UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **December 12, 2022**

ZYVERSA THERAPEUTICS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**001-41184**	**86-2685744**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

2200 N. Commerce Parkway, Suite 208 Weston, Florida	**33326**
(Address of principal executive offices)	(Zip Code)

(754) 231-1688
(Registrant's telephone number, including area code)

Larkspur Health Acquisition Corp.
100 Somerset Corporate Blvd., 2nd Floor
Bridgewater, New Jersey 08807
(Former name or former address if changed from last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of Each Class	Trading Symbols	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	ZVSA	The Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company ☒

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. ☐

Introductory Note

Unless otherwise stated or unless the context otherwise requires, the terms "we," "us," "our," "New ZyVersa," "ZyVersa," and the "Company" refer to ZyVersa Therapeutics, Inc., a Delaware corporation (f/k/a Larkspur Health Acquisition Corp., a Delaware corporation), after giving effect to the Business Combination (as defined below), and as renamed ZyVersa Therapeutics, Inc., and where appropriate, our wholly-owned subsidiaries (including Old ZyVersa, as defined below) following the Closing Date (as defined below). Furthermore, unless otherwise stated or unless the context otherwise requires, references to "Larkspur" refer to Larkspur Health Acquisition Corp., a Delaware corporation, prior to the Closing Date, and references to "Old ZyVersa" refer to ZyVersa Therapeutics, Inc., a Florida corporation, prior to the Closing Date. All references herein to the "Board" refer to the board of directors of the Company.

On December 12, 2022, the parties closed its business combination (the "**Business Combination**") pursuant to the terms of that certain Business Combination Agreement (as amended, supplemented or otherwise modified from time to time, the "**Business Combination Agreement**"), dated as of July 20, 2022, by and among (i) ZyVersa, (ii) the Securityholder Representative (as defined in the Business Combination Agreement) named therein, (iii) Larkspur, and (iv) Larkspur Merger Sub, Inc., a Delaware corporation and a direct, wholly owned subsidiary of Larkspur ("**Merger Sub**").

A Form 8-K was filed with the Securities and Exchange Commission (the "**SEC**") on December 13, 2022 with respect to the transactions reporting a number of matters and including Form 10 information. This Form 8-K/A is being filed to add: (i) ZyVersa's Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company, included below and as Exhibit 99.4, (ii) ZyVersa's Unaudited Condensed Consolidated Financial Statements of the Company – September 30, 2022 and 2021, included as Exhibit 99.5, and (iii) the Unaudited Pro Forma Information with respect to the completed business combination for the nine months ended September 30, 2022 and the year ended December 31, 2021, included as Exhibit 99.6.

Item 2.01. Completion of Acquisition of Disposition of Assets.

ADDITIONAL FORM 10 INFORMATION

Item 2.01(f) of Form 8-K states that if the predecessor registrant was a shell company, as Larkspur was immediately before the Business Combination, then the registrant must disclose the information that would be required if the registrant were filing a general form for registration of securities on Form 10. Accordingly, the Company is providing the information below that would be included in a Form 10 if the Company were to file a Form 10. Please note that the information provided below relates to the Company following the consummation of the Business Combination, unless otherwise specifically indicated or the context otherwise requires.

Forward-Looking Statements

This Current Report on Form 8-K and the information incorporated herein by reference contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including with respect to the effects of the Business Combination. These statements are based on the current expectations and beliefs of management of the Company and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These forward-looking statements include statements about future financial and operating results of the Company; statements of the plans, strategies and objectives of management for future operations of the Company; statements regarding future economic conditions or performance; and other statements regarding the future business of the Company. Forward-looking statements may contain words such as "will be," "will," "expect," "anticipate," "continue," "project," "believe," "plan," "could," "estimate," "forecast," "guidance," "intend," "may," "plan," "possible," "potential," "predict," "pursue," "should," "target" or similar expressions, and include the assumptions that underlie such statements. These statements include, but are not limited to the following:

- the occurrence of any event, change or other circumstances, including the outcome of any legal proceedings that may be instituted against the Company;
- the ability to maintain the listing of the Common Stock on the Nasdaq, as applicable;
- the risk of disruption to the Company's current plans and operations;
- the ability to recognize the anticipated benefits of the Company's business, which may be affected by, among other things, competition and the ability to grow and manage growth profitably and retain its key employees;
- costs related to the Company's business;
- changes in applicable laws or regulations;
- the ability of the Company to raise financing in the future;
- the success, cost and timing of the Company's product development activities;
- the Company's ability to obtain and maintain regulatory approval for its products, and any related restrictions and limitations of any approved product;
- the Company's ability to maintain existing license agreements and manufacturing arrangements;
- the Company's ability to compete with other companies currently marketing or engaged in the development of products and services that serve customers engaged in proteomic analysis, many of which have greater financial and marketing resources than the Company;
- the size and growth potential of the markets for the Company's products, and the ability of each to serve those markets, either alone or in partnership with others;
- the Company's estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- the Company's financial performance;
- the impact of the COVID-19 pandemic on the Company's; and

- other factors disclosed under the section entitled "*Risk Factors*" in the Proxy Statement/Prospectus beginning on page 39 thereof, which is incorporated herein by reference.

The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties described in the *"Risk Factors"* section of the other documents filed by the Company from time to time with the SEC. There can be no assurance that future developments affecting the Company will be those that the Company has anticipated. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Financial Statements and Supplementary Data

Reference is made to the disclosure set forth under Item 9.01 of this Current Report on Form 8-K concerning the financial statements and supplementary data of ZyVersa's Unaudited Condensed Consolidated Financial Statements of the Company – September 30, 2022 and 2021.

ZYVERSA'S MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of ZyVersa's financial condition and results of operations should be read in conjunction with the audited annual and unaudited interim consolidated financial statements and related notes appearing elsewhere in this proxy statement. Some of the information contained in this discussion and analysis, including information with respect to our plans and strategy for our business and our expectations with respect to liquidity and capital resources, includes forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, those risks and uncertainties described in "Risk Factors" in this proxy statement. Actual results could differ materially from the results described in or implied by these forward-looking statements. In this section "we," "us," "our" and "ZyVersa" refer to ZyVersa Therapeutics, Inc.

Components of Results of Operations

Comparison of the three months ended September 30, 2022 and September 30, 2021

The following table summarizes our results of operations for the three months ended September 30, 2022 and 2021:

(in thousands)	For the Three Months Ended September 30, 2022	For the Three Months Ended September 30, 2021	Favorable (Unfavorable)	% Change
Operating expenses:				
Research and development	$ 2,334	$ 407	$ (1,927)	(473.6%)
General and administrative	1,062	1,707	645	37.8%
Total Operating Expense	3,395	2,114	(1,282)	(60.6%)
Total Operating Loss	(3,395)	(2,114)	(1,281)	(60.6%)
Other Income (Expense), Net	(297)	236	(533)	(225.4%)
Net loss	$ (3,693)	$ (1,879)	$ (1,814)	(96.5%)

Research and development expenses

The following table summarizes our research and development expenses for the three months ended September 30, 2022 and 2021:

	For the Three Months Ended September 30,			
(in thousands)	2022	2021	Favorable (Unfavorable)	% Change
Research and development				
Personnel expenses	$ 166	$ 330	$ 164	49.7%
Pre-clinical operations				
IC100	30	-	(30)	-
Drug manufacturing and formulation				
VAR200	2	2	-	0.0%
IC100	1,928	19	(1,909)	(10061.8%)
Other costs				
VAR200	171	11	(161)	(1529.9%)
IC100	36	45	9	19.4%
Total research and development	$ 2,334	$ 407	$ (1,927)	(473.6%)

Research and development expenses were $2.3 million for the three months ended September 30, 2022, an increase of $1.9 million or 473% from the three months ended September 30, 2021.

Personnel expenses decreased by approximately $0.2 million, or 50%, to approximately $0.2 million for the three months ended September 30, 2022 from approximately $0.3 million for the three months ended September 30, 2021. The decrease in personnel expenses is primarily related to a decrease in stock-based compensation for options granted in the prior year to consultants that immediately vested.

Pre-clinical operations increased by approximately $30 thousand to $30 thousand for the three months ended September 30, 2022 from approximately $0.0 million for the three months ended September 30, 2021. The increase is a result of pharmacology spending occurring during the three months ended September 30, 2022.

Drug manufacturing and formulation increased by approximately $1.9 million to approximately $1.9 million for the three months ended September 30, 2022 from approximately $19 thousand for the three months ended September 30, 2021. The increase is driven by a $1.9 million purchase of materials for the anticipated batch manufacturing.

Other research and development costs increased by approximately $0.1 million to approximately $0.2 million for the three months ended September 30, 2022 from approximately $56 thousand for the three months ended September 30, 2021. The increase is driven by a consultant services.

General and administrative expenses

The following table summarizes our general and administrative (or, G&A) expenses for the three months ended September 30, 2022 and 2021:

(in thousands)	For the Three Months Ended September 30, 2022	2021	Favorable (Unfavorable)	% Change
General and administrative:				
Personnel expenses	$ 772	$ 1,474	$ 702	47.6%
Legal and professional fees	167	128	(39)	(30.4%)
Rent expense	42	37	(6)	(15.0%)
Other	81	69	(12)	(18.0%)
Total general and administrative	$ 1,062	$ 1,707	$ 645	37.8%

General and administrative expenses were $1.1 million for the three months ended September 30, 2022, a decrease of $0.6 million or 38% from the three months ended September 30, 2021.

Personnel expenses decreased by approximately $0.7 million, or 48%, to approximately $0.8 million for the three months ended September 30, 2022 from approximately $1.5 million for the three months ended September 30, 2021. The decrease in personnel expenses is primarily related to a decrease in stock-based compensation for options granted in the prior year to a board member and consultants that immediately vested. Legal and professional fees increased by approximately $39 thousand, or 30%, to approximately $0.2 million for the three months ended September 30, 2022, from $0.1 million for the three months ended September 30, 2021 due to business combination fees which are not directly related to the transaction.

Rent expense increased by approximately $6 thousand, or 15%, to approximately $42 thousand for the three months ended September 30, 2022 from approximately $37 thousand for the three months ended September 30, 2021.

Other general and administrative expense increased by approximately $12 thousand, or 18%, to approximately $81 thousand for the three months ended September 30, 2022 from approximately $69 thousand for the three months ended September 30, 2021. The increase in other expenses is related to additional fees related to investor relations.

Other (Income) and Expense

The following table summarizes interest and other income (expense), net for the three months ended September 30, 2022 and 2021:

	For the Three Months Ended September 30,						
(in thousands)	2022		2021		Favorable (Unfavorable)		% Change
Other Expense							
Interest expense	$	69	$	224	$	155	69.1%
Change in fair value of derivative liability		228		(247)		(475)	(192.5%)
Gain on forgiveness of PPP Loan		-		(213)		(213)	(100.0%)
Total Other Expense, Net	$	297	$	(236)	$	(533)	(226.3%)

Total other expense, net was $0.3 million during the three months ended September 30, 2022, an increase of $0.5 million or 227% compared to the three months ended September 30, 2021. The change was a result of reduced interest expense of $74 thousand due to the conversion of the 2021 Notes in July 2022 and an increased loss from the change in the fair value of the derivative liability of $0.5 million and other income in prior year for gain on the forgiveness of the PPP Loan of $0.2 million.

Comparison of the nine months ended September 30, 2022 and September 30, 2021

The following table summarizes our results of operations for the nine months ended September 30, 2022 and 2021:

	For the Nine Months Ended September 30,						
(in thousands)	**2022**		**2021**		**Favorable (Unfavorable)**		**% Change**
Operating expenses:							
Research and development	$	4,120	$	1,490	$	(2,630)	(176.5)%
General and administrative		4,527		4,437		(90)	(2.0)%
Total Operating Expense		8,647		5,928		(2,720)	(45.9)%
Total Operating Loss		(8,647)		(5,928)		(2,719)	(45.9)%
Other Income (Expense), Net		(798)		(187)		(611)	(325.3)%
Net loss	$	(9,445)	$	(6,115)	$	(3,330)	(54.5)%

Research and development expenses

The following table summarizes our research and development expenses for the nine months ended September 30, 2022 and 2021:

(in thousands)	For the Nine Months Ended September 30, 2022	2021	Favorable (Unfavorable)	% Change
Research and development				
Personnel expenses	$ 916	$ 984	$ 68	6.9%
Clinical operations				
VAR200	(100)	5	105	1965.5%
Pre-clinical operations				
IC100	60	161	101	62.9%
Drug manufacturing and formulation				
VAR200	8	22	16	67.37%
IC100	2,949	133	(2,818)	(2149.5)%
Other costs				
VAR200	194	32	(162)	(514.7)%
IC100	94	154	60	38.8%
Total research and development	$ 4,120	$ 1,490	$ (2,630)	(176.5)%

Research and development expenses were $4.1 million for the nine months ended September 30, 2022, an increase of $2.6 million or 176.5% from the nine months ended September 30, 2021.

Personnel expenses decreased by approximately $0.1 million, or 7%, to approximately $0.9 million for the nine months ended September 30, 2022 from approximately $1.0 million for the nine months ended September 30, 2021. The decrease in personnel expenses is primarily related to a decrease in stock-based compensation of approximately $0.1 million as a result of options granted in the prior year to consultants that immediately vested.

Clinical operations decreased by approximately $105 thousand, or 1966%, for the nine months ended September 30, 2022 from approximately $5 thousand for the nine months ended September 30, 2021. The decrease in clinical operations is primarily related to a credit received from a vendor for work that was not completed due to the COVID-19 pandemic.

Pre-clinical operations decreased by approximately $0.1 million to $0.1 million for the nine months ended September 30, 2022 from approximately $0.2 million for the nine months ended September 30, 2021. The decrease is a result of minimal pharmacology spending occurring during the nine months ended September 30, 2022.

Drug manufacturing and formulation increased by approximately $2.8 million to approximately $2.9 million for the nine months ended September 30, 2022 from approximately $0.1 million for the nine months ended September 30, 2021. The increase is driven by a $2.5 million purchase of materials for the anticipated batch manufacturing.

Other research and development costs increased by approximately $0.1 million to approximately $0.3 million for the nine months ended September 30, 2022 from approximately $0.2 million for the nine months ended September 30, 2021. The increase is driven by a consultant services.

General and administrative expenses

The following table summarizes our general and administrative (or, G&A) expenses for the nine months ended September 30, 2022 and 2021:

(in thousands)	For the Nine Months Ended September 30, 2022	2021	Favorable (Unfavorable)	% Change
General and administrative:				
Personnel expenses	$ 3,549	$ 3,570	$ 21	0.6%
Legal and professional fees	675	493	(182)	(36.9)%
Rent expense	119	111	(8)	(6.8)%
Other	185	264	79	30.2%
Total general and administrative	$ 4,527	$ 4,437	$ (90)	(2.0)%

General and administrative expenses were $4.5 million for the nine months ended September 30, 2022, an increase of $0.1 million or 2% from the nine months ended September 30, 2021.

Personnel expenses decreased by approximately $21 thousand, or 0.6%, to approximately $3.5 million for the nine months ended September 30, 2022 from approximately $3.6 million for the nine months ended September 30, 2021.

Legal and professional fees increased by approximately $0.2 million, or 37%, to approximately $0.7 million for the nine months ended September 30, 2022, from $0.5 million for the nine months ended September 30, 2021 due to business combination fees which are not directly related to the transaction.

Rent expense increased by approximately $8 thousand, or 7%, to approximately $119 thousand for the nine months ended September 30, 2022 from approximately $111 thousand for the nine months ended September 30, 2021.

Other general and administrative expense decreased by approximately $79 thousand, or 30%, to approximately $185 thousand for the nine months ended September 30, 2022 from approximately $264 thousand for the nine months ended September 30, 2021. The decrease in other expenses is primarily related to approximately $50 thousand reduction in advisory service fees in addition to approximately $20 thousand in board fees due to the retirement of the chairman of the board of directors.

Other (Income) and Expense

The following table summarizes interest and other income (expense), net for the nine months ended September 30, 2022 and 2021:

(in thousands)	For the Nine Months Ended September 30, 2022	2021	Favorable (Unfavorable)	% Change
Other Expense				
Interest expense	$ 378	$ 617	$ 239	(38.7)%
Change in fair value of derivative liability	421	(216)	(637)	(294.8)%
Gain on forgiveness of PPP Loan	-	(213)	(213)	(100.0)%
Total Other Expense, Net	$ 798	$ 187	$ (611)	(325.3)%

Total other expense, net was $0.8 million during the nine months ended September 30, 2022, an increase of $0.6 million or 326% compared to the nine months ended September 30, 2021. The change was a result of reduced interest expense of $0.4 million due to the conversion of the 2021 Notes in July 2022 and an increased loss from the change in the fair value of the derivative liability of $0.6 million and other income in prior year for gain on the forgiveness of the PPP Loan of $0.2 million.

Cash Flows

The following table summarizes our cash flows from operating, investing and financing activities for the nine months ended September 30, 2022 and 2021:

(in thousands)	September 30, 2022		September 30, 2021		Increase (decrease)	
Net cash provided by (used in)						
Operating activities	$	(1,078)	$	(4,460)	$	3,382
Financing activities	$	1,353	$	5,230		(3,877)

Cash Flows from Operating Activities

Net cash used in operating activities for the nine months ended September 30, 2022 and 2021 was approximately $1.1 million and $4.5 million, respectively. During the nine months ended September 30, 2022 and 2021, the net cash used in operating activities was primarily attributable to the net loss from continuing operations of approximately $9.4 million and $6.1 million, respectively, offset by $3.6 million and $3.2 million, respectively, of net non-cash expenses the majority of which was driven by stock based compensation, and approximately $4.8 million and ($1.5) million, respectively, of cash provided by/(used in) changes in the levels of operating assets and liabilities, respectively.

Net Cash Provided by Financing Activities

Net cash provided by financing activities for the nine months ended September 30, 2022 was approximately $1.4 million compared to approximately $5.2 million for the nine months ended September 30, 2021. Cash provided by financing activities during the nine months ended September 30, 2022 represented proceeds from the issuance of preferred stock in private placement of $1.4 million. During the nine months ended September 30, 2021, we received $5.2 million of proceeds from the issuance of convertible notes payable.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The consolidated financial statements of ZyVersa for the years ended December 31, 2021 and 2020 are set forth in the Proxy Statement/Prospectus beginning on page F-37 and are incorporated herein by reference. The unaudited condensed consolidated financial statements of ZyVersa for the nine months ended September 30, 2022 and 2021 are set forth in Exhibit 99.5 hereto and incorporated herein by reference.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined financial information of Larkspur and ZyVersa as of September 30, 2022 and for the year ended December 31, 2021 and the nine months ended September 30, 2022 is set forth in Exhibit 99.6 hereto and is incorporated herein by reference.

(c) Exhibits.

Exhibit	Description
99.4*	Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company as of and for the nine months ended September 30, 2022 and 2021.
99.5*	Unaudited condensed consolidated financial statements of the Company as of and for the nine months ended September 30, 2022 and 2021.
99.6*	Unaudited pro forma condensed combined financial information of the Company as of and for the nine months ended September 30, 2022 and the year ended December 31, 2021.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

SIGNATURE

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

Date: December [16], 2022

By:	*/s/ Stephen Glover*
Name:	Stephen C. Glover
Title:	Chief Executive Officer

Exhibit 99.4

Results of Operations

Comparison of the three months ended September 30, 2022 and September 30, 2021

The following table summarizes our results of operations for the three months ended September 30, 2022 and 2021:

(in thousands)	For the Three Months Ended September 30, 2022	2021	Favorable (Unfavorable)	% Change
Operating expenses:				
Research and development	$ 2,334	$ 407	$ (1,927)	(473.6%)
General and administrative	1,062	1,707	645	37.8%
Total Operating Expense	3,395	2,114	(1,282)	(60.6%)
Total Operating Loss	(3,395)	(2,114)	(1,281)	(60.6%)
Other Income (Expense), Net	(297)	236	(533)	(225.4%)
Net loss	$ (3,693)	$ (1,879)	$ (1,814)	(96.5%)

Research and development expenses

The following table summarizes our research and development expenses for the three months ended September 30, 2022 and 2021:

(in thousands)	For the Three Months Ended September 30, 2022	2021	Favorable (Unfavorable)	% Change
Research and development				
Personnel expenses	$ 166	$ 330	$ 164	49.7%
Pre-clinical operations				
IC100	30	-	(30)	-
Drug manufacturing and formulation				
VAR200	2	2	-	0.0%
IC100	1,928	19	(1,909)	(10061.8%)
Other costs				
VAR200	171	11	(161)	(1529.9%)
IC100	36	45	9	19.4%
Total research and development	$ 2,334	$ 407	$ (1,927)	(473.6%)

Research and development expenses were $2.3 million for the three months ended September 30, 2022, an increase of $1.9 million or 473% from the three months ended September 30, 2021.

Personnel expenses decreased by approximately $0.2 million, or 50%, to approximately $0.2 million for the three months ended September 30, 2022 from approximately $0.3 million for the three months ended September 30, 2021. The decrease in personnel expenses is primarily related to a decrease in stock-based compensation for options granted in the prior year to consultants that immediately vested.

Pre-clinical operations increased by approximately $30 thousand to $30 thousand for the three months ended September 30, 2022 from approximately $0.0 million for the three months ended September 30, 2021. The increase is a result of pharmacology spending occurring during the three months ended September 30, 2022.

Drug manufacturing and formulation increased by approximately $1.9 million to approximately $1.9 million for the three months ended September 30, 2022 from approximately $19 thousand for the three months ended September 30, 2021. The increase is driven by a $1.9 million purchase of materials for the anticipated batch manufacturing.

Other research and development costs increased by approximately $0.1 million to approximately $0.2 million for the three months ended September 30, 2022 from approximately $56 thousand for the three months ended September 30, 2021. The increase is driven by a consultant services.

General and administrative expenses

The following table summarizes our general and administrative (or, G&A) expenses for the three months ended September 30, 2022 and 2021:

	For the Three Months Ended September 30,			
(in thousands)	**2022**	**2021**	**Favorable (Unfavorable)**	**% Change**
General and administrative:				
Personnel expenses	$ 772	$ 1,474	$ 702	47.6%
Legal and professional fees	167	128	(39)	(30.4%)
Rent expense	42	37	(6)	(15.0%)
Other	81	69	(12)	(18.0%)
Total general and administrative	$ 1,062	$ 1,707	$ 645	37.8%

General and administrative expenses were $1.1 million for the three months ended September 30, 2022, a decrease of $0.6 million or 38% from the three months ended September 30, 2021.

Personnel expenses decreased by approximately $0.7 million, or 48%, to approximately $0.8 million for the three months ended September 30, 2022 from approximately $1.5 million for the three months ended September 30, 2021. The decrease in personnel expenses is primarily related to a decrease in stock-based compensation for options granted in the prior year to a board member and consultants that immediately vested. Legal and professional fees increased by approximately $39 thousand, or 30%, to approximately $0.2 million for the three months ended September 30, 2022, from $0.1 million for the three months ended September 30, 2021 due to business combination fees which are not directly related to the transaction.

Rent expense increased by approximately $6 thousand, or 15%, to approximately $42 thousand for the three months ended September 30, 2022 from approximately $37 thousand for the three months ended September 30, 2021.

Other general and administrative expense increased by approximately $12 thousand, or 18%, to approximately $81 thousand for the three months ended September 30, 2022 from approximately $69 thousand for the three months ended September 30, 2021. The increase in other expenses is related to additional fees related to investor relations.

Other (Income) and Expense

The following table summarizes interest and other income (expense), net for the three months ended September 30, 2022 and 2021:

(in thousands)	For the Three Months Ended Septemer 30, 2022	2021	Favorable (Unfavorable)	% Change
Other Expense				
Interest expense	$ 69	$ 224	$ 155	69.1%
Change in fair value of derivative liability	228	(247)	(475)	(192.5%)
Gain on forgiveness of PPP Loan	-	(213)	(213)	(100.0%)
Total Other Expense, Net	$ 297	$ (236)	$ (533)	(226.3%)

Total other expense, net was $0.3 million during the three months ended September 30, 2022, an increase of $0.5 million or 227% compared to the three months ended September 30, 2021. The change was a result of reduced interest expense of $74 thousand due to the conversion of the 2021 Notes in July 2022 and an increased loss from the change in the fair value of the derivative liability of $0.5 million and other income in prior year for gain on the forgiveness of the PPP Loan of $0.2 million.

Comparison of the Nine Months Ended September 30, 2022 and 2021

The following table summarizes our results of operations for the nine months ended September 30, 2022 and 2021:

(in thousands)	**For the Nine Months Ended September 30, 2022**	**2021**	**Favorable (Unfavorable)**	**% Change**
Operating expenses:				
Research and development	$ 4,120	$ 1,490	$ (2,630)	(176.5)%
General and administrative	4,527	4,437	(90)	(2.0)%
Total Operating Expense	8,647	5,928	(2,720)	(45.9)%
Total Operating Loss	(8,647)	(5,928)	(2,719)	(45.9)%
Other Income (Expense), Net	(798)	(187)	(611)	(325.3)%
Net loss	$ (9,445)	$ (6,115)	$ (3,330)	(54.5)%

Research and development expenses

The following table summarizes our research and development expenses for the nine months ended September 30, 2022 and 2021:

(in thousands)	**For the Nine Months Ended September 30, 2022**	**2021**	**Favorable (Unfavorable)**	**% Change**
Research and development				
Personnel expenses	$ 916	$ 984	$ 68	6.9%
Clinical operations				
VAR200	(100)	5	105	1965.5%
Pre-clinical operations				
IC100	60	161	101	62.9%
Drug manufacturing and formulation				
VAR200	8	22	16	67.37%
IC100	2,949	133	(2,818)	(2149.5)%
Other costs				
VAR200	194	32	(162)	(514.7)%
IC100	94	154	60	38.8%
Total research and development	$ 4,120	$ 1,490	$ (2,630)	(176.5)%

Research and development expenses were $4.1 million for the nine months ended September 30, 2022, an increase of $2.6 million or 176.5% from the nine months ended September 30, 2021.

Personnel expenses decreased by approximately $0.1 million, or 7%, to approximately $0.9 million for the nine months ended September 30, 2022 from approximately $1.0 million for the nine months ended September 30, 2021. The decrease in personnel expenses is primarily related to a decrease in stock-based compensation of approximately $0.1 million as a result of options granted in the prior year to consultants that immediately vested.

Clinical operations decreased by approximately $105 thousand, or 1966%, for the nine months ended September 30, 2022 from approximately $5 thousand for the nine months ended September 30, 2021. The decrease in clinical operations is primarily related to a credit received from a vendor for work that was not completed due to the COVID-19 pandemic.

Pre-clinical operations decreased by approximately $0.1 million to $0.1 million for the nine months ended September 30, 2022 from approximately $0.2 million for the nine months ended September 30, 2021. The decrease is a result of minimal pharmacology spending occurring during the nine months ended September 30, 2022.

Drug manufacturing and formulation increased by approximately $2.8 million to approximately $2.9 million for the nine months ended September 30, 2022 from approximately $0.1 million for the nine months ended September 30, 2021. The increase is driven by a $2.5 million purchase of materials for the anticipated batch manufacturing.

Other research and development costs increased by approximately $0.1 million to approximately $0.3 million for the nine months ended September 30, 2022 from approximately $0.2 million for the nine months ended September 30, 2021. The increase is driven by a consultant services.

General and administrative expenses

The following table summarizes our general and administrative (or, G&A) expenses for the nine months ended September 30, 2022 and 2021:

(in thousands)	**For the Nine Months Ended September 30, 2022**	**2021**	**Favorable (Unfavorable)**	**% Change**
General and administrative:				
Personnel expenses	$ 3,549	$ 3,570	$ 21	0.6%
Legal and professional fees	675	493	(182)	(36.9)%
Rent expense	119	111	(8)	(6.8)%
Other	185	264	79	30.2%
Total general and administrative	$ 4,527	$ 4,437	$ (90)	(2.0)%

General and administrative expenses were $4.5 million for the nine months ended September 30, 2022, an increase of $0.1 million or 2% from the nine months ended September 30, 2021.

Personnel expenses decreased by approximately $21 thousand, or 0.6%, to approximately $3.5 million for the nine months ended September 30, 2022 from approximately $3.6 million for the nine months ended September 30, 2021.

Legal and professional fees increased by approximately $0.2 million, or 37%, to approximately $0.7 million for the nine months ended September 30, 2022, from $0.5 million for the nine months ended September 30, 2021 due to business combination fees which are not directly related to the transaction.

Rent expense increased by approximately $8 thousand, or 7%, to approximately $119 thousand for the nine months ended September 30, 2022 from approximately $111 thousand for the nine months ended September 30, 2021.

Other general and administrative expense decreased by approximately $79 thousand, or 30%, to approximately $185 thousand for the nine months ended September 30, 2022 from approximately $264 thousand for the nine months ended September 30, 2021. The decrease in other expenses is primarily related to approximately $50 thousand reduction in advisory service fees in addition to approximately $20 thousand in board fees due to the retirement of the chairman of the board of directors.

Other (Income) and Expense

The following table summarizes interest and other income (expense), net for the nine months ended September 30, 2022 and 2021:

	For the Nine Months Ended September 30,			
(in thousands)	**2022**	**2021**	**Favorable (Unfavorable)**	**% Change**
Other Expense				
Interest expense	$ 378	$ 617	$ 239	(38.7)%
Change in fair value of derivative liability	421	(216)	(637)	(294.8)%
Gain on forgiveness of PPP Loan	-	(213)	(213)	(100.0)%
Total Other Expense, Net	$ 798	$ 187	$ (611)	(325.3)%

Total other expense, net was $0.8 million during the nine months ended September 30, 2022, an increase of $0.6 million or 326% compared to the nine months ended September 30, 2021. The change was a result of reduced interest expense of $0.4 million due to the conversion of the 2021 Notes in July 2022 and an increased loss from the change in the fair value of the derivative liability of $0.6 million and other income in prior year for gain on the forgiveness of the PPP Loan of $0.2 million.

Cash Flows

The following table summarizes our cash flows from operating, investing and financing activities for the nine months ended September 30, 2022 and 2021:

(in thousands)	September 30, 2022		September 30, 2021		Increase (decrease)	
Net cash provided by (used in)						
Operating activities	$	(1,078)	$	(4,460)	$	3,382
Financing activities	$	1,353	$	5,230		(3,877)

Cash Flows from Operating Activities

Net cash used in operating activities for the nine months ended September 30, 2022 and 2021 was approximately $1.1 million and $4.5 million, respectively. During the nine months ended September 30, 2022 and 2021, the net cash used in operating activities was primarily attributable to the net loss from continuing operations of approximately $9.4 million and $6.1 million, respectively, offset by $3.6 million and $3.2 million, respectively, of net non-cash expenses the majority of which was driven by stock based compensation, and approximately $4.8 million and ($1.5) million, respectively, of cash provided by/(used in) changes in the levels of operating assets and liabilities, respectively.

Net Cash Provided by Financing Activities

Net cash provided by financing activities for the nine months ended September 30, 2022 was approximately $1.4 million compared to approximately $5.2 million for the nine months ended September 30, 2021. Cash provided by financing activities during the nine months ended September 30, 2022 represented proceeds from the issuance of preferred stock in private placement of $1.4 million. During the nine months ended September 30, 2021, we received $5.2 million of proceeds from the issuance of convertible notes payable.

Exhibit 99.5

Unaudited Condensed Financial Statements

ZYVERSA THERAPEUTICS, INC.

For the Three and Nine Months Ended September 30, 2022 and 2021

ZYVERSA THERAPEUTICS, INC.
INDEX TO FINANCIAL STATEMENTS

ZYVERSA THERAPEUTICS, INC.
CONDENSED BALANCE SHEETS

	September 30, 2022 (unaudited)	December 31, 2021
Assets		
Current Assets:		
Cash	$ 602,751	$ 328,581
Prepaid expenses and other current assets	540,567	409,604
Deferred offering costs	1,056,211	73,597
Total Current Assets	2,199,529	811,782
Equipment, net	19,933	27,733
Security deposit	46,659	46,659
Vendor deposit	80,000	240,000
Total Assets	$ 2,346,121	$ 1,126,174
Liabilities, Temporary Equity and Stockholders' Deficiency		
Current Liabilities:		
Accounts payable	$ 6,504,750	$ 2,000,100
Accrued expenses and other current liabilities	2,701,534	1,914,101
Derivative liabilities	981,200	560,600
Convertible notes payable - current portion (net of $0 and $39,942 debt discount as of September 30, 2022 and December 31, 2021, respectively)	3,936,000	5,976,508
Convertible notes payable related parties - current portion	25,000	3,175,000
Total Current Liabilities	14,148,484	13,626,309
Commitments and contingencies (Note 8)		
Redeemable Common Stock, subject to possible redemption, 331,331 shares outstanding as of September 30, 2022 and December 31, 2021	331,331	331,331
Stockholders' Deficiency:		
Preferred stock, $0.00001 par value, 5,000,000 shares authorized; 2,253,056 and 0 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	23	-
Common stock, $0.00001 par value, 75,000,000 shares authorized; 24,167,257 shares issued and outstanding as of September 30, 2022 and December 31, 2021	242	242
Additional paid-in capital	50,208,183	40,065,109
Accumulated deficit	(62,342,142)	(52,896,817)
Total Stockholders' Deficiency	(12,133,694)	(12,831,466)
Total Liabilities, Temporary Equity and Stockholders' Deficiency	$ 2,346,121	$ 1,126,174

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

ZYVERSA THERAPEUTICS, INC.
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Operating Expenses:				
Research and development	$ 2,334,120	$ 406,948	$ 4,120,477	$ 1,490,309
General and administrative	1,061,046	1,707,459	4,526,428	4,437,471
Total Operating Expenses	3,395,166	2,114,407	8,646,905	5,927,780
Loss From Operations	(3,395,166)	(2,114,407)	(8,646,905)	(5,927,780)
Other (Income) Expense:				
Interest expense	69,352	225,486	377,820	616,649
Change in fair value of derivative liabilities	228,100	(246,506)	420,600	(215,900)
Gain on forgiveness of PPP Loan	-	(213,481)	-	(213,481)
Net Loss	(3,692,618)	(1,879,906)	(9,445,325)	(6,115,048)
Deemed dividend to preferred stockholders	(9,684,637)	-	(10,015,837)	-
Net Loss Attributable to Common Stockholders	$ (13,377,255)	$ (1,879,906)	$ (19,461,162)	$ (6,115,048)
Net Loss Per Share - Basic and Diluted	$ (0.55)	$ (0.08)	$ (0.81)	$ (0.25)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	24,167,257	24,167,257	24,167,257	24,167,257

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

ZYVERSA THERAPEUTICS, INC.
CONDENSED STATEMENTS OF STOCKHOLDERS' DEFICIENCY
(Unaudited)

	For the Three and Nine Months Ended September 30, 2022						
	Preferred Stock		Common Stock		Additional Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Deficiency
Balance - January 1, 2022	-	$ -	24,167,257	$ 242	$ 40,065,109	$ (52,896,817)	$ (12,831,466)
Issuance of preferred stock in private placement [1]	133,541	1	-	-	393,300	-	393,301
Stock-based compensation:	-	-	-	-	1,941,746	-	1,941,746
Net loss	-	-	-	-	-	(3,748,495)	(3,748,495)
Balance - March 31, 2022	133,541	1	24,167,257	242	42,400,155	(56,645,312)	(14,244,914)
Stock-based compensation:	-	-	-	-	695,940	-	695,940
Net loss	-	-	-	-	-	(2,004,212)	(2,004,212)
Balance - June 30, 2022	133,541	1	24,167,257	242	43,096,095	(58,649,524)	(15,553,186)
Issuance of preferred stock in private placement [2]	317,322	4	-	-	959,196	-	959,200
Conversion of convertible notes payable into preferred stock [3]	1,802,193	18	-	-	5,658,870	-	5,658,888
Stock-based compensation:	-	-	-	-	494,022	-	494,022
Net loss	-	-	-	-	-	(3,692,618)	(3,692,618)
Balance - September 30, 2022	2,253,056	$ 23	24,167,257	$ 242	$ 50,208,183	$ (62,342,142)	$ (12,133,694)

	For the Three and Nine Months Ended September 30, 2021						
	Preferred Stock		Common Stock		Additional Paid-In	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Deficiency
Balance - January 1, 2021	-	$ -	24,167,257	$ 242	$ 35,923,373	$ (44,812,656)	$ (8,889,041)
Stock-based compensation:	-	-	-	-	896,229	-	896,229
Net loss	-	-	-	-	-	(2,140,110)	(2,140,110)
Balance - March 31, 2021	-	-	24,167,257	242	36,819,602	(46,952,766)	(10,132,922)
Stock-based compensation:	-	-	-	-	1,025,218	-	1,025,218
Net loss	-	-	-	-	-	(2,095,032)	(2,095,032)
Balance - June 30, 2021	-	-	24,167,257	242	37,844,820	(49,047,798)	(11,202,736)
Stock-based compensation:	-	-	-	-	1,398,469	-	1,398,469
Net loss	-	-	-	-	-	(1,879,906)	(1,879,906)
Balance - September 30, 2021	-	$ -	24,167,257	$ 242	$ 39,243,289	$ (50,927,704)	$ (11,684,173)

[1] Includes gross proceeds of $419,320 less issuance costs of $26,019
[2] Includes gross proceeds of $996,400 less issuance costs of $37,200
[3] Includes principal and interest of $5,658,888

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

ZYVERSA THERAPEUTICS, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Cash Flows From Operating Activities:		
Net loss	$ (9,445,325)	$ (6,115,048)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation Options	3,131,708	3,319,916
Amortization of debt discount	39,492	251,940
Gain on forgiveness of PPP Loan	-	(213,481)
Change in fair value of derivative liability	420,600	(215,900)
Depreciation of fixed assets	7,800	7,800
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(57,366)	(238,133)
Security deposit	(1)	11,666
Vendor deposits	160,000	(40,000)
Accounts payable	3,448,439	(680,762)
Accrued expenses and other current liabilities	1,216,322	(547,893)
Net Cash Used In Operating Activities	(1,078,331)	(4,459,895)
Cash Flows From Financing Activities:		
Proceeds from issuance of preferred stock in private placement	1,415,720	-
Payment of equity issuance costs	(63,219)	-
Proceeds from issuance of convertible notes payable	-	5,230,000
Net Cash Provided By Financing Activities	1,352,501	5,230,000
Net Increase in Cash and Restricted Cash	274,170	770,105
Cash - Beginning of Period	328,581	174,670
Cash - End of Period	$ 602,751	$ 944,775
Supplemental Disclosures of Cash Flow Information:		
Non-cash investing and financing activities:		
Conversion of convertible notes payable and accrued interest into preferred stock	$ 5,658,888	$ -
Accounts payable for deferred offering costs	$ 1,506,211	$ 25,000

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

Note 1 – Business Organization, Nature of Operations, Basis of Presentation and Risks and Uncertainties

Organization and Operations

ZyVersa is a clinical stage biopharmaceutical company whose focus is on patients with inflammatory or renal disease who have high unmet medical needs.

Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the information and disclosures required by U.S. GAAP for annual financial statements. For additional information, these unaudited condensed financial statements should be read in conjunction with the Company's audited financial statements and notes thereto included in the Company's Annual Financial Statements for the year ended December 31, 2021 incorporated by reference into this filing.

In the opinion of management, the accompanying condensed financial statements include all adjustments which are considered necessary for a fair presentation of the unaudited condensed financial statements of the Company as of September 30, 2022, and for the three and nine months ended September 30, 2022 and 2021. The results of operations for the three and nine months ended September 30, 2022 are not necessarily indicative of the operating results for the full year ending December 31, 2022 or any other period.

Risks and Uncertainties

In early 2020, it became evident that there was a global outbreak of SARS-CoV-2, a novel strain of coronavirus that causes Coronavirus disease (COVID-19). At the onset, the Company experienced significant negative impacts on many aspects of its business. These effects included a delay in the launch of the VAR 200 Phase 2a trials as potential patient participants would not be willing to risk going into a facility for the trials. In addition, the private funding markets faltered, which deprived the Company of the necessary liquidity to fund the business. As a result, management implemented significant cost reduction measures to continue until economic conditions improved. In 2021, the Company secured additional funding by issuing new unsecured convertible promissory notes. In early 2022, the Company began reviewing additional financing strategies, fundings and deals with other investors, although there can be no assurance that the Company will be successful in closing any such deals. The full extent of COVID-19's future impact on the Company's operations and financial condition remains uncertain. A prolonged COVID-19 outbreak could have a material adverse impact on the Company's results of operations, financial condition, and liquidity, including the timing and ability of the Company to progress its clinical development initiatives. The unaudited condensed financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 2 – Going Concern and Management's Plans

The Company has not yet achieved profitability and expects to continue to incur cash outflows from operations. It is expected that its research and development and general and administrative expenses will continue to increase and, as a result, the Company will eventually need to generate significant product revenues to achieve profitability. These conditions indicate that there is substantial doubt about the Company's ability to continue as a going concern within one year after the financial statement issuance date.

The Company's cash flow needs include the planned costs to operate its business, including amounts required to fund research and development, working capital, and capital expenditures. The Company's future capital requirements and the adequacy of its available funds will depend on many factors, including the Company's ability to successfully commercialize its products and services, competing technological and market developments, and the need to enter into collaborations with other companies or acquire other companies or technologies to enhance or complement our product and service offerings. We intend to raise additional capital in the future to fund operations. If the Company is unable to secure additional capital, it may be required to curtail its research and development initiatives and take additional measures to reduce costs in order to conserve its cash.

The accompanying unaudited condensed financial statements have been prepared in conformity with U.S. GAAP, which contemplate continuation of the Company as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The unaudited condensed financial statements do not include any adjustment that might become necessary should the Company be unable to continue as a going concern.

Note 3 – Summary of Significant Accounting Policies

Since the date the Company's December 31, 2021 financial statements were issued in its 2021 Annual Financial Statements, there have been no material changes to the Company's significant accounting policies, except as disclosed below.

Restricted Cash

Restricted cash consists of cash that is held in an escrow account to eventually pay bank fees associated with the closing of the Series A Preferred Stock financing in July 2022. See Note 9 - Stockholders' Deficiency for additional details on the Series A Preferred Stock financing.

Recently Adopted Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes," which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. ASU 2019-12 is effective for fiscal years beginning after December 15, 2021. This standard was adopted on January 1, 2022 and did not have a material impact on the Company's condensed financial statements.

In May 2021, the FASB issued ASU 2021-04, Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options. This new standard provides clarification and reduces diversity in an issuer's accounting for modifications or exchanges of freestanding equity-classified written call options (such as warrants) that remain equity classified after modification or exchange. This standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Companies should apply the new standard prospectively to modifications or exchanges occurring after the effective date of the new standard. This standard was adopted on January 1, 2022 and did not have a material impact on the Company's condensed financial statements.

Note 4 – Net Loss Per Common Share

Basic net loss per common share is computed by dividing net loss attributable to common stockholders by the weighted average number of vested common shares outstanding during the period. Diluted net income per common share is computed by dividing net income by the weighted average number of common and dilutive common-equivalent shares outstanding during each period.

The following table sets forth the outstanding potentially dilutive securities that have been excluded from the calculation of diluted net loss per share because to do so would be anti-dilutive:

	For the Nine Months Ended September 30	
	2022	**2021**
Warrants[1][2]	8,699,397	2,754,352
Options	10,039,348	8,693,024
Series A Convertible Preferred Stock	5,945,045	-
Convertible notes payable [3]	2,977,528	3,352,810
Total potentially dilutive shares	27,661,318	14,800,186

[1] As part of the InflamaCORE, LLC license agreement, warrants to purchase 600,000 shares of common stock are to be issued upon the satisfaction of certain milestones and, accordingly, are included in the amount currently reported.

[2] Includes warrants to purchase 5,945,045 shares of common stock which are contingently issuable upon the automatic conversion of the Series A Preferred Stock that was outstanding at September 30, 2022, which occurs upon the closing of the Business Combination. See Note 9 - Stockholders' Deficiency for additional details on the Series A Preferred Stock financing.

Note 4 – Net Loss Per Common Share - Continued

[3] The Company's convertible notes payable have embedded conversion options that result in the automatic issuance of common stock upon the consummation of certain qualifying transactions. The conversion price is a function of the implied common stock price associated with the qualifying transaction. For the purpose of disclosing the potentially dilutive securities in the table above, we used the number of shares of common stock issuable if a qualifying transaction occurred with an implied common stock price equal to the fair value of the common stock of $1.94 and $3.25 per share as of September 30, 2022 and 2021, respectively.

Note 5 – Accrued Expenses and Other Current Liabilities

As of September 30, 2022 and December 31, 2021, accrued expenses and other current liabilities consisted of the following:

	September 30, 2022	December 31, 2021
L&F milestone payment liability	$ 1,501,887	$ 1,500,000
L&F Note	(351,579)	(351,579)
L&F, net	1,510,308	1,148,421
Payroll accrual	879,026	-
Accrued Interest	660,123	748,767
Deferred rent	12,077	16,913
Total accrued expenses and other current liabilities	$ 2,701,534	$ 1,914,101

Note 6 – Convertible Notes Payable

Unsecured Convertible Promissory Notes

A summary of the outstanding convertible promissory notes as of September 30, 2022 and December 31, 2021 is as follows:

	September 30, 2022	December 31, 2021
Convertible notes payable - current portion	$ 3,936,000	$ 6,016,000
Deferred debt discount - current portion	-	(39,492)
Total convertible notes payable - current portion, net	$ 3,936,000	$ 5,976,508
Covnertible notes payable - related parties - current portion	$ 25,000	$ 3,175,000
Deferred debt discount - current portion	-	-
Total convertible notes payable - relatied parties - current portion, net	$	$
Total convertible notes payable, net	$ 3,961,000	$ 9,151,508

Between October 2019 and July 2020, the Company issued 24-month Unsecured Convertible Promissory Notes ("the Notes") to investors and brokers in the aggregate principal amount of $3,961,000 (of which $1,795,500 related to 2020 issuances). Of the total, $25,000 of Notes were issued to a related party (a member of the Company management team).

During February and March 2021, the Company issued new Unsecured Convertible Promissory Notes ("2021 Notes") with an aggregate principal balance of $5,230,000, of which $3,150,000 were issued to related parties of the Company (including members of the Company's management team, a founder and a significant stockholder).

Note 6 – Convertible Notes Payable – Continued

During January 2022, the Company and its convertible note holders agreed to extend the maturity of the Notes and the 2021 Notes to December 31, 2022. The extensions qualified as modifications because the terms were not substantially different. Accordingly, the extended notes were treated as a continuation of the original Notes and 2021 Notes.

During the three and nine months ended September 30, 2022, the Company recorded $69,804 and $379,737, respectively, of interest expense in the unaudited condensed statements of operations related to the Notes and 2021 Notes, including amortization of debt discount of $3,024 and $39,492, respectively. During the three and nine months ended September 30, 2021, the Company recorded $225,887 and $617,002, respectively, of interest expense in the unaudited condensed statements of operations related to the Notes and 2021 Notes, including amortization of debt discount of $86,879 and $251,940, respectively.

Automatic Conversion of the 2021 Notes

On July 8, 2022, as a result of the Additional Series A Preferred Stock Financing (which resulted in a Qualified Equity Financing with cumulative gross proceeds that exceeded $500,000), the 2021 Notes consisting of $5,230,000 of principal and $428,888 of accrued interest, automatically converted into 1,802,193 shares of Series A Preferred Stock, at an effective conversion price of $3.14 per share of Series A Preferred Stock. In addition, Series A Warrants to purchase 2,035,571 shares of common stock will be issued to the former 2021 Note holders upon the automatic conversion of the Series A Preferred Stock., which occurs upon the closing of the Business Combination discussed further in Note 8 – Commitments and Contingencies.

Note 7 – Derivative Liabilities

The following table sets forth a summary of the changes in the fair value of Level 3 derivative liabilities that are measured at fair value on a recurring basis:

	For the Nine Months Ended September 30	
	2022	2021
Beginning balance as of January 1	$ 560,600	$ 788,700
Change in fair value of derivative liabilities	212,100	7,507
Ending balance as of March 31	$ 772,700	$ 796,207
Change in fair value of derivative liabilities	(19,600)	23,100
Ending balance as of June 30	$ 753,100	$ 819,307
Change in fair value of derivative liabilities	228,100	(246,507)
Ending balance as of September 30	$ 981,200	$ 572,800

For the derivative liability valuations, as of September 30, 2022, the significant unobservable inputs used in the discounted cash flow were a discount rate of 25%, the probability of a Qualified Offering occurring of 90%, the probability of a change of control occurring of 0%, the probability of a renegotiation of the terms of 5% and the probability of dissolution of 5%. As of September 30, 2021, the significant unobservable inputs used in the discounted cash flow were a discount rate of 25%, the probability of a Qualified Offering occurring of 85%, the probability of a change of control occurring of 0%, the probability of a renegotiation of the terms of 0% and the probability of dissolution of 15%. For the valuations as of September 30, 2022 and 2021, the Black-Scholes assumptions were as follows:

	September 30,	
	2022	2021
Fair value of common stock	$ 1.94	$ 3.25
Risk free insert rate	3.33%	0.04% - 0.07%
Expected term (years)	0.21 - 0.25	0.06 - 0.05
Expected volatility	74%	85%
Expected dividends	0.00%	0.00%

Note 8 – Commitments and Contingencies

Litigations, Claims and Assessments

In the normal course of business, the Company may be involved in legal proceedings, claims and assessments arising in the ordinary course of business. The Company records contingent liabilities resulting from such claims, if any, when a loss is assessed to be probable and the amount of the loss is reasonably estimable.

Business Combination Agreement

On July 20, 2022, the Company entered into a Business Combination Agreement, (the “Business Combination Agreement”), with Larkspur Health Acquisition Corp. (“Larkspur” or the “Registrant”), a blank-check special purpose acquisition company, Larkspur Merger Sub Inc. (“Merger Sub”) and Stephen Glover. Upon the consummation of the transactions contemplated by the Business Combination Agreement (the “Transactions”), Merger Sub will merge with and into the Company, with the Company surviving as a wholly owned subsidiary of Larkspur (the “Business Combination”). The combined company is expected to be named ZyVersa Therapeutics, Inc.

The Business Combination Agreement provides that the following transactions will occur:

- Immediately prior to the Effective Time, each share of the Company’s Series A Preferred Stock that is issued and outstanding will automatically convert into (a) a number of shares of the Company’s common stock at the then-effective conversion rate, as calculated pursuant to the Company’s Articles of Incorporation (the “Conversion”) and (b) a five-year warrant to acquire a number of shares of the Company’s common stock at an exercise price equal to the lower of: (a) $1.37 per share; (b) the price per share associated with a Qualified Offering (as defined); or (c) the implied value per share associated with the Business Combination; all as determined pursuant to the terms of the Business Combination Agreement.

- At the Effective Time, (a) each share of the Company’s common stock issued and outstanding (including shares of the Company’s common stock resulting from the Conversion) will be canceled and converted into a number of shares of the Registrant’s common stock, as determined pursuant to the terms of the Business Combination Agreement; and (b) each share of Merger Sub common stock issued and outstanding immediately prior to the Effective Time will be converted into and exchanged for one share of common stock of the Company.

- Each Company stock option that is outstanding and unexercised as of immediately prior to the Effective Time, whether or not vested, will be assumed and converted into an option to purchase a number of shares of the Registrant’s common stock, as determined pursuant to the terms of the Business Combination Agreement.

- Each Company note that is outstanding as of immediately prior to the Effective Time which by its terms will not convert into the Company’s common stock in connection with the Transactions, if any, will be assumed by the Registrant and will remain outstanding pursuant to the terms and conditions then in effect.

The consummation of the Transactions is subject to the satisfaction or waiver of certain customary closing conditions contained in the Business Combination Agreement, including, among other things, the consummation of a private placement of convertible preferred stock and warrants by Larkspur. In addition, a condition in the agreement governing such private placement requires ZyVersa and Larkspur to obtain at least $10.0 million of commitments to invest in ZyVersa’s Series A Preferred Stock Financing or Larkspur’s private placement.

The parties to the Business Combination Agreement have made customary representations and warranties, and have agreed to certain customary covenants in the Business Combination Agreement, including, among others, covenants with respect to the conduct of Larkspur, the Company and Merger Sub, and their subsidiaries, prior to the closing of the Transactions.

Note 8 – Commitments and Contingencies – Continued

Business Combination Agreement - Continued

The Business Combination Agreement may be terminated by Larkspur or the Company, under certain circumstances, including, among others, (i) by mutual written consent of Larkspur and the Company, (ii) by either Larkspur or the Company if the Effective Time shall not have occurred prior to December 15, 2022, (iii) by either Larkspur or the Company if any Governmental Order has become final and non-appealable and has the effect of making consummation of the Transactions illegal or otherwise preventing or prohibiting consummation of the Transactions, (iv) by either Larkspur or the Company if any of the required proposals fail to receive the requisite vote for approval at Larkspur's Shareholders' Meeting, (v) by Larkspur, in the event that the Company's shareholders don't consent to the Transactions, (vi) by Larkspur upon the Company breaching any representation, covenant or agreement; or (vii) by the Company upon Larkspur breaching any representation, covenant or agreement.

The Company expects to account for the Business Combination as a reverse recapitalization, whereby the Company is deemed to be the accounting acquirer.

License Agreements

L&F Research LLC

On March 7, 2022, the Company and L&F executed a Waiver Agreement that waives L&F's right to terminate the license agreement or any other remedies, for non-payment of the $1,500,000 of milestone payments, until August 31, 2022. All other terms of the license agreement remain in effect.

On August 26, 2022, the Company and L&F executed a Waiver Agreement that waives L&F's right to terminate the license agreement or any other remedies, for non-payment of the $1,500,000 of milestone payments, until January 3, 2023. All other terms of the license agreement remain in effect.

Operating Leases

The Company recognized rent expense in connection with its operating leases of $42,225 and $36,702 during the three months ended September 30, 2022 and 2021, respectively, and $118,519 and $110,979 during the nine months ended September 30, 2022 and 2021, respectively.

Note 9 – Stockholders' Deficiency

Series A Preferred Stock Financing

On March 31, 2022, the Company sold 133,541 shares of Series A Preferred Stock to investors at a price of $3.14 per share, generating $419,320 in gross proceeds ($393,301 net proceeds), of which $100,000 was from related parties. Escrow and placement agent fees were $26,019, which were recorded as a reduction of additional paid-in capital.

The Series A Preferred Stock is convertible, at the option of the holder, at any time into shares of common stock at a conversion price of $3.14 per share, subject to standard antidilution adjustments. In addition, in the event of any non-exempt issuances by the Company for less than the in-force conversion price, the Series A Preferred Stock conversion price shall be reduced on a weighted average basis. Each share of Series A Preferred Stock shall automatically be converted into shares of common stock at the then effective conversion price concurrently with (i) the closing of a Public Transaction or (ii) the date specified by written consent or agreement of the holders of a majority of the then outstanding shares of Series A Preferred stock. A Public Transaction represents either (a) a firm commitment underwritten public offering; or (b) the closing of a transaction with a special purpose acquisition company ("SPAC") listed on the Nasdaq Stock Market in which the Company would become a wholly owned subsidiary of the SPAC.

Note 9 – Stockholders' Deficiency - Continued

Series A Preferred Stock Financing - Continued

The Series A Preferred stockholders shall vote together with the common stockholders on an as-converted basis and dividends will only be paid on an as-converted basis when, and if paid to common stockholders. In the event of any liquidation, dissolution or winding up of the Company or upon a Deemed Liquidation Event, the Series A Preferred stockholders will be entitled to be paid, out of the assets of the Company available for distribution before any payments are made to common stockholders, one times the original purchase price, plus declared and unpaid dividends on each share of Series A Preferred Stock or, if greater, the amount that the Series A Preferred Stock holders would receive on an as-converted basis. The balance of any proceeds shall be distributed pro rata to the common stockholders. Deemed Liquidation Events include (a) a merger or consolidation in which ZyVersa or a subsidiary thereof is a constituent party which results in a change-of-control (a "Merger Event"); or (b) the sale, lease, transfer, exclusive license or other disposition of all or substantially all of the assets of ZyVersa (a "Disposition Event").

The Series A Preferred Stock is not mandatorily redeemable and therefore it is not subject to classification as a liability. The Company determined that the Deemed Liquidation Events were within the control of the Company and, therefore, the Series A Preferred Stock should be classified as permanent equity. Specifically, Merger Events and Disposition Events require the approval of the board of directors pursuant to state law and the ZyVersa preferred stockholders are unable to control the vote of the board of directors. The Company determined that the embedded conversion options were clearly and closely related to the preferred stock host and, therefore, the embedded conversion options need not be bifurcated. However, if the conversion price is reset in connection with a subsequent issuance of securities, the Company will need to assess the accounting for the price reset. Due to the Company's adoption of ASU 2020-06 on January 1, 2021, it wasn't necessary to assess the embedded conversion options for a beneficial conversion feature.

On May 10, 2022, the Company obtained the requisite approvals to (a) amend the Series A Preferred Stock Designation within the Company's Certificate of Incorporation to reduce the effective conversion price of the Series A Preferred Stock from $3.14 per share of common stock to $2.78 per share of common stock; and (b) to issue warrants to purchase 150,832 shares of common stock, to the March 2022 Series A Preferred Stock purchasers, upon the automatic conversion of the Series A Preferred Stock, which occurs upon the closing of the Business Combination. The warrants are exercisable at an initial exercise price of $3.20 per share of common stock (subject to reduction upon completion of a Public Transaction, if the deemed offering price is less than the current exercise price) and expire in five years (the "Series A Warrants") or upon an earlier change of control that doesn't meet the definition of a Public Transaction. The Company determined that (a) the Series A Warrants qualified to be equity-classified, without subsequent remeasurement and (b) the contingently issuable nature of the Series A Warrants doesn't alter the Company's conclusion that the embedded conversion options were clearly and closely related to the preferred stock host and, therefore, the embedded conversion options need not be bifurcated. The Company also determined that the reduction of the Series A Preferred Stock conversion price, combined with the contingent issuance of the Series A Warrants (collectively the "Amended Securities"), represented a significant change requiring the application of extinguishment accounting. Accordingly, it was necessary to record the $331,200 incremental value of the Amended Securities (as compared to the value of the original Series A Preferred Stock) as a deemed dividend for the purpose of calculating loss per share.

On July 8, 2022, the Company sold an additional 94,393 shares of Series A Preferred Stock to investors at a price of $3.14 per share of Series A Preferred Stock, generating $296,400 in gross proceeds. In addition, Series A Warrants to purchase an aggregate of 106,616 shares of common stock will be issued to the holders upon the automatic conversion of the Series A Preferred Stock, which occurs upon the closing of the Business Combination. Placement agent fees of $21,200 were recorded as a reduction of additional paid-in capital.

On September 16, 2022, the Company sold an additional 222,929 shares of Series A Preferred Stock to investors at a price of $3.14 per share of Series A Preferred Stock, generating $700,000 in gross proceeds. In addition, Series A Warrants to purchase an aggregate of 251,798 shares of common stock will be issued to the holders upon the automatic conversion of the Series A Preferred Stock, which occurs upon the closing of the Business Combination. Placement agent fees of $16,000 were recorded as a reduction of additional paid-in-capital.

Note 9 – Stockholders' Deficiency – Continued

Second Amendment of Series A Preferred Stock Designation

On September 22, 2022, the Company filed with the Florida Department of State a second amendment to the Series A Preferred Stock Designation within the Company's Certificate of Incorporation, which reduced the conversion price of the Series A Preferred Stock from $2.78 per share of common stock to $1.19 per share of common stock. In addition, the Company reduced the exercise price of the contingently issuable Series A Warrants from $3.20 per share to $1.37 per share and the underlying share quantity of common stock into which the aggregate Series A Warrants are exercisable increased from 2,544,817 shares to 5,945,045 shares.

The Company determined that the reduction of the Series A Preferred Stock conversion price, combined with the revised terms associated with the contingent issuance of the Series A Warrants (collectively the "Second Amendment Securities"), represented a significant change requiring the application of extinguishment accounting. Accordingly, it was necessary to record the $9,684,637 incremental value of the Second Amendment Securities (as compared to the value of the Amended Securities) as a deemed dividend for the purpose of calculating loss per share.

Stock Options

On January 28, 2022 and February 3, 2022, the Company granted ten-year stock options to purchase an aggregate of 920,000 shares of common stock to employees and Board members under the 2014 Plan. The stock options vest annually over three years and have an exercise price of $3.25 per share.

On March 8, 2022 and March 31, 2022, the Company granted ten-year stock options to purchase an aggregate of 111,122 shares of common stock to consultants under the 2014 Plan. The stock options vest immediately and have an exercise price of $3.25 per share.

On March 8, 2022, the Company granted an aggregate of 161,667 shares of common stock (of which 36,667 have an exercise price of $2.30 per share and expire in 7.1 years and 125,000 have an exercise price of $3.25 and expire in 8.9 years) to a former Board member under the 2014 Plan. The stock options vest immediately.

On April 15, 2022, and June 30, 2022, the Company granted ten-year stock options to purchase an aggregate of 91,380 shares of common stock to consultants under the 2014 Plan. The stock options vest immediately and 30,000 have exercise prices of $3.25 per share and 61,380 have exercise prices of $2.25 per share.

A summary of the option activity during the nine months ended September 30, 2022 is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life in Years	Aggregate Intrinsic Value
Outstanding, January 1, 2022	8,755,179	$ 2.00		
Granted	1,284,169	3.18		
Outstanding, September 30, 2022	10,039,348	$ 2.15	6.1	$ 3,138,441
Exercisable, September 30, 2022	8,258,023	$ 1.91	5.5	$ 3,138,441

Note 9 – Stockholders' Deficiency – Continued

The following table presents information related to stock options as of September 30, 2022:

Options Outstanding		Options Exercisable	
Exercise Price	**Outstanding Number of Options**	**Weighted Average Remaining Life In Years**	**Exercisable Number of Options**
$ 1.00	3,338,767	3.3	3,338,767
$ 2.25	61,380	9.7	61,380
$ 2.3	3,668,913	6.5	3,644,468
$ 3.25	2,970,288	8.6	1,213,408
	10,039,348	5.5	8,258,023

For the three and nine months ended September 30, 2022, the Company recorded stock-based compensation expense of $494,022 and $3,131,708, respectively, (of which, $67,608 and $619,364, respectively, was included in research and development and $426,414 and $2,512,344, respectively, was included in general and administrative expense) related to options issued to employees, consultants, Board members and former Board members.

For the three and nine months ended September 30, 2021, the Company recorded stock-based compensation expense of $1,398,469 and $3,319,916, respectively, (of which, $240,735 and $711,020, respectively, was included in research and development and $1,157,734 and $2,608,896, respectively, was included in general and administrative expense) related to options issued to employees, consultants and Board members.

As of September 30, 2022, there was $3,451,070 of unrecognized stock-based compensation expense, which the Company expects to recognize over a weighted average period of 1.9 years.

In applying the Black-Scholes option pricing model to stock options granted, the Company used the following assumptions:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	**2021**	**2022**	**2021**
Fair value of common stock on date of grant	n/a	$3.25	$2.27 - $3.00	$3.25
Risk free interest rate	n/a	0.89% - 0.98%	1.68% - 3.01%	0.66% - 0.98%
Expected term (years)	n/a	5.00	3.53 - 6.00	5.00 - 6.00
Expected volatility	n/a	120% - 124%	111% - 119%	120% - 125 %
Expected dividends	n/a	0.00%	0.00%	0.00%

During the nine months ended September 30, 2022, the fair value of the Company's common stock was determined using a market approach based on the status of the business combination agreement arm's length discussions with the acquirer at each valuation date and which agreement was ultimately entered into on July 20, 2022 with a Company valuation of $85 million. The options granted during the nine months ended September 30, 2022 had a contractual term between seven and ten years and a requisite service period of zero to three years.

During the nine months ended September 30, 2021, the fair value of the Company's common stock was determined by management with the assistance of a third-party valuation specialist using an income approach. The options granted during the nine months ended September 30, 2021 had a contractual term of ten years and a requisite service period of zero to three years.

The weighted average estimated grant date fair value of the stock options granted during the three months ended September 30, 2021 were approximately $2.71 per share. There were no options granted for the three months ended September 30, 2022. The weighted average estimated grant date fair value of the stock options granted during the nine months ended September 30, 2022 and 2021 were approximately $2.48 and $2.82 per share, respectively.

Note 10 – Subsequent Events

The Company has evaluated subsequent events through December 15, 2022, the date the condensed financial statements were issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the financial statements, except as discussed below.

Closing of Business Combination

On December 8, 2022 ("Closing Date"), the previously announced Business Combination was consummated following a special meeting of stockholders, where the stockholders of Larkspur, considered and approved, among other matters, a proposal to adopt the Business Combination Agreement, dated July 20, 2022, entered into by the Company and Larkspur. The Business Combination became effective December 12, 2022. Further information regarding the Business Combination is set forth in (i) the proxy statement / prospectus included in the registration statement on Form S-4 (File No. 333-266838), as amended and supplemented, originally filed with the SEC on August 12, 2022 and declared effective by the SEC on November 14, 2022; and (ii) the Current Report on Form 8-K filed with the SEC on July 22, 2022.

Additional Series A Preferred Stock Financing

On December 6, 2022, the Company sold an additional 174,776 shares of Series A Preferred Stock to investors at a price of $3.14 per share of Series A Preferred Stock, generating $548,805 in gross proceeds. In addition, Series A Warrants to purchase an aggregate of 461,179 shares of common stock will be issued to the holders upon the automatic conversion of the Series A Preferred Stock, which occurs upon the closing of the Business Combination. Placement agent fees of $2,000 were recorded as a reduction of additional paid-in capital.

Exhibit 99.6

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Defined terms included below have the same meaning as terms defined and included in the Current Report on Form 8-K (the "Form 8-K") filed with the Securities and Exchange Commission (the "SEC") on December 13, 2022.

The unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of SEC Regulation S-X as amended by the final rule, Release No. 33-10786 "Amendments to Financial Disclosures about Acquired and Disposed Businesses" to aid you in your analysis of the financial aspects of the transactions and is for informational purposes only.

On December 12, 2022, Larkspur consummated the previously announced Business Combination pursuant to the Business Combination Agreement dated July 20, 2022, by and among Larkspur, Larkspur Merger Sub Inc. ("Merger Sub"), Stephen Glover and ZyVersa Therapeutics, Inc. ("ZyVersa"), a clinical stage biopharmaceutical company developing first-in-class product candidates for treatment of renal and inflammatory diseases.

The following unaudited pro forma condensed combined balance sheet of ZyVersa as of September 30, 2022, and the unaudited pro forma condensed combined statements of operations of ZyVersa for the nine months ended September 30, 2022, and for the year ended December 31, 2021 present the combination of the financial information of Larkspur and ZyVersa after giving effect to the Business Combination and related adjustments described in the accompanying notes.

The unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2022 and for the year ended December 31, 2021 give pro forma effect to the Business Combination as if it had occurred on January 1, 2021. The unaudited pro forma condensed combined balance sheet as of September 30, 2022 gives pro forma effect to the Business Combination as if it was completed on September 30, 2022.

The unaudited pro forma condensed combined financial statements have been developed from and should be read in conjunction with:

- the accompanying notes to the unaudited pro forma condensed combined financial statements;
- the historical unaudited financial statements of Larkspur as of and for the three and nine months ended September 30, 2022 and the related notes thereto, included in the Form 10-Q filed on November 14, 2022;
- the historical unaudited financial statements of ZyVersa as of and for the three and nine months ended September 30, 2022 and the related notes thereto, included in this 8-K;
- the historical audited financial statements of Larkspur as of and for the period from March 17, 2021 (inception) to December 31, 2021 and the related notes thereto, included in the proxy statement prospectus dated November 14, 2022;
- the historical audited financial statements of ZyVersa as of and for the year ended December 31, 2021 and the related notes thereto, included elsewhere in the proxy statement/prospectus; and
- the sections entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations of Larkspur*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations of ZyVersa,*" and other financial information relating to Larkspur and ZyVersa included in the proxy statement prospectus dated November 15, 2022 and in this 8-K, including the Merger Agreement and the description of certain terms thereof set forth under "*The Business Combination.*"

The unaudited pro forma condensed combined financial information has been presented for illustrative purposes only and does not necessarily reflect what ZyVersa's financial condition or results of operations would have been had the Business Combination occurred on the dates indicated. Further, the unaudited pro forma condensed combined financial information also may not be useful in predicting the future financial condition and results of operations of ZyVersa. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors. The unaudited pro forma adjustments represent management's estimates based on information available as of the date of the unaudited pro forma condensed combined financial information and are subject to change as additional information becomes available and analyses are performed.

The following pro forma condensed combined financial statements presented herein reflect the actual redemption of 7,667,029 shares of Class A Common Stock by Larkspur's shareholders in connection with the Business Combination.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF SEPTEMBER 30, 2022
(in thousands)

	ZyVersa (Historical)	Larkspur (Historical)	Adjustments		Combined
ASSETS					
Current assets:					
Cash and cash equivalents	$ 603	$ 214	$ 78,912	A	$ 7,407
			8,635	D	
			(3,515)	C	
			550	J	
			(77,992)	I	
Prepaid expenses and other current assets	540	225			765
Deferred offering costs	1,056		(1,056)	C	-
Total current assets	2,199	439	5,534		8,172
Non-current assets:					
Prepaid expenses		46			46
Cash and marketable securities held in Trust Account		78,912	(78,912)	A	-
Property and equipment, net	20				20
Other assets	127				127
Total non-current assets	147	78,958	(78,912)		**193**
TOTAL ASSETS	2,346	**79,397**	**(73,378)**		**8,365**
LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY (DEFICIT)					
Accounts payable	6,505		(1,003)	C	5,502
Accrued expenses	2,702	1,625	(660)	E	2,401
			(1,266)	C	
Derivative liability	981		(981)	E	-
Convertible notes payable	3,936		(3,936)	E	-
Convertible notes payable - related parties	25		(25)	E	-
Total current liabilities	14,149	1,625	(7,871)		7,903
Non-current liabilities:					
Deferred underwriting commission		3,375	(3,375)	B	
Total non-current liabilities	-	3,375	(3,375)		-
Total liabilities	14,149	**5,000**	**(11,246)**		**7,903**
COMMITMENTS AND CONTINGENCIES					
Temporary equity:					
Redeemable common stock, subject to possible redemption	331				331
Class A common stock subject to possible redemption		78,556	(78,556)	G	-
Stockholders' equity (deficit):					
Series A convertible preferred stock			3,595	D	3,595
Series B convertible preferred stock			1,717	C	5,092
			3,375	B	
Common stock	-		1	F	1
Class A common stock		-			
Class B common stock		-			-
Additional paid-in capital	50,208	-	78,556	G	53,785
			(1)	F	
			5,040	D	
			(4,019)	C	
			5,602	E	
			550	J	
			(4,159)	H	
			(77,992)	I	
Accumulated deficit	(62,342)	(4,159)	4,159	H	(62,342)
Total shareholders' equity (deficit)	(12,134)	(4,159)	16,424		131
TOTAL LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' DEFICIT	2,346	**79,397**	**(73,378)**		**8,365**

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(in thousands, except share and per share data)

	ZyVersa (Historical)	Larkspur (Historical)	Adjustments		Combined
Operating costs and expenses:					
Research and development	4,120				4,120
Selling, general and administrative expenses	4,526	2,285	(1,398)	CC	5,413
Total operating costs and expenses	8,646	2,285	(1,398)		9,533
Loss from operations	**(8,646)**	**(2,285)**	**1,398**		**(9,533)**
Other income (expense):					
Interest expense	(378)		340	AA	(38)
Change in fair value of derivative liability	(421)	77	421	BB	77
Interest income on Trust Account		464	(464)	DD	-
Total other income (expense)	**(799)**	**541**	**297**		**39**
Net loss before income tax provision	**(9,445)**	**(1,744)**	**1,695**		**(9,494)**
Deemed dividend to preferred stockholders	**(10,016)**				**(10,016)**
Income tax provision		**(48)**			**(48)**
Net income loss	**(19,461)**	**(1,792)**	**1,695**		**(19,558)**

	ZyVersa (Historical)	Larkspur (Historical)	Pro Forma Combined
Weighted average shares outstanding - Common stock	24,167,257	-	-
Basic and diluted net income per share - Common stock	(0.81)	-	-
Weighted average shares outstanding - Class A common stock	-	8,082,471	9,081,922
Basic and diluted net income per share - Class A common stock	-	(0.18)	(2.15)
Weighted average shares outstanding - Class B common stock	-	1,940,562	-
Basic and diluted net income per share - Class B common stock	-	(0.18)	-

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(in thousands, except share and per share data)

	ZyVersa (Historical)	Larkspur (1) (Historical)	Adjustments		Combined
Operating costs and expenses:					
Research and development	2,124				2,124
Selling, general and administrative expenses	5,580	235	1,398	CC	7,213
Total operating costs and expenses	7,704	235	1,398		9,337
Loss from operations	**(7,704)**	**(235)**	**(1,398)**		**(9,337)**
Other income (expense):					
Interest expense	(821)		504	AA	(317)
Change in fair value of derivative liability	228	(5)	(228)	BB	(5)
Gain on forgiveness of PPP Loan	213				213
Total other income (expense)	**(380)**	**(5)**	**276**		(109)
Net loss before income tax provision	**(8,084)**	**(240)**	**(1,122)**		**(9,446)**
Income tax provision					-
Net loss attributable to common shareholders	**(8,084)**	**(240)**	**(1,122)**		**(9,446)**

	ZyVersa (Historical)	Larkspur (Historical)	Pro Forma Combined
Weighted average shares outstanding - Common stock	24,167,257	-	-
Basic and diluted net income per share - Common stock	(0.33)	-	-
Weighted average shares outstanding - Class A common stock	-	216,404	9,081,922
Basic and diluted net income per share - Class A common stock	-	(0.12)	(1.04)
Weighted average shares outstanding - Class B common stock	-	1,875,000	-
Basic and diluted net income per share - Class B common stock	-	(0.12)	-

(1) For the period from March 17, 2021 (inception) through December 31, 2021

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

Note 1 — Description of the Merger

On December 12, 2022, Larkspur consummated the previously announced Business Combination pursuant to the Business Combination Agreement dated July 20, 2022, by and among Larkspur, Larkspur Merger Sub Inc. (“Merger Sub”), Stephen Glover and ZyVersa Therapeutics, Inc. (“ZyVersa”), a clinical stage biopharmaceutical company developing first-in-class product candidates for treatment of renal and inflammatory diseases.

Note 2 — Accounting Policies

The unaudited pro forma condensed financials have been prepared using the historical accounting policies of the acquirer.

Note 3 — Basis of Presentation

The unaudited pro forma condensed combined financial information was prepared in accordance with Article 11 of SEC Regulation S-X as amended by the final rule, Release No. 33-10786 “Amendments to Financial Disclosures about Acquired and Disposed Businesses.” The historical financial information of Larkspur and ZyVersa include transaction accounting adjustments to illustrate the estimated effect of the Business Combination, the bridge financing, the private placement and certain other adjustments to provide relevant information necessary for an understanding of the combined company upon consummation of the transactions described herein.

The unaudited pro forma condensed combined financial statements of Larkspur present the combination of the historical financial information of Larkspur and ZyVersa adjusted to give effect to the Business Combination. The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X.

The unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2022 and for the year ended December 31, 2021 give pro forma effect to the Business Combination as if it had occurred on January 1, 2021. The unaudited pro forma condensed combined balance sheet as of September 30, 2022 gives pro forma effect to the Business Combination as if it was completed on September 30, 2022.

The transaction has been accounted for as a reverse recapitalization. Under the reverse recapitalization model, the Business Combination has been treated as ZyVersa issuing equity for the net assets of Larkspur, with no goodwill or intangible assets recorded.

The unaudited pro forma combined financial information does not reflect the income tax effects of the transaction accounting adjustments as any change in the deferred tax balance would be offset by an increase in the valuation allowance given the companies’ incurred losses during the historical period presented.

Note 4 — Transaction Accounting Adjustments to the Unaudited Pro Forma Combined Balance Sheet as of September 30, 2022

The transaction accounting adjustments included in the unaudited pro forma combined balance sheet as of September 30, 2022 are as follows:

(A) Reflects the reclassification of approximately $78.9 million of cash and cash equivalents held in the Trust Account at the balance sheet date that becomes available to fund expenses in connection with the Business Combination or future cash needs of the Company. $78.0 million was returned to shareholders based on redemptions. See Note 4 (I).

(B) Reflects the settlement of approximately \$3.4 million of deferred underwriters' fees in Series B preferred stock.

(C) Represents transaction costs totaling approximately \$5.2 million, comprised of \$2.5 million of accrued costs and \$2.7 million costs to be incurred as of September 30, 2022. Settlement of such amounts will be comprised of \$1.7 million in Series B preferred stock and \$3.5 million in cash.

(D) Reflects the issuance of \$8.7 million of Series A preferred stock and warrants. \$3.6 million of the proceeds is allocated to the preferred stock and \$5.1 million is allocated to the warrants and participation rights based on the relative fair value. The Company evaluated the preferred stock for equity versus liability treatment. First the Company assessed if the preferred stock should be a liability, temporary equity of equity under ASC 480. The Company noted no provisions that would result in liability or temporary equity treatment. Finally, the Company assessed if there were any provisions that would require bifurcation and derivative accounting under ASC 815. The Company noted no such provisions.

(E) Reflects the settlement of certain liabilities, primarily convertible notes payable and convertible notes payable — related parties, in common stock.

(F) Represents the issuance of approximately 6.7 million shares of Larkspur's Class A common stock to ZyVersa equity holders as consideration for the Business Combination.

(G) Reflects the reclassification of approximately \$78.5 million of Class A common stock of actual redemption of shares of Class A Common Stock by Larkspur's shareholders in connection with the Business Combination.

(H) Reflects the reclassification of Larkspur's historical accumulated deficit.

(I) Reflects the actual redemption of approximately 7.7 million shares for approximately \$78.0 million.

(J) Reflects equity bridge financing received subsequent to the balance sheet date of \$0.5 million which converts to common stock through the closing of business combination. The Company has assumed that funds received before the balance sheet date have been spent.

Note 5 — Transaction Accounting Adjustments to the Unaudited Pro Forma Combined Statement of Operations for the Nine Months Ended September 30, 2022 and the Year Ended December 31, 2021

The transaction accounting adjustments included in the unaudited pro forma combined statement of operations for the nine months ended September 30, 2022 and the year ended December 31, 2021 are as follows:

(AA) Elimination of ZyVersa's interest expense incurred on debt converted to common stock. See Note 4 (E)

(BB) Elimination of ZyVersa's change in fair value of derivative liability related to instruments that are converted to common stock.

(CC) Remove non-recurring Larkspur transactions costs from the statement of operations for the nine months ended September 30, 2022 and add such amounts to the statement of operations for the year ended December 31, 2021.

(DD) Elimination of investment income in the trust.

Note 6 — Shares

Presented below is the detail of shares outstanding.

Larkspur public stockholders	**100,130**	1.1%
Larkspur other stockholders	**320,272**	3.5%
Larkpsur public stockholders	**420,402**	4.6%
Larkspur Sponsor	**1,941,790**	21.4%
ZyVersa stockholders	**6,719,730**	74.0%
Total	**9,081,922**	100%

Note 7 — Loss Per Share

Net loss per share calculated using the historical weighted average shares outstanding, and the issuance of additional shares in connection with the Business Combination assuming the shares were outstanding since January 1, 2021. As the Business Combination is being reflected as if it had occurred at the beginning of the periods presented, the calculation of weighted average shares outstanding for basic and diluted net loss per share assumes that the shares issuable relating to the Business Combination have been outstanding for the entire period presented. Potentially dilutive securities have been excluded from the calculations as their inclusion would be anti-dilutive. The detail of potentially dilutive securities is as follows (in thousands).

Series A preferred stock	864
Series A preferred stock warrants	864
Series B preferred stock	509
Public warrants	5,665
Private warrants	240
ZyVersa options and warrants(1)	3,812
Total	11,954

(1) Represents underlying shares of common stock of the Continuing Company issuable upon exercise of existing Old ZyVersa options and warrants that will be assumed by Larkspur in connection with the consummation of the Business Combination and become outstanding options and warrants of the Continuing Company. Approximately 1.1 million of such underlying shares are issuable at strike prices below $10.00 and approximately 2.7 million of such underlying shares are issuable at strike prices above $10.00.