount of debt, including the issuance of unsecured and secured promissory notes to LM Funding America, Inc. ("LMFA"), LMFAO Sponsor (the "Sponsor"), Maxim ("Maxim"), and convertible notes to 3i LP, an affiliate of Tumim Stone Capital ("Tumim"), and the Company may not have sufficient funds to repay these loans. Even if the Company obtains additional funding, the Company will be required to make certain mandatory payments under such promissory notes, which will reduce the amount of proceeds available for the Company to operate its business.

On August 23, 2022, LMAO and SeaStar Medical, Inc. entered into a Common Stock Purchase Agreement (the "Purchase Agreement") with Tumim for the purchase of up to \$100.0 million in shares of the common stock after the consummation of the Business Combination. There are certain conditions and limitations on the Company's ability to utilize the \$100.0 million equity line with Tumim. The Company will be required to satisfy various conditions, which include, among others: (1)

delivery of a compliance certificate; (2) filing of an initial registration statement; and (3) customary bring-down opinions and negative assurances, in order to commence the selling of common stock to Tumim under the Purchase Agreement. Once such conditions are satisfied, Tumim's purchases are subject to various restrictions and other limitations, including a cap on the number of shares of common stock that we can sell based on the trading volume of our common stock, as well as certain beneficial ownership restrictions of Tumim. If any of these conditions are not satisfied or limitations are in effect, the Company may not be able to utilize all or part of the Tumim equity line, which would have an adverse impact on the Company's ability to satisfy its capital needs and could have a material adverse impact on its business. The Company has received a total of \$1.3 million from the Purchase Agreement through September 30, 2023. However, this source of capital may be limited since it depends substantially on the trading volume and price of our common stock.

In March 2023, the Company completed a convertible note financing in which the Company may issue up to a principal amount of approximately \$9.8 million of convertible notes to 3i LP (the "Lender") in four separate tranches subject to certain conditions (the "Convertible Note Financing"). On March 15, 2023, the Company closed the first tranche of the financing by issuing a convertible note in a principal amount of \$3.3 million, and a warrant to purchase up to 328,352 shares of common stock. On May 12, 2023, the Company closed the second tranche of the financing by issuing a convertible note in a principal amount of \$2.2 million and a warrant to purchase up to 218,901 shares of common stock. On August 7, 2023, the Company and the Lender amended the terms of the financing, whereby the Lender may purchase additional convertible notes in aggregate principal amounts up to \$2 million in lieu of the third and fourth series as originally provided. However, there is no guarantee that the Company will be able to satisfy the conditions required to issue additional notes under the remaining tranches. In addition, because some of the outstanding notes of the Company with Maxim, LMFA, and Sponsor include mandatory prepayment provisions, the Company may be required to use a portion of the proceeds from the Convertible Note Financing to repay such notes, unless the Company can obtain a waiver from holders of such notes, and there is no guarantee that such waivers will be obtained. Even if the Company receives sufficient capital in the future, the Company will be required to raise additional funds to support its own operations and complete its planned regulatory approval process, and such funding may not be available in sufficient amounts or on acceptable terms to the Company, or at all. If it is unable to raise additional capital when required or on acceptable terms, the Company may be required to:

- significantly delay, scale back or discontinue the development or commercialization of its product candidates;
- seek corporate partners on terms that are less favorable than might otherwise be available; and/or

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- relinquish or license on unfavorable terms, its rights to technologies or product candidates that it otherwise would seek to develop or commercialize itself.

If it is unable to raise additional capital in sufficient amounts or on acceptable terms, the Company will be prevented from pursuing development and commercialization efforts, including completing the clinical trials and regulatory approval process for its SCD product candidates, which would have a material adverse impact on its business, results of operations, and financial condition.

The Company has not received, and may never receive, approval from the FDA to market its product in the United States or abroad.

The Company may encounter various challenges and difficulties in its application to seek approval from the FDA to sell and market its SCD product candidates, including the application for HDE for pediatric AKI indication and the pivotal trial for adult AKI indication.

The Company is required to submit a substantial amount of supporting documentation for its HDE application to demonstrate the eligibility of the SCD to treat pediatric patients. The Company submitted an application for a HDE for SCD in June 2022 for the treatment of pediatric patients with AKI on CRRT. On September 29, 2023, the Company received a correspondence from the FDA indicating that this HDE is approvable for use in children weighing 10 kilograms or more with AKI and sepsis or a septic condition requiring CRRT in the hospital ICU. On October 30, 2023 the Company announced that it received the approvable letter from the FDA. Following the receipt of this approvable letter, we intend to work diligently and expeditiously to respond to these requests for additional information and address these conditions for approval of our HDE application. We anticipate receiving the HDE approval letter between December 2023 and January 2024. The Company believes the approval of its HDE will confirm SCD and its technology as an effective tool to treat hyperinflammation related diseases, which will enable us to successfully execute our business and growth strategies.

The Company believes that its novel therapeutic device is readily applicable for use in other indications, which will require additional clinical studies and FDA approval. For example, on September 28, 2023, the Company received Breakthrough Device Designation for our patented and cell-directed SCD for use with patients in the hospital ICU with acute or chronic systolic heart failure and worsening renal function due to cardiorenal syndrome or right ventricular dysfunction awaiting implantation of a left ventricular assist device, and on October 18, 2023, the Company received Breakthrough Device Designation for our patented and cell-directed SCD for use with patients in the hospital ICU with AKI and acute on chronic liver failure. While the Company expects the Breakthrough Device Designation to expedite the clinical development and regulatory review of the SCD program for use in this patient population, there is no guarantee that the Company will be able to expedite the clinical development or obtain regulatory approval.

While the Company recently obtained approval from the FDA to conduct the AKI adult pivotal trial for SCE, there is no guarantee that the Company will be able to complete such trial in a timely manner, or at all, nor will there be any assurance that positive data will be generated from such trials. Even if the Company is able to generate positive results from this trial, the FDA and other regulatory agencies may require the Company to conduct additional trials to support the study or disagree with the design of the trial and request changes or improvements to such design. The Company is also subject to numerous other risks relating to the regulatory approval process, which include but are not limited to:

- an inability to secure and obtain support and references from collaborators and suppliers required by the FDA;
- a disagreement with the FDA regarding the design of the trial, including the number of clinical study subjects and other data, which may require SeaStar Medical to conduct additional testing or increase the size and complexity of pivotal study;
- a failure to obtain a sufficient supply of filters to conduct its trial;
- an inability to enroll a sufficient number of subjects;
- a shortage of necessary raw materials, such as calcium; and
- delays and failures to train qualified personnel to operate the SCD therapy.

Even if the Company obtains approval, the FDA or other regulatory authorities may require expensive or burdensome post-market testing or controls. Any delay in, or failure to receive or maintain, clearance or approval for its future products could prevent the Company from generating revenue from these products or achieving profitability. Additionally, the FDA and other regulatory authorities have broad enforcement powers. Regulatory enforcement or inquiries, or other increased scrutiny on the Company, could dissuade some physicians from using its products and adversely affect its reputation and the perceived safety and efficacy of its products.

Delays or rejections may occur based on changes in governmental policies for medical devices during the period of product development. The FDA can delay, limit or deny approval of a PMA application for many reasons, including:

- the Company's inability to demonstrate the safety or effectiveness of the SCD or any other product it develops to the FDA's satisfaction;
- insufficient data from its preclinical studies and clinical trials, including for its SCD, to support approval;

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- failure of the facilities of its third-party manufacturers or suppliers to meet applicable requirements;
- inadequate compliance with preclinical, clinical or other regulations;
- its failure to meet the FDA's statistical requirements for approval; and
- changes in the FDA's approval policies, or the adoption of new regulations that require additional data or additional clinical studies.

If the Company is not able to obtain regulatory approval of its SCD in a timely manner or at all, it may not be able to continue to operate its business and may be forced to shut down its operations.

We recently received letters of deficiency from NASDAQ for failure to comply with certain continued listing requirements, and there is no guarantee that we will be able to regain compliance to avoid a delisting of our common stock.

On June 14, 2023, the Company received a letter from the NASDAQ Stock Market ("NASDAQ"), indicating that the Company did not comply with the \$35 million minimum market value requirement for continued listing on the Nasdaq Capital Market under Nasdaq Listing Rule 5550(b)(2). In accordance with NASDAQ rules, the Company has been provided an initial period of 180 calendar days, or until December 11, 2023, to regain compliance with such market value requirement. In addition, on June 26, 2023, the Company received a letter from NASDAQ indicating that the Company did not comply with the \$1.00 per share minimum bid price requirement for continued inclusion on the NASDAQ Capital Market pursuant to Nasdaq Listing Rule 5550(a)(2). In accordance with NASDAQ rules, the Company has been provided an initial period of 180 calendar days, or until December 26, 2023 to regain compliance with such minimum bid price requirement. If the Company does not regain compliance by each such date, the Company may apply for an extension of grace periods or file an appeal with NASDAQ requesting continued listing of our common stock.

There is no guarantee that we will be able to regain compliance of the market value or the minimum bid price requirement under NASDAQ rules prior to these deadlines for the grace periods, and while we have the option to extend the grace periods, there is no guarantee that NASDAQ will grant such extension. Our failure to meet NASDAQ's continued listing requirements may result in the delisting of our common stock, which will make our stock significantly less liquid and

negatively affect its value. Delisting may also result in an event of default under our Notes and a breach of certain covenants with our warrant holders, which will have a material adverse effect on us. Delisting could also impair the liquidity of our common stock and could harm our ability to raise capital through alternative financing sources on terms acceptable to us, or at all, and may result in potential loss of confidence by investors, employees, and fewer business development opportunities.

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

N/A During the three months ended March 31, 2024, we did not have sales of unregistered securities

Item 3. Defaults Upon Senior Securities.

N/A

Item 4. Mine Safety Disclosures.

N/A

Item 5. Other Information.

On August 8, 2023 During the three months ended March 31, 2024, the compensation committee of the board of directors no director or officer of the Company approved adopted or terminated a modification "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of the terms of the base salary of each of Eric Schlorff, Chief Executive Officer, Kevin Chung, Chief Operating Officer and Caryl Baron, Interim Chief Financial Officer, as follows: Regulation

S-K.Item 6. Exhibits.

- 100% of cash payment of monthly salaries of each of Dr. Chung and Ms. Baron for the payroll period ending October 15, 2023 will be paid in shares of common stock of the Company calculated based on the average trading price in ten (10) consecutive trading days immediately prior to each payroll date.
- 50% of cash payment of monthly salary of Mr. Schlorff for the payroll period ending October 15, 2023 will be paid in shares of common stock of the Company calculated based on the average trading price in ten (10) consecutive trading days immediately prior to each payroll date.

Except for the above, no other changes have been made to the compensation arrangements with the three executive officers.

Item 6. Exhibits

Exhibit Index

Exhibit No.	Description
3.1	Third Second Amended and Restated Certificate of Incorporation Bylaws of SeaStar Medical Holding Corporation filed with the Secretary of State of the State of Delaware on October 28, 2022 (incorporated by reference to Exhibit 3.1 to the Company's current report on Form 8-K filed by the registrant on November 4, 2022 April 18, 2024).
3.24.1	Certificate Form of Amendment Pre-Funded Warrant to the Third Amended and Restated Certificate of Incorporation of SeaStar Medical Holding Corporation , filed with the Secretary of State of the State of Delaware on September 19, 2023 Purchase Common Stock (incorporated by reference to Exhibit 3.1 4.1 to the Company's current report on Form 8-K filed by the Registrant on September 20, 2023 January 30, 2024).
10.14.2	First Amendment Form of Series A Common Stock Purchase Warrant to Securities Purchase Common Stock (incorporated by reference to Exhibit 4.2 to Form 8-K filed by the Registrant on January 30, 2024).
4.3	Form of Series B Common Stock Purchase Warrant to Purchase Common Stock (incorporated by reference to Exhibit 4.3 to Form 8-K filed by the Registrant on January 30, 2024).
10.4+*	Employment Agreement , dated August 7, 2023 January 10, 2024, by and between the Company and 3i, LP David Green (incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K filed by the registrant on August 7, 2023 January 11, 2024).
10.2	First Amendment to Registration Rights Agreement , dated August 7, 2023, by and between the Company and 3i, LP (incorporated by reference to Exhibit 10.2 to the Company's current report on Form 8-K filed on August 7, 2023).
10.3	Letter Agreement , dated August 7, 2023, by and between the Company and 3i, LP (incorporated by reference to Exhibit 10.3 to the Company's current report on Form 8-K filed on August 7, 2023).
10.4	Third Amendment, Consent and Waiver Agreement , dated August 7, 2023, by and between the Company and Maxim Group LLC (incorporated by reference to Exhibit 10.4 to the Company's current report on Form 8-K filed on August 7, 2023).
10.5	Third Amendment, Consent and Waiver Form of Series Purchase Agreement dated August 7, 2023, by and between among the Company and LM Funding America, Inc. (incorporated by reference to Exhibit 10.5 to the Company's current report on Form 8-K filed on August 7, 2023).
10.6	Third Amendment, Consent and Waiver Agreement , dated August 7, 2023, by and between the Company and LMFAO Sponsor, LLC (incorporated by reference to Exhibit 10.6 to the Company's current report on Form 8-K filed on August 7, 2023).

10.7	<u>Letter Agreement, dated August 30, 2023, by and between the Company and 3i, LP party thereto (incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K filed by the Registrant on August 30, 2023 January 30, 2024).</u>
31.1**	<u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2**	<u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1**	<u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2**	<u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
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

+ Indicates management contract or compensatory plan or arrangement.

28# Certain of the exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(a) (5). The

Registrant agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request; provided, however, that the

Registrant may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act, as amended, for any schedule or

exhibit so furnished.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, 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, 2023 May 14, 2024

By: _____ /s/ Eric Schlorff
Eric Schlorff
Chief Executive Officer
(Principal Executive Officer)

Date: November 14, 2023 May 14, 2024

By: _____ /s/ Caryl Baron David Green
Caryl Baron David Green
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

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EXHIBIT 31.1

Certification 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 registrant's board of directors (or persons performing the equivalent function) functions):

- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2023 May 14, 2024

/s/ Eric Schlorff

Eric Schlorff

Chief Executive Officer

EXHIBIT 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, **Caryl Baron**, **David Green**, 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 registrant's board of directors (or persons performing the equivalent function) functions:

- 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
- any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2023 May 14, 2024

/s/ Caryl Baron David Green

Caryl Baron David

Interim Chief Financial Officer

EXHIBIT 32.1

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Eric Schlorff, Chief Executive Officer of SeaStar Medical Holding Corporation (the "Company"), certify that:

1. the Quarterly Report on Form 10-Q of the Company for the fiscal quarter three months ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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, 2023 May 14, 2024

/s/ Eric Schlorff

Eric Schlorff

Chief Executive Officer

EXHIBIT 32.2

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, **Caryl Baron**, Interim **David Green**, Chief Financial Officer of SeaStar Medical Holding Corporation (the "Company"), certify that:

1. the Quarterly Report on Form 10-Q of the Company for the **fiscal quarter** **three months** ended **September 30, 2023** **March 31, 2024** as filed with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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, 2023 May 14, 2024

/s/ **Caryl Baron** **David Green**

Caryl Baron **David Green**

Interim Chief Financial Officer

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