UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2024

OR

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

For the transition period from _____ to _____

Commission File Number: 001-40901

LUCID DIAGNOSTICS INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**82-5488042**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
360 Madison Avenue 25th Floor New York, NY	
(Address of Principal Executive Offices)	**10017** (Zip Code)

(917) 813-1828
(Registrant's Telephone Number, Including Area Code)

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

Title of each Class	Trading Symbol(s)	Name of each Exchange on which Registered
Common Stock, $0.001 par value per share	LUCD	The NASDAQ Stock Market LLC

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

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

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

Large Accelerated filer	☐	Accelerated filed	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		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(c) of the Exchange Act ☐

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

As of September 30, 2024 and November 8, 2024 there were 55,495,158 and 59,342,479, respectively, shares of the registrant's Common Stock, par value $0.001 per share, issued and outstanding (with such number of shares inclusive of shares of common stock underlying unvested restricted stock awards granted under the Lucid Diagnostics Inc. 2018 Long-Term Incentive Equity Plan as of such date).

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Part I - Financial Information

Item 1. Financial Statements

LUCID DIAGNOSTICS INC.
and SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands except number of shares and per share data - unaudited)

	September 30, 2024	December 31, 2023
Assets:		
Current assets:		
Cash	$ 14,489	$ 18,896
Accounts receivable	39	45
Inventory	651	278
Prepaid expenses, deposits, and other current assets	1,645	2,854
Total current assets	16,824	22,073
Fixed assets, net	940	1,334
Operating lease right-of-use assets	2,860	1,307
Intangible assets, net	842	1,424
Other assets	1,132	1,132
Total assets	$ 22,598	$ 27,270
Liabilities, Preferred Stock and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	$ 1,135	$ 1,146
Accrued expenses and other current liabilities	2,006	3,841
Operating lease liabilities, current portion	855	1,106
Senior Secured Convertible Note - at fair value	10,200	13,950
Due To: PAVmed Inc. - MSA Fee and operating expenses	53	9,339
Total current liabilities	14,249	29,382
Operating lease liabilities, less current portion	2,011	199
Total liabilities	16,260	29,581
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock, $0.001 par value, 20,000,000 shares authorized; Series B and Series B-1 Convertible Preferred Stock, issued and outstanding 55,919 at September 30, 2024 and Series A and Series A-1 Convertible Preferred Stock, shares issued and outstanding 18,625 at December 31, 2023	55,919	18,625
Common stock, $0.001 par value, 300,000,000 and 200,000,000 shares authorized as of September 30, 2024 and December 31, 2023, respectively; 51,597,718 and 42,329,864 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively	52	42
Additional paid-in capital	142,592	129,763
Accumulated deficit	(192,225)	(150,741)
Total Stockholders' Equity (Deficit)	6,338	(2,311)
Total Liabilities and Stockholders' Equity (Deficit)	$ 22,598	$ 27,270

See accompanying notes to the unaudited condensed consolidated financial statements.

LUCID DIAGNOSTICS INC.
and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands except number of shares and per share data - unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue	$ 1,172	$ 783	$ 3,149	$ 1,388
Operating expenses:				
Cost of revenue	1,684	1,634	4,954	4,522
Sales and marketing	4,056	3,837	12,459	11,996
General and administrative	5,355	4,320	14,292	15,049
Amortization of acquired intangible assets	105	505	582	1,516
Research and development	1,666	1,615	4,539	5,334

Total operating expenses	12,866	11,911	36,826	38,417
Operating loss	(11,694)	(11,128)	(33,677)	(37,029)
Other income (expense):				
Interest income	81	116	256	330
Interest expense	(1)	(149)	(19)	(405)
Change in fair value - Senior Secured Convertible Note	(322)	(3,021)	568	(3,520)
Loss on issue and offering costs - Senior Secured Convertible Note	—	—	—	(1,186)
Debt extinguishments loss - Senior Secured Convertible Note	(435)	(26)	(1,116)	(26)
Other income (expense), net	(677)	(3,080)	(311)	(4,807)
Loss before provision for income tax	(12,371)	(14,208)	(33,988)	(41,836)
Provision for income taxes	—	—	—	—
Net loss attributable to Lucid Diagnostics Inc.	$ (12,371)	$ (14,208)	$ (33,988)	$ (41,836)
Less: Deemed dividend on Series A and Series A-1 Convertible Preferred Stock	—	—	(7,496)	—
Net loss attributable to Lucid Diagnostics Inc. common stockholders	$ (12,371)	$ (14,208)	$ (41,484)	$ (41,836)
Net loss per share attributable to Lucid Diagnostics Inc. common stockholders - basic and diluted	$ (0.25)	$ (0.34)	$ (0.87)	$ (1.01)
Weighted average common shares outstanding, basic and diluted	50,374,146	41,862,805	47,876,015	41,558,979

See accompanying notes to the unaudited condensed consolidated financial statements.

LUCID DIAGNOSTICS INC.
and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
for the THREE AND NINE MONTHS ENDED September 30, 2024
(in thousands except number of shares and per share data - unaudited)

	Preferred Stock		Common Stock				
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Total
Balance as of June 30, 2024	55,919	55,919	49,344,945	$ 49	$ 139,865	$ (179,854)	$ 15,979
Stock-based compensation - Lucid Diagnostics Inc. 2018 Equity Plan	—	—	—	—	1,185	—	1,185
Stock-based compensation - PAVmed Inc. 2014 Equity Plan	—	—	—	—	43	—	43
Conversions - Senior Secured Convertible Note	—	—	2,116,717	3	1,755	—	1,758
Purchase - Employee Stock Purchase Plan	—	—	136,056	—	94	—	94
Transfer of intellectual property from PAVmed Inc.	—	—	—	—	(350)	—	(350)
Net loss	—	—	—	—	—	(12,371)	(12,371)
Balance as of September 30, 2024	55,919	$ 55,919	51,597,718	$ 52	$ 142,592	$ (192,225)	$ 6,338

	Preferred Stock		Common Stock				
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Total
Balance as of December 31, 2023	18,625	$ 18,625	42,329,864	$ 42	$ 129,763	$ (150,741)	$ (2,311)
Exercise - stock options - Lucid Diagnostics Inc. 2018 Equity Plan	—	—	3,333	—	4	—	4
Stock-based compensation - Lucid Diagnostics Inc. 2018 Equity Plan	—	—	—	—	3,034	—	3,034
Stock-based compensation - PAVmed Inc. 2014 Equity Plan	—	—	—	—	329	—	329
Vest - restricted stock awards	—	—	26,912	—	—	—	—
Conversions - Senior Secured Convertible Note	—	—	4,777,898	6	4,293	—	4,299
Purchase - Employee Stock Purchase Plan	—	—	647,940	1	446	—	447
Issuance - Series A-1 Preferred Stock	5,670	5,670	—	—	—	—	5,670
Exchange - Series A and Series A-1 Preferred Stock	(24,295)	(24,295)	—	—	—	(7,496)	(31,791)
Issuance through exchange - Series B and Series B-1 Preferred Stock	31,790	31,790	—	—	—	—	31,790
Issuance through sale- Series B and Series B-1 Preferred Stock	24,129	24,129	—	—	—	—	24,129
Issuance - Due To: PAVmed Inc. Settlement in Common Stock	—	—	3,331,771	3	4,672	—	4,675
Issue common stock - vendor service agreement	—	—	480,000		401	—	401
Transfer of intellectual property from PAVmed Inc.	—	—	—	—	(350)	—	(350)
Net loss	—	—	—	—	—	(33,988)	(33,988)
Balance as of September 30, 2024	55,919	$ 55,919	51,597,718	$ 52	$ 142,592	$ (192,225)	$ 6,338

See accompanying notes to the unaudited condensed consolidated financial statements.

LUCID DIAGNOSTICS INC.
and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
for the THREE AND NINE MONTHS ENDED September 30, 2023
(in thousands except number of shares and per share data - unaudited)

	Preferred Stock		Common Stock				
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Total
Balance as of June 30, 2023	13,625	13,625	41,853,603	$ 42	$ 127,107	$ (125,703)	$ 15,071
Exercise - stock options - Lucid Diagnostics Inc. 2018 Equity Plan	—	—	—	—	—	—	—
Stock-based compensation - Lucid Diagnostics Inc.	—	—	—	—	1,032	—	1,032
Stock-based compensation - PAVmed Inc.	—	—	—	—	220	—	220
Vest - restricted stock awards	—	—	84,660	—	—	—	—
Conversions - Senior Secured Convertible Note	—	—	115,388	—	166	—	166
CapNostics, LLC	—	—	—	—	—	—	—
APA-RDx - Installment Payment	—	—	—	—	—	—	—
Issuance - Committed Equity Facility, net of deferred financing charges	—	—	—	—	—	—	—
Purchase - Employee Stock Purchase Plan	—	—	276,213	—	275	—	275
Issue common stock - vendor service agreement	—	—	—	—	—	—	—
Net loss	—	—	—	—	—	(14,208)	(14,208)
Balance as of September 30, 2023	13,625	$ 13,625	42,329,864	$ 42	$ 128,800	$ (139,911)	$ 2,556

	Preferred Stock		Common Stock				
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Total
Balance as of December 31, 2022	—	$ —	40,518,792	$ 41	$ 121,081	$ (98,075)	$ 23,047
Stock-based compensation - Lucid Diagnostics Inc. 2018 Equity Plan	—	—	—	—	5,014	—	5,014
Stock-based compensation - PAVmed Inc. 2014 Equity Plan	—	—	—	—	845	—	845
Vest - restricted stock awards	—	—	303,980	—	—	—	—
Conversions - Senior Secured Convertible Note	—	—	115,388	—	166	—	166
Issuance common stock - APA-RDx - Termination payment	—	—	553,436	—	713	—	713
Issuance - At-The-Market Facility, net of financing charges	—	—	230,068	1	283	—	284
Purchase - Employee Stock Purchase Plan	—	—	508,200	—	551	—	551
Issuance - Series A Preferred Stock	13,625	13,625	—	—	—	—	13,625
Issue common stock - vendor service agreement	—	—	100,000	—	147	—	147
Net loss	—	—	—	—	—	(41,836)	(41,836)
Balance as of September 30, 2023	13,625	$ 13,625	42,329,864	$ 42	$ 128,800	$ (139,911)	$ 2,556

See accompanying notes to the unaudited condensed consolidated financial statements.

LUCID DIAGNOSTICS INC.
and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands except number of shares and per share data - unaudited)

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities		
Net loss	$ (33,988)	$ (41,836)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization expense	945	1,870
Stock-based compensation - Lucid Diagnostics Inc. 2018 Equity Plan	3,034	5,014
Stock-based compensation - PAVmed Inc. 2014 Equity Plan	329	845
Change in fair value - Senior Secured Convertible Note	(568)	3,520
Loss on issue - Senior Secured Convertible Note	—	1,111
Debt extinguishment loss - Senior Secured Convertible Note	1,116	26
APA-RDx: Issue common stock - termination payment	—	713
Amortization of common stock payment for vendor service agreement	248	23
Changes in operating assets and liabilities:		
Accounts receivable	7	(4)
Prepaid expenses and other current assets	1,065	(1,262)
Accounts payable	(10)	(62)
Accrued expenses and other current liabilities	(1,836)	1,878
Due To: PAVmed Inc. - operating expenses, employee related costs, MSA Fee	(4,611)	5,326
Net cash flows used in operating activities	(34,269)	(22,838)
Cash flows from investing activities		
Purchase of equipment	(37)	(46)
Purchase of intellectual property from PAVmed Inc.	(350)	—
Net cash flows used in investing activities	(387)	(46)

Cash flows from financing activities		
Proceeds – issue of preferred stock	29,798	13,625
Proceeds – issue of Senior Convertible Note	—	10,000
Proceeds – issue of common stock – At-The-Market Facility	—	284
Proceeds – exercise of stock options	4	—
Proceeds – issue common stock – Employee Stock Purchase Plan	447	551
Net cash flows provided by financing activities	30,249	24,460
Net increase (decrease) in cash	(4,407)	1,576
Cash, beginning of period	18,896	22,474
Cash, end of period	$ 14,489	$ 24,050

See accompanying notes to the unaudited condensed consolidated financial statements.

LUCID DIAGNOSTICS INC.
and SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in these accompanying notes are presented in thousands, except number of shares and per-share amounts.)

Note 1 — The Company

Description of the Business

Lucid Diagnostics Inc. (“Lucid”, “Lucid Diagnostics” or the “Company”) is a commercial-stage, cancer prevention medical diagnostics technology company focused on the millions of patients with gastroesophageal reflux disease (“GERD”), also known as chronic heartburn, acid reflux or simply reflux, who are at risk of developing esophageal precancer and cancer, specifically highly lethal esophageal adenocarcinoma (“EAC”). Lucid is a non-consolidated subsidiary of PAVmed Inc. (“PAVmed”).

The Company believes that its flagship product, the EsoGuard Esophageal DNA Test, performed on samples collected with the EsoCheck Esophageal Cell Collection Device, constitutes the first and only commercially available diagnostic test capable of serving as a widespread testing tool for the early detection of esophageal precancer in at-risk GERD patients.

EsoGuard is a bisulfite-converted next-generation sequencing (NGS) DNA assay performed on surface esophageal cells collected with EsoCheck. Cell samples, including those collected with EsoCheck, as discussed below, are sent to our laboratory, for testing and analyses using our proprietary EsoGuard NGS DNA assay.

EsoCheck is a FDA 510(k) and CE Mark cleared noninvasive swallowable balloon capsule catheter device capable of sampling surface esophageal cells in a less than a five-minute office procedure. It consists of a vitamin pill-sized rigid plastic capsule tethered to a thin silicone catheter from which a soft silicone balloon with textured ridges emerges, when inflated, to gently swab surface esophageal cells. When vacuum suction is applied, the balloon and sampled cells are pulled into the capsule, protecting them from contamination and dilution by cells outside of the targeted region during device withdrawal. The Company believes that this proprietary Collect+Protect™ technology makes EsoCheck the only noninvasive esophageal cell collection device capable of such anatomically targeted and protected sampling.

EsoGuard and EsoCheck are based on patented technology licensed by Lucid from Case Western Reserve University (“CWRU”). EsoGuard and EsoCheck have been developed to provide an accurate, non-invasive, patient-friendly test for the early detection of EAC and Barrett’s Esophagus (“BE”), including dysplastic BE and related precursors to EAC in patients with chronic GERD.

Note 2 — Liquidity and Going Concern

The Company’s management is required to assess an entity’s ability to continue as a going concern within one year of the date of the financial statements being issued. In each reporting period, including interim periods, an entity is required to assess conditions known and reasonably knowable as of the financial statement issuance date to determine whether it is probable an entity will not meet its financial obligations within one year from the financial statement issuance date. Substantial doubt about an entity’s ability to continue as a going concern exists when conditions and events, considered in the aggregate, indicate it is probable the entity will be unable to meet its financial obligations as they become due within one year after the date the financial statements are issued.

The Company has financed its operations principally through public and private issuances of its common stock, preferred stock, and debt. The Company is subject to all of the risks and uncertainties typically faced by medical device and diagnostic companies that devote substantially all of their efforts to the commercialization of their initial product and services and ongoing research and development activities and conducting clinical trials. The Company generated $1.2 million and $3.1 million of revenues for the three and nine month periods ended September 30, 2024, respectively, however the Company expects to continue to experience recurring losses and to generate negative cash flows from operating activities in the near future.

The Company incurred a net loss attributable to Lucid Diagnostics Inc common stockholders of approximately $ 41.5 million and had net cash flows used in operating activities of approximately $34.3 million for the nine month period ended September 30, 2024. As of September 30, 2024, the Company had working capital of approximately $2.6 million, with such working capital inclusive of the Senior Secured Convertible Note classified as a current liability of approximately $10.2 million and approximately $14.5 million of cash.

The Company’s ability to continue operations 12 months beyond the issuance of the financial statements, will depend upon generating substantial revenue that is conditioned upon obtaining positive third-party reimbursement coverage for its EsoGuard Esophageal DNA Test from both government and private health insurance providers, increasing revenue through contracting directly with self-insured employers, and on its ability to raise additional capital through various potential sources including equity and/or debt financings or refinancing existing debt obligations. These factors raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date the accompanying unaudited condensed consolidated financial statements are issued.

Note 3 — Summary of Significant Accounting Policies

Significant Accounting Policies

The Company's significant accounting policies are as disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 as filed with the SEC on March 25, 2024, except as otherwise noted herein below.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), and applicable rules and regulations of the United States Securities and Exchange Commission ("SEC"), and include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. The Company is a non-consolidated subsidiary of PAVmed, which has the ability to exercise significant influence over the Company. The Company manages its operations as a single operating segment for the purposes of assessing performance and making operating decisions.

As permitted under SEC rules, certain footnotes or other financial information normally required by U.S. GAAP have been condensed or omitted. The balance sheet as of December 31, 2023 has been derived from audited consolidated financial statements at such date. The accompanying unaudited condensed consolidated financial statements have been prepared on the same basis as the Company's annual consolidated financial statements, and in the opinion of management, include all adjustments, consisting only of routine recurring adjustments, necessary for a fair statement of the Company's unaudited condensed consolidated financial information.

The unaudited condensed consolidated results of operations for the three and nine months ended September 30, 2024 are not necessarily indicative of the consolidated results to be expected for the year ending December 31, 2024 or for any other interim period or for any other future periods. The accompanying unaudited condensed consolidated financial statements and related unaudited condensed consolidated financial information should be read in conjunction with the Company's audited consolidated financial statements and related notes thereto as of and for the year ended December 31, 2023 included in the Company's Annual Report on Form 10-K as filed with the SEC on March 25, 2024.

All amounts in the accompanying unaudited condensed consolidated financial statements and the notes thereto are presented in thousands of dollars, if not otherwise noted as being presented in millions of dollars, except for shares and per share amounts.

Use of Estimates

In preparing the unaudited condensed consolidated financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and the determination of corresponding carrying value reserves, if any, and liabilities and the disclosure of contingent losses, as of the date of the unaudited condensed consolidated financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Significant estimates in these unaudited condensed consolidated financial statements include those related to the estimated fair value of debt obligations, stock-based equity awards and intangible assets. Other significant estimates include the estimated incremental borrowing rate, the provision or benefit for income taxes and the corresponding valuation allowance on deferred tax assets. Additionally, management's assessment of the Company's ability to continue as a going concern involves the estimation of the amount and timing of future cash inflows and outflows. On an ongoing basis, the Company evaluates its estimates and assumptions. The Company bases its estimates on historical experience and on various other assumptions believed to be reasonable. Due to inherent uncertainty involved in making estimates, actual results reported in future periods may be affected by changes in these estimates.

Revenue Recognition

Revenues are recognized when the satisfaction of the performance obligation occurs, in an amount that reflects the consideration the Company expects to collect in exchange for those services. The Company's revenue is primarily generated by its laboratory testing services utilizing its EsoGuard Esophageal DNA tests. The services are completed upon release of a patient's test result to the ordering healthcare provider. Revenue recognized is inclusive of both variable consideration in connection with an individual patient's third-party insurance coverage policy and fixed consideration in connection with a contracted services arrangement with an unrelated third party legal entity. To determine revenue recognition for the arrangements that the Company determines are within the scope of ASC 606, Revenue from Contracts with Customers, the Company performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

Note 3 — Summary of Significant Accounting Policies - continued

The key aspects considered by the Company include the following:

Contracts—The Company's customer is primarily the patient, but the Company does not enter into a formal reimbursement contract with a patient. The Company establishes a contract with a patient in accordance with other customary business practices, which is the point in time an order is received from a provider and a patient specimen has been returned to the laboratory for testing. Payment terms are a function of a patient's existing insurance benefits, including the impact of coverage decisions with Center for Medicare & Medicaid Services ("CMS") and applicable reimbursement contracts established between the Company and payers. However, when a patient is considered self-pay, the Company requires payment from the patient prior to the commencement of the Company's performance obligations. The Company's consideration can be deemed variable or fixed depending on the structure of specific payer contracts, and the Company considers collection of such consideration to be probable to the extent that it is unconstrained.

Performance obligations—A performance obligation is a promise in a contract to transfer a distinct good or service (or a bundle of goods or services) to the customer. The Company's contracts have a single performance obligation, which is satisfied upon rendering of services, which culminates in the release of a patient's test result to the ordering healthcare provider. The Company elects the practical expedient related to the disclosure of unsatisfied performance obligations, as the duration of time between providing testing supplies, the receipt of a sample, and the release of a test result to the ordering healthcare provider is far less than one year.

Transaction price—The transaction price is the amount of consideration that the Company expects to collect in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). The consideration expected to be collected from a contract with a customer may include fixed amounts, variable amounts, or both.

If the consideration derived from the contracts is deemed to be variable, the Company estimates the amount of consideration to which it will be entitled in exchange for the promised goods or services. The Company limits the amount of variable consideration included in the transaction price to the unconstrained portion of such consideration. In other words, the Company recognizes revenue up to the amount of variable consideration that is not subject to a significant reversal until additional information is obtained or the uncertainty associated with the additional payments or refunds is subsequently resolved.

When the Company does not have significant historical experience or that experience has limited predictive value, the constraint over estimates of variable consideration may result in no revenue being recognized upon delivery of patient EsoGuard test results to the ordering healthcare provider. As such, the Company recognizes revenue up to the amount of variable consideration not subject to a significant reversal until additional information is

obtained or the uncertainty associated with additional payments or refunds, if any, is subsequently resolved. Differences between original estimates and subsequent revisions, including final settlements, represent changes in estimated expected variable consideration, with the change in estimate recognized in the period of such revised estimate. With respect to a contracted service arrangement, the fixed consideration revenue is recognized on an as-billed basis upon delivery of the laboratory test report with realization of such fixed consideration deemed probable based upon actual historical experience.

Allocate transaction price—The transaction price is allocated entirely to the performance obligation contained within the contract with a customer on the basis of the relative standalone selling prices of each distinct good or service.

Practical Expedients—The Company does not adjust the transaction price for the effects of a significant financing component, as at contract inception, the Company expects the collection cycle to be one year or less.

Fair Value Option ("FVO") Election

Under a Securities Purchase Agreement dated March 13, 2023, the Company issued a Senior Secured Convertible Note dated March 21, 2023, referred to herein as the "March 2023 Senior Convertible Note", which is accounted under the "fair value option election" as discussed below.

Under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 815, *Derivative and Hedging*, ("ASC 815"), a financial instrument containing embedded features and/or options may be required to be bifurcated from the financial instrument host and recognized as separate derivative asset or liability, with the bifurcated derivative asset or liability initially measured at estimated fair value as of the transaction issue date and then subsequently remeasured at estimated fair value as of each reporting period balance sheet date.

Alternatively, FASB ASC Topic 825, *Financial Instruments*, ("ASC 825") provides for the "fair value option" ("FVO") election. In this regard, ASC 825-10-15-4 provides for the FVO election (to the extent not otherwise prohibited by ASC 825-10-15-5) to be afforded to financial instruments, wherein the financial instrument is initially measured at estimated fair value as of the transaction issue date and then subsequently remeasured at estimated fair value as of each reporting period balance sheet date, with changes in the estimated fair value recognized as other income (expense) in the statement of operations. The estimated fair value adjustment of the March 2023 Senior Convertible Note, including the component related to accrued interest, is presented in a single line item within other income (expense) in the accompanying unaudited condensed consolidated statement of operations (as provided for by ASC 825-10-50-30(b)). Further, as required by ASC 825-10-45-5, to the extent a portion of the fair value adjustment is attributed to a change in the instrument-specific credit risk, such portion would be recognized as a component of other comprehensive income ("OCI") (for which there was no such adjustment with respect to the March 2023 Senior Convertible Note).

See Note 9, *Financial Instruments Fair Value Measurements*, with respect to the FVO election; and Note 10, *Debt*, for a discussion of the March 2023 Senior Convertible Note.

Note 3 — Summary of Significant Accounting Policies - continued

Recent Accounting Standards Updates Not Yet Adopted

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740)—Improvements to Income Tax Disclosures ("ASU 2023-09"), which is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in ASU 2023-09 provide for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. ASU 2023-09 is effective for the Company prospectively to all annual periods beginning after December 15, 2024. Early adoption is permitted. The Company does not expect the standard to have a significant impact on its unaudited condensed consolidated financial statements.

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280)—Improvements to Reportable Segment Disclosures ("ASU 2023-07"), which require public companies disclose significant segment expenses and other segment items on an annual and interim basis and to provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually. The guidance is effective for public entities for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The guidance is applied retrospectively to all periods presented in the financial statements, unless it is impracticable. The Company is currently evaluating the impact this update will have on its unaudited condensed consolidated financial statements and disclosures, however the company does not expect the standard to have a significant impact.

In October 2023, the FASB issued ASU No. 2023-06, Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative. This update modifies the disclosure or presentation requirements of a variety of topics in the Accounting Standards Codification to conform with certain SEC amendments in Release No. 33-10532, Disclosure Update and Simplification. The amendments in this update should be applied prospectively, and the effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or S-K becomes effective. However, if the SEC has not removed the related disclosure from its regulations by June 30, 2027, the amendments will be removed from the Codification and not become effective. Early adoption is prohibited. The Company is currently evaluating the impact this update will have on its unaudited condensed consolidated financial statements and disclosures.

Note 4 — Revenue from Contracts with Customers

Revenue Recognized

In the three and nine month periods ended September 30, 2024, the Company recognized revenue of $ 1,172 and $3,149, respectively, resulting from the delivery of patient EsoGuard test results. Revenue recognized from customer contracts deemed to include a variable consideration transaction price is limited to the unconstrained portion of the variable consideration. The Company's revenue for the three and nine month periods ended September 30, 2023 was $783 and $1,388, respectively, resulting from the delivery of patient EsoGuard test results.

Cost of Revenue

The cost of revenues principally includes the costs related to the Company's laboratory operations (excluding estimated costs associated with research activities), the costs related to the EsoCheck cell collection device, cell sample mailing kits and license royalties.

In the three and nine month periods ended September 30, 2024, the cost of revenue was $ 1,684 and $4,954, respectively, primarily related to costs for our laboratory operations and EsoCheck device supplies. The Company's cost of revenue for the three and nine month periods ended September 30, 2023 was $1,634 and $4,522, respectively, primarily related to costs for our laboratory operations and EsoCheck device supplies.

Note 5 — Related Party Transactions

The aggregate Due To: PAVmed Inc. for the period indicated is summarized as follows:

	MSA Fees	Employee-Related Costs	PAVmed Inc. OBO Payments	Total
Balance - December 31, 2023	$ 6,150	$ 3,163	$ 26	$ 9,339
MSA fees	8,150	—	—	8,150
ERC - Benefits	—	1,411	—	1,411
On Behalf Of (OBO) activities	—	—	598	598
Cash payments to PAVmed Inc.	(12,650)	(1,537)	(583)	(14,770)
Payment to PAVmed Inc. settled in LUCD stock	(1,650)	(3,025)	—	(4,675)
Balance - September 30, 2024	$ —	$ 12	$ 41	$ 53

PAVmed - Management Services Agreement

The Company's daily operations are also managed in part by personnel employed by PAVmed, for which the Company incurs a service fee, referred to as the "MSA Fee", according to the provisions of a Management Services Agreement ("MSA") with PAVmed. The MSA does not have a termination date, but may be terminated by the Company's board of directors. The MSA Fee is charged on a monthly basis and is subject-to periodic adjustment corresponding with changes in the services provided by PAVmed personnel to the Company, with any such change in the MSA Fee being subject to approval of the boards of directors of each of the Company and PAVmed. In March 2024, PAVmed and the Company were authorized by their respective boards of directors to enter, and they did enter, into an eighth amendment to the MSA. Under this amendment, the monthly fee due from the Company to PAVmed was increased from $750 to $833, effective January 1, 2024. In August 2024, PAVmed and the Company were authorized by their respective boards of directors to enter, and they did enter, into a ninth amendment to the MSA. Under this amendment, the monthly fee due from the Company to PAVmed was increased from $833 to $1,050, effective July 1, 2024. During the nine months ended September 30, 2023, MSA fees were $ 750 per month.

On January 26, 2024, PAVmed elected to receive payment of $ 4,675 of fees and reimbursements due from Lucid, through the issuance of 3,331,771 shares of Lucid Diagnostics common stock.

The MSA Fee expense classification in the unaudited condensed consolidated statement of operations for the periods noted is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Sales & Marketing	164	109	$ 417	$ 218
General & Administrative	2,253	1,554	5,860	3,108
Research & Development	733	587	1,873	1,174
Total MSA Fee	$ 3,150	$ 2,250	$ 8,150	$ 4,500

The classification of the MSA Fee as presented above is based on the PAVmed classification of employee salary expense and other operating expenses. In this regard, PAVmed classifies employee salary expense as sales and marketing expenses for employees performing sales, sales support and marketing activities, research and development expenses for those employees who are engaged in product and services engineering development and design and /or clinical trials activities, and other employees and activities classified as general and administrative.

Transfer of Intellectual Property from PAVmed

On September 27, 2024, the Company entered into an Assignment of Patent Rights with PAVmed, pursuant to which PAVmed assigned certain patent rights to the Company related to the EsoCheck device. In consideration of the assignment the Company agreed to pay PAVmed a $350 assignment fee.

Note 6 — Prepaid Expenses, Deposits, and Other Current Assets

Prepaid expenses and other current assets consisted of the following as of:

	September 30, 2024	December 31, 2023
Advanced payments to service providers and suppliers	$ 389	$ 266
Prepaid insurance	49	607
Deposits	1,207	1,981
Total prepaid expenses, deposits and other current assets	$ 1,645	$ 2,854

Note 7 — Leases

During the nine months ended September 30, 2024, the Company entered into additional lease agreements that have commenced and are classified as operating leases, including in June 2024, the Company exercised a renewal option to extend the lease term on its central laboratory in California for an additional three years, through December 31, 2027. The aggregate (undiscounted) rent payments are approximately $2.6 million over the extended lease term.

The Company's future lease payments as of September 30, 2024, which are presented as operating lease liabilities, current portion and operating lease liabilities, less current portion on the Company's unaudited condensed consolidated balance sheets are as follows:

2024 (remainder of year)	$ 266
2025	1,025
2026	979
2027	940
2028	19
Total lease payments	$ 3,229
Less: imputed interest	(363)
Present value of lease liabilities	$ 2,866

Supplemental disclosure of cash flow information related to the Company's cash and non-cash activities with its leases are as follows:

	Nine Months Ended September 30,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 889	$ 894
Non-cash investing and financing activities		
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 2,347	$ 380
Weighted-average remaining lease term - operating leases (in years)	3.17	1.58
Weighted-average discount rate - operating leases	7.875%	7.875%

As of September 30, 2024 and December 31, 2023, the Company's right-of-use assets from operating leases were $ 2,860 and $1,307, respectively, which are reported in operating lease right-of-use assets in the unaudited condensed consolidated balance sheets. As of September 30, 2024 and December 31, 2023, the Company had outstanding operating lease obligations of $2,866 and $1,305, respectively, of which $ 855 and $1,106, respectively, are reported in operating lease liabilities, current portion and $2,011 and $199, respectively, are reported in operating lease liabilities less current portion in the Company's unaudited condensed consolidated balance sheets. The Company calculates its incremental borrowing rates for specific lease terms, used to discount future lease payments, as a function of the financing terms the Company would likely receive on the open market.

Note 8 — Intangible Assets, net

Intangible assets, less accumulated amortization, consisted of the following as of:

	Estimated Useful Life	September 30, 2024	December 31, 2023
Defensive technology	60 months	$ 2,105	$ 2,105
Laboratory licenses and certifications and laboratory information management software	24 months	3,200	$ 3,200
Total Intangible assets		5,305	5,305
Less Accumulated Amortization		(4,463)	(3,881)
Intangible Assets, net		$ 842	$ 1,424

Amortization expense of the intangible assets discussed above was $ 105 and $505 for the three month periods ended September 30, 2024 and 2023, respectively, and $582 and $1,516 for the nine month periods ended September 30, 2024 and 2023, respectively, and is included in amortization of acquired intangible assets in the accompanying unaudited condensed consolidated statements of operations. As of September 30, 2024, the estimated future amortization expense associated with the Company's finite-lived intangible assets for each of the five succeeding fiscal years is as follows:

2024 (remainder of year)	$ 105
2025	421
2026	316
Total	$ 842

Note 9 — Financial Instruments Fair Value Measurements

Recurring Fair Value Measurements

The fair value hierarchy table for the reporting date noted is as follows:

	Fair Value Measurement on a Recurring Basis at Reporting Date Using[1]			
	Level-1 Inputs	Level-2 Inputs	Level-3 Inputs	Total
September 30, 2024				
March 2023 Senior Convertible Note	$ —	$ —	$ 10,200	$ 10,200
Totals	$ —	$ —	$ 10,200	$ 10,200

	Level-1 Inputs	Level-2 Inputs	Level-3 Inputs	Total
December 31, 2023				
March 2023 Senior Convertible Note	$ —	$ —	$ 13,950	$ 13,950
Totals	$ —	$ —	$ 13,950	$ 13,950

[1]There were no transfers between the respective Levels during the nine months ended September 30, 2024.

As discussed in Note 10, *Debt*, the Company issued a Senior Secured Convertible Note dated March 21, 2023 with a $ 11.1 million face value principal ("March 2023 Senior Convertible Note"). The convertible note is accounted for under the ASC 825-10-15-4 fair value option ("FVO") election, wherein, the financial instrument is initially measured at its issue date estimated fair value and subsequently remeasured at estimated fair value on a recurring basis at each reporting period date.

Note 9 — Financial Instruments Fair Value Measurements - continued

The estimated fair value of the financial instruments classified within the Level 3 category was determined using both observable inputs and unobservable inputs. Unrealized gains and losses associated with liabilities within the Level 3 category include changes in fair value attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long- dated volatilities) inputs.

The estimated fair value of the March 2023 Senior Convertible Note as of each of September 30, 2024 and December 31, 2023 were computed using a Monte Carlo simulation of the present value of its cash flows using a synthetic credit rating analysis and a required rate-of-return, using the following assumptions:

March 2023 Senior Convertible Note: September 30, 2024	March 2023 Senior Convertible Note: December 31, 2023

Fair Value	$ 10,200	$ 13,950
Face value principal payable	$ 8,669	$ 11,019
Required rate of return	9.20%	10.00%
Conversion Price	$ 5.00	$ 5.00
Value of common stock	$ 0.82	$ 1.41
Expected term (years)	0.47	1.22
Volatility	60.00%	60.00%
Risk free rate	4.33%	4.56%
Dividend yield	—%	—%

The estimated fair values reported utilized the Company's common stock price along with certain Level 3 inputs (as discussed in the table above), in the development of Monte Carlo simulation models, discounted cash flow analyses, and /or Black-Scholes valuation models. The estimated fair values are subjective and are affected by changes in inputs to the valuation models and analyses, including the Company's common stock price, the Company's dividend yield, the risk-free rates based on U.S. Treasury security yields, and certain other Level-3 inputs including, assumptions regarding the estimated volatility in the value of the Company's common stock price and the volatility of similar entities within the medical device industry. Changes in these assumptions can materially affect the estimated fair values.

Note 10 — Debt

The fair value and face value principal outstanding of the March 2023 Senior Convertible Note as of the dates indicated are as follows:

	Contractual Maturity Date	Stated Interest Rate	Conversion Price per Share	Face Value Principal Outstanding	Fair Value
March 2023 Senior Convertible Note	March 21, 2025	7.875%	$ 5.00	$ 8,669	$ 10,200
Balance as of September 30, 2024				$ 8,669	$ 10,200

	Contractual Maturity Date	Stated Interest Rate	Conversion Price per Share	Face Value Principal Outstanding	Fair Value
March 2023 Senior Convertible Note	March 21, 2025	7.875%	$ 5.00	$ 11,019	$ 13,950
Balance as of December 31, 2023				$ 11,019	$ 13,950

Note 10 — Debt - continued

The changes in the fair value of debt during the three and nine month periods ended September 30, 2024 is as follows:

	March 2023 Senior Convertible Note	Other Income (expense)
Fair Value - June 30, 2024	$ 11,200	$ —
Installment repayments – common stock	(1,142)	—
Non-installment payments – common stock	(180)	—
Change in fair value	322	(322)
Fair Value at September 30, 2024	$ 10,200	
Other Income (Expense) - Change in fair value – three months ended September 30, 2024		$ (322)

	March 2023 Senior Convertible Note	Other Income (expense)
Fair Value - December 31, 2023	$ 13,950	$ —
Installment repayments – common stock	(2,350)	—
Non-installment payments – common stock	(832)	—
Change in fair value	(568)	568
Fair Value at September 30, 2024	$ 10,200	
Other Income (Expense) - Change in fair value – nine months ended September 30, 2024		$ 568

The changes in the fair value of debt during the three and nine month periods ended September 30, 2023 is as follows:

	March 2023 Senior Convertible Note	Other Income (expense)
Fair Value - June 30, 2023	$ 11,610	$ —
Installment repayments – common stock	(92)	—
Non-installment payments – common stock	(49)	—
Change in fair value	3,021	(3,021)
Fair Value at September 30, 2023	$ 14,490	
Other Income (Expense) - Change in fair value – three months ended September 30, 2023		$ (3,021)

	March 2023 Senior Convertible Note	Other Income (expense)
Fair Value - December 31, 2022	$ —	$ —
Face value principal – issue date	11,111	$ —
Fair value adjustment – issue date	789	(789)
Installment repayments – common stock	(92)	—
Non-installment payments – common stock	(49)	—
Change in fair value	2,731	(2,731)
Fair Value at September 30, 2023	$ 14,490	
Other Income (Expense) - Change in fair value – nine months ended September 30, 2023		$ (3,520)

Note 10 — Debt - continued

March 2023 Senior Secured Convertible Note

Lucid Diagnostics entered into a Securities Purchase Agreement ("SPA") dated March 13, 2023, with an accredited institutional investor ("Investor", "Lender", and /or "Holder"), wherein Lucid agreed to sell, and the Investor agreed to purchase, an aggregate of $11.1 million face value principal of debt.

Under the SPA, Lucid issued in a registered direct offering under its effective shelf registration statement a Senior Secured Convertible Note dated March 21, 2023, referred to herein as the "March 2023 Senior Convertible Note", with such note having a $11.1 million face value principal, a 7.875% annual stated interest rate, a contractual conversion price of $5.00 per share of the Company's common stock (subject to standard adjustments in the event of any stock split, stock dividend, stock combination, recapitalization or other similar transaction), and a contractual maturity date of March 21, 2025. The March 2023 Senior Convertible Note may be converted into shares of common stock of the Company at the Holder's election.

The March 2023 Senior Convertible Note proceeds were $9.925 million after deducting a $1.186 million lender fee and offering costs. The lender fee and offering costs were recognized as of the March 21, 2023 issue date as a current period expense in other income (expense) in the Company's unaudited condensed consolidated statement of operations.

During the period from March 21, 2023 to September 20, 2023, the Company was required to pay interest expense only (on the $ 11.1 million face value principal), at 7.875% per annum, computed on a 360 day year. The Company paid cash interest expense of $ 149 and $391 for the three and nine months ended September 30, 2023, respectively.

Commencing September 21, 2023, and then on each of the successive first and tenth trading day of each month thereafter through to and including March 14, 2025 (each referred to as an "Installment Date"); and on the March 21, 2025 maturity date, the Company will be required to make a principal repayment of $292 together with accrued interest thereon, with such 38 payments referred to herein as the "Installment Amount", settled in shares of common stock of the Company, subject to customary equity conditions, including minimum share price and volume thresholds, or at the election of the Company, in cash, in whole or in part.

In addition to the Installment Amount repayments, the Holder may elect to accelerate the conversion of future Installment Amount repayments, and interest thereon, subject to certain restrictions, as defined, utilizing the then current conversion price of the most recent Installment Date conversion price.

The payment of all amounts due and payable under this senior convertible note is guaranteed by all of Lucid Diagnostics' subsidiaries; and the obligations under this senior convertible note are secured by all of the assets of Lucid Diagnostics and its subsidiaries.

Lucid is subject to certain customary affirmative and negative covenants regarding the rank of the note, along with the incurrence of further indebtedness, the existence of liens, the repayment of indebtedness and the making of investments, the payment of cash in respect of dividends, distributions or redemptions, the transfer of assets, the maturity of other indebtedness, and transactions with affiliates, among other customary matters.

Lucid is subject to financial covenants requiring: (i) a minimum of $5.0 million of available cash at all times; (ii) the ratio of (a) the outstanding principal amount of the total senior convertible notes outstanding, accrued and unpaid interest thereon and accrued and unpaid late charges to (b) the Company's average market capitalization over the prior ten trading days, as of the last day of any fiscal quarter commencing with September 30, 2023, to not exceed 30%; and (iii) the Company's market capitalization to at no time be less than $30 million. As of September 30, 2024, the Company was in compliance, and as of the date hereof, the Company is in compliance, with the Financial Tests.

The March 2023 Senior Convertible Note installment payments may be made in shares of Lucid Diagnostics common stock at a conversion price that is the lower of the contractual conversion price and 82.5% of the two lowest VWAPs during the last 10 trading days preceding the date of conversion, subject to a conversion price floor of $0.30. The notes are also subject to certain provisions that may require redemption upon the occurrence of an event of default, a change of control, or certain equity issuances.

In the three and nine month periods ended September 30, 2024, approximately $ 1,142 and $2,350, respectively, of principal repayments along with approximately $180 and $832, respectively, of interest expense thereon, were settled through the issuance of 2,116,717 and 4,777,898 shares, respectively, of common stock of the Company, with such shares having a fair value of approximately $1,755 and $4,293, respectively, (with such fair value measured as the respective conversion date quoted closing price of the common stock of the Company). The conversions resulted in debt extinguishment losses of $435 and $1,116 in the three and nine month periods ended September 30, 2024, respectively. Subsequent to September 30, 2024, as of November 8, 2024, approximately $2,415 of principal repayments along with approximately $63 of interest expense thereon, were settled through the issuance of 3,847,321 shares of common stock of the Company, with such shares having a fair value of approximately $ 3,680 (with such fair value measured as the respective conversion date quoted closing price of the common stock of the Company).

Note 10 — Debt - continued

March 2023 Senior Convertible Note Refinancing

On November 8, 2024, the Company gave notice to the holder of the March 2023 Senior Convertible Note that it was exercising its right pursuant to such note to redeem the same for the redemption price specified in such note (the "Optional Redemption Price"). Pursuant to the terms of the March 2023 Senior Convertible Note, the Company has not less than ten business days, and not more than twenty business days, from the date of the notice (the "Optional Redemption Notice Period") to pay the Optional Redemption Price.

To finance the payment of the Optional Redemption Price, the Company has entered into a securities purchase agreement with certain accredited investors (the "2024 Note Investors"). Under the agreement, subject to customary closing conditions, the Company has agreed to issue, and each 2024 Note Investor has agreed to purchase, 12.0% senior secured convertible notes due 2029 (collectively, the "November 2024 Senior Convertible Notes"). As of the date hereof, the aggregate commitments of the 2024 Note Investors exceed the Lucid Optional Redemption Price. Subsequent to September 30, 2024, as of the date hereof, the Company has received cash proceeds of $7.7 million to date related to subscription agreements for the November 2024 Senior Convertible Notes.

The Company expects to complete the issuance of the November 2024 Senior Convertible Notes and the redemption of the March 2023 Senior Convertible Note on or prior to the end of the Optional Redemption Notice Period.

Note 11 — Stock-Based Compensation

Lucid Diagnostics 2018 Long-Term Incentive Equity Plan

The Lucid Diagnostics Inc. 2018 Long-Term Incentive Equity Plan ("Lucid Diagnostics 2018 Equity Plan") is separate and apart from the PAVmed 2014 Equity Plan discussed below. The Lucid Diagnostics 2018 Equity Plan is designed to enable Lucid Diagnostics to offer employees, officers, directors, and consultants, an opportunity to acquire shares of common stock of Lucid Diagnostics. The types of awards that may be granted under the Lucid Diagnostics 2018 Equity Plan include stock options, stock appreciation rights, restricted stock, and other stock-based awards subject to limitations under applicable law. All awards are subject to approval by the Lucid Diagnostics compensation committee.

A total of 14,324,038 shares of common stock of Lucid Diagnostics are reserved for issuance under the Lucid Diagnostics 2018 Equity Plan, with 850,672 shares available for grant as of September 30, 2024. The share reservation is not diminished by a total of 523,300 stock options and 50,000 restricted stock awards granted outside the Lucid Diagnostics 2018 Equity Plan, as of September 30, 2024. In January 2024, the number of shares available for grant was increased by 2,680,038 in accordance with the evergreen provisions of the plan.

Lucid Diagnostics Stock Options

Lucid Diagnostics stock options granted under the Lucid Diagnostics 2018 Equity Plan and stock options granted outside such plan are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price	Remaining Contractual Term (Years)	Intrinsic Value[2]
Outstanding stock options at December 31, 2023	5,504,383	$ 2.00	8.5	$ 765
Granted[1]	3,604,000	$ 1.22		
Exercised	(3,333)	$ 1.31		
Forfeited	(442,501)	$ 1.63		
Outstanding stock options at September 30, 2024 [3]	8,662,549	$ 1.69	8.3	$ 197
Vested and exercisable stock options at September 30, 2024	3,654,937	$ 2.19	7.2	$ 197

(1) Stock options granted under the Lucid Diagnostics 2018 Equity Plan and those granted outside such plan generally vest one-third in one year then ratably over the next eight quarters, and have a ten-year contractual term from date-of-grant.

(2) The intrinsic value is computed as the difference between the quoted price of the Lucid Diagnostics common stock on each of September 30, 2024 and December 31, 2023 and the exercise price of the underlying Lucid Diagnostics stock options, to the extent such quoted price is greater than the exercise price.

(3) The outstanding stock options presented in the table above are inclusive of 523,300 stock options granted outside the Lucid Diagnostics 2018 Equity Plan, as of September 30, 2024 and December 31, 2023.

On February 22, 2024, the company granted 2,895,000 stock options to employees and directors under the Lucid Diagnostics Inc 2018 Equity Plan with a weighted average exercise price of $1.25. Each option will vest one-third after one year then ratably over the next eight quarters.

Note 11 — Stock-Based Compensation - continued

Lucid Diagnostics Restricted Stock Awards

Lucid Diagnostics restricted stock awards granted under the Lucid Diagnostics 2018 Equity Plan and restricted stock awards granted outside such plan are summarized as follows:

	Number of Restricted Stock Awards	Weighted Average Grant Date Fair Value
Unvested restricted stock awards as of December 31, 2023	2,337,440	$ 8.99
Granted	1,600,000	1.03
Vested	(26,912)	4.56
Forfeited	(13,088)	4.56
Unvested restricted stock awards as of September 30, 2024	3,897,440	$ 5.77

In May 2024, a total of 1,600,000 restricted stock awards were granted to management under the Lucid Diagnostics 2018 Equity Plan, with such restricted stock awards having an aggregate fair value of approximately $1.5 million, which was measured using the grant date quoted closing price per share of Lucid Diagnostics Inc. common stock, with the fair value recognized as stock-based compensation expense ratably on a straight-line basis over the vesting period, which is commensurate with the service period. The vesting of the restricted stock awards vest on a single vest date of May 20, 2026. The restricted stock awards are subject to forfeiture if the requisite service period is not completed.

PAVmed Inc. 2014 Equity Plan

The PAVmed 2014 Long-Term Incentive Equity Plan (the "PAVmed 2014 Equity Plan"), is separate and apart from the Lucid Diagnostics 2018 Equity Plan (as such equity plan is discussed above).

Stock-Based Compensation Expense

The stock-based compensation expense recognized by the Company for both the Lucid Diagnostics 2018 Equity Plan and the PAVmed 2014 Equity Plan, for the periods indicated, was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Lucid Diagnostics 2018 Equity Plan – cost of revenue	$ 30	$ 16	$ 88	$ 44
Lucid Diagnostics 2018 Equity Plan – sales and marketing	328	228	925	697
Lucid Diagnostics 2018 Equity Plan - general and administrative	699	721	1,635	4,069
Lucid Diagnostics 2018 Equity Plan - research and development	128	67	386	204
PAVmed 2014 Equity Plan - cost of revenue	11	10	33	26
PAVmed 2014 Equity Plan - sales and marketing	23	106	141	359
PAVmed 2014 Equity Plan - general and administrative	1	7	5	170

PAVmed 2014 Equity Plan - research and development	8	97	150	290
Total stock-based compensation expense	$ 1,228	$ 1,252	$ 3,363	$ 5,859

The stock-based compensation expense, as presented above, is inclusive of: stock options and restricted stock awards granted under the Lucid Diagnostics 2018 Equity Plan to employees of PAVmed, the physician inventors of the technology licensed under the Amended CWRU License Agreement, and members of the board of directors of Lucid Diagnostics, as well as the stock options granted under the PAVmed 2014 Equity Plan to the physician inventors.

Note 11 — Stock-Based Compensation - continued

As of September 30, 2024, unrecognized stock-based compensation expense and weighted average remaining requisite service period with respect to stock options and restricted stock awards issued under each of the Lucid Diagnostics 2018 Equity Plan and the PAVmed 2014 Equity Plan, as discussed above, is as follows:

	Unrecognized Expense	Weighted Average Remaining Service Period (Years)
Lucid Diagnostics 2018 Equity Plan		
Stock Options	$ 3,798	2.0
Restricted Stock Awards	$ 1,935	1.6
PAVmed 2014 Equity Plan		
Stock Options	$ 109	1.7

Stock-based compensation expense recognized with respect to stock options granted under the Lucid Diagnostics 2018 Equity Plan was based on a weighted average estimated fair value of such stock options of $0.79 per share and $0.88 per share during the nine month periods ended September 30, 2024 and 2023, respectively, calculated using the following weighted average Black-Scholes valuation model assumptions:

	Nine Months Ended September 30,	
	2024	2023
Expected term of stock options (in years)	5.7	5.6
Expected stock price volatility	73%	75%
Risk free interest rate	4.3%	3.7%
Expected dividend yield	—%	—%

Lucid Diagnostics Inc Employee Stock Purchase Plan ("Lucid ESPP")

A total of 511,884 shares and 231,987 shares of common stock of Lucid Diagnostics were purchased for proceeds of approximately $ 353 and $276 on March 31, 2024 and 2023, respectively, under the Lucid ESPP. A total of 136,056 and 276,213 shares of common stock of Lucid Diagnostics were purchased for proceeds of approximately $94 and $275 on September 30, 2024 and 2023, respectively, under the Lucid ESPP. The Lucid ESPP has a total reservation of 1,500,000 shares of common stock of which 259,830 shares are available for issue as of September 30, 2024. In January 2024, our board authorized an increase in the number of shares available for issue by 500,000.

Note 12 — Stockholders' Equity

Series B Preferred Stock Offering and Exchange

On March 13, 2024, the Company entered into subscription agreements (each, a "Series B Subscription Agreement") and exchange agreements (each, a "Series B Exchange Agreement") with certain accredited investors (collectively, the "Series B Investors"), which agreements provided for (i) the sale to the Series B Investors of 12,495 shares of newly designated Series B Convertible Preferred Stock, par value $ 0.001 per share (the "Series B Preferred Stock"), at a purchase price of $1,000 per share, and (ii) the exchange by the Series B Investors of 13,625 shares of Lucid Series A Convertible Preferred Stock, par value $0.001 per share (the "Series A Preferred Stock"), and 10,670 shares of Lucid Series A-1 Convertible Preferred Stock, par value $0.001 per share (the "Series A-1 Preferred Stock"), held by them for 31,790 shares of Series B Preferred Stock (collectively, the "Series B Offering and Exchange"). Prior to the execution of the Series B Subscription Agreements and the Series B Exchange Agreements, the Company entered into subscription agreements with certain of the Series B Investors providing for the sale to such investors of 5,670 shares of Series A-1 Preferred Stock, at a purchase price of $1,000 per share, which shares the investors immediately agreed to exchange for shares of Series B Preferred Stock pursuant to the Series B Exchange Agreements (and are included in the 10,670 shares of Series A-1 Preferred Stock set forth above). Each share of the Series B Preferred Stock has a stated value of $1,000 and a conversion price of $ 1.2444. The terms of the Series B Preferred Stock also include a one times preference on liquidation and a right to receive dividends equal to 20% of the number of shares of our common stock into which such Series B Preferred Stock is convertible, payable on the one-year and two-year anniversary of the issuance date. The holders of the Series B Preferred Stock also will be entitled to dividends equal, on an as-if-converted to shares of common stock basis, to and in the same form as dividends actually paid on shares of the common stock when, as, and if such dividends are paid on shares of the common stock. The Series B Preferred Stock is a voting security. The aggregate gross proceeds of these transactions were $18.1 million (inclusive of $5.7 million of aggregate gross proceeds from the sale of the Series A-1 Preferred Stock that was immediately exchanged for Series B Preferred Stock in the transactions).

Note 12 — Stockholders' Equity - continued

As a result of 100% of the then-outstanding shares of Series A Preferred Stock and Series A-1 Preferred Stock being exchanged for shares of Series B Preferred Stock in the Series B Offering and Exchange, no shares of Series A Preferred Stock or Series A-1 Preferred Stock remain outstanding.

In connection with the issuance, the Company filed a Certificate of Designation of Preferences, Rights and Limitations of the Series B Preferred Stock with the Secretary of State of the State of Delaware (the "Certificate of Designation"). The key terms of the Series B Preferred Stock are as follows:

Each share of Series B Preferred Stock is convertible at the option of the holder, subject to certain beneficial ownership limitations into such number of shares of the Company's common stock, equal to the number of Series B Preferred Shares to be converted, multiplied by the stated value of $1,000 (the "Stated Value"), divided by the conversion price in effect at the time of the conversion. The initial conversion price is $1.2444, subject to adjustment in the event of stock splits, stock dividends, and similar transactions. The Series B Preferred Stock is convertible into shares of our common stock at any time at the option of the holder from and after the six-month anniversary of its issuance, and automatically converts into shares of our common stock on March 13, 2026, the second anniversary of its issuance at a conversion price of $1.2444, and the Series B Preferred Stock is a voting security (subject to applicable ownership limitations). In addition, the Series B Preferred Stock issued in exchange for Series A Preferred Stock and Series A-1 Preferred

Stock may be converted, at the election of the Company at any time after the six-month anniversary of the issuance of such shares of Series B Preferred Stock, upon written notice given to the holders of such shares, if the volume weight average price of our common stock has been at least $8.00 per share (subject to adjustment in the event of stock splits, stock dividends, and similar transactions) on 20 out of 30 consecutive trading days ending within 15 trading days prior to the date on which such notice is given (subject to certain limited exceptions) (a "VWAP-Based Mandatory Conversion").

The Series B Preferred Stock will be senior to the Common Stock and any other class of the Company's capital stock that is not by its terms senior to or pari passu with the Series B Preferred Stock.

The holders of Series B Preferred Stock will be entitled to dividends payable as follows: (i) a number of shares of Common Stock equal to 20% of the number of shares of Common Stock issuable upon conversion of the Series B Preferred Stock then held by such Holder on March 13, 2025, and (ii) a number of shares of Common Stock equal to 20% of the number of shares of Common Stock issuable upon conversion of the Series B Preferred Stock then held by such Holder on March 13, 2026. A holder that voluntarily converts its Series B Preferred Stock prior to March 13, 2025 or March 13, 2026, as the case may be, will not receive the dividend that accrues on such date with respect to such converted Series B Preferred Stock. The holders of the Series B Preferred Stock also will be entitled to dividends equal, on an as-if-converted to shares of Common Stock basis, to and in the same form as dividends actually paid on shares of the Common Stock when, as, and if such dividends are paid on shares of the Common Stock.

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company (or any Deemed Liquidation Event as defined in the Certificate of Designation), the holders of shares of Series B Preferred Stock then outstanding will be entitled to be paid out of the assets of the Company available for distribution to its stockholders, before any payment shall be made to the holders of Common Stock by reason of their ownership thereof, an amount per share equal to the greater of (i) the Stated Value, plus any dividends accrued but unpaid thereon, or (ii) such amount per share as would have been payable had all shares of Series B Preferred Stock been converted into Common Stock immediately prior to such event.

The Series B Preferred Stock is a voting security (subject to applicable ownership limitations).

The Company will not effect any conversion of the Series B Preferred Stock, and a holder will not have the right to receive dividends or convert any portion of the Series B Preferred Stock, to the extent that, after giving effect to the receipt of dividends or the conversion, the holder (together with such holder's affiliates, and any persons acting as a group together with such holder or any of the holder's affiliates) would beneficially own in excess of 4.99% of the Company's outstanding common stock (or, upon election of the holder, 9.99% of the Company's outstanding common stock).

The Company and the investors in the offering also executed a registration rights agreement (the "Series B Registration Rights Agreement"), pursuant to which the Company agreed to file a registration statement covering the resale of the shares of Common Stock issuable pursuant to the Series B Preferred Stock. The Company filed such registration statement on Form S-3 with the SEC (file number 333-280650), which filing became effective on July 18, 2024, covering the resale of the shares of Common Stock issuable pursuant to the Series B and Series B-1 Preferred Stock.

Series B-1 Preferred Stock Offering

On May 6, 2024, the Company issued approximately 11,634 shares of newly designated Series B-1 Convertible Preferred Stock (the "Series B-1 Preferred Stock"). The terms of the Series B-1 Preferred Stock are substantially identical to the terms of the Series B Preferred Stock, except that the Series B-1 Preferred Stock has a conversion price of $0.7228 and is not subject to a VWAP-Based Mandatory Conversion. The aggregate gross proceeds from the sale of shares in such offering were $11.6 million.

Note 12 — Stockholders' Equity - continued

Series A Preferred Stock Offering

On March 7, 2023, the Company issued 13,625 shares of newly designated Series A Convertible Preferred Stock, par value $ 0.001 per share (the "Series A Preferred Stock"). The terms of the Series A Preferred Stock were substantially identical to the terms of the Series B-1 Preferred Stock, except that the Series A Preferred Stock had a conversion price of $1.394 and was not a voting security. The aggregate gross proceeds from the sale of shares in such offering were $13.6 million.

As noted above, on March 13, 2024, 100% of the then-outstanding shares of Series A Preferred Stock were exchanged for shares of Series B Preferred Stock in the Series B Preferred Stock Offering and Exchange. As a result, no shares of Series A Preferred Stock remain outstanding.

Series A-1 Preferred Stock Offering

On October 17, 2023, the Company issued 5,000 shares of newly designated Series A-1 Convertible Preferred Stock (the "Series A-1 Preferred Stock"). The terms of the Series A-1 Preferred Stock were substantially identical to the terms of the Series A Preferred Stock, except that the Series A-1 Preferred Stock has a conversion price of $1.2592. The aggregate gross proceeds from the sale of shares in such offering were $ 5.0 million.

On March 13, 2024, the Company issued an additional 5,670 shares of Series A-1 Preferred Stock.

As noted above, on March 13, 2024, 100% of the then-outstanding shares of Series A-1 Preferred Stock were exchanged for shares of Series B Preferred Stock in the Series B Preferred Stock Offering and Exchange. As a result, no shares of Series A-1 Preferred Stock remain outstanding.

Deemed Dividend on Series A and Series A-1 Convertible Preferred Stock Exchange Offer

The fair value of the consideration given in the form of the issue of 31,790 shares of Series B Convertible Preferred Stock, with such fair value recognized as the carrying value of such issued shares of Series B Convertible Preferred Stock, as compared to the carrying value of the extinguished Series A and Series A-1 Convertible Preferred Stock (carrying value of $ 24,294), resulting in an excess of fair value of $ 7.5 million recognized as a deemed dividend charged to accumulated deficit in the unaudited condensed consolidated balance sheet on March 13, 2024, with such deemed dividend included as a component of net loss attributable to common stockholders, summarized as follows:

Series B Convertible Preferred Stock Issuance and Series A/A-1 Exchange Offer		March 13, 2024
Fair Value - 31,790 shares of Series B Preferred Stock issued in exchange for Series A and Series A-1 Preferred Stock	$	31,790
Less: Carrying value related to Series A and Series A-1 Preferred Stock Exchanged for Series B Preferred Stock (of 24,295 shares)		(24,294)
Deemed Dividend Charged to Accumulated Deficit	$	7,496

Lucid Diagnostics Common Stock

In July 2024, the Company received shareholder approval to amend its certificate of incorporation, as amended, to increase the total number of shares of common stock the Company is authorized to issue by 100 million shares from 200 million shares to 300 million shares. An amendment effecting

such change was filed with the Secretary of State of Delaware on July 23, 2024.

Additionally in July 2024, the Company's shareholders approved, for purposes of Listing Rule 5635 of The Nasdaq Stock Market LLC ("Nasdaq") the issuance of shares of the Company's common stock under the Series B Convertible Preferred Stock ("Series B Preferred Stock") sold by the Company in a private offering in March 2024 and the Series B-1 Convertible Preferred Stock ("Series B-1 Preferred Stock") sold by the Company in a private offering in May 2024. Each of the Series B and Series B-1 Preferred Stock is a voting security. On any matter to be acted upon or considered by the stockholders of the Company, each holder shall be entitled to vote on an "as converted" basis after applying the beneficial ownership limitations described in the Series B and B-1 Preferred Stock Offering above.

As of September 30, 2024 and December 31, 2023, there were 51,597,718 and 42,329,864 shares of common stock issued and outstanding, respectively. On September 10, 2024, following preferred equity transactions completed by the Company earlier in 2024 and the termination of voting proxies entered into between PAVmed and certain shareholders of the Company, PAVmed's voting interest in the Company was reduced to less than 50.0%, resulting in the loss of a controlling financial interest. However, PAVmed retains the ability to exercise significant influence over Lucid. As of September 30, 2024, PAVmed holds 31,302,444 shares.

On January 26, 2024, PAVmed elected to receive payment of $ 4,675 of fees and reimbursements due from Lucid, through the issuance of 3,331,771 shares of Lucid Diagnostics common stock. Substantially all of such shares were distributed by PAVmed to its shareholders on February 15, 2024.

Note 12 — Stockholders' Equity - continued

On June 21, 2024, the Company received a notice from the Listing Qualifications Department of Nasdaq stating that, for the prior 30 consecutive business days (through June 20, 2024), the closing bid price of the Company's common stock had been below the minimum of $1 per share required for continued listing on the Nasdaq Capital Market under Nasdaq Listing Rule 5550(a)(2). The notification letter stated that the Company would be afforded 180 calendar days (until December 18, 2024) to regain compliance, and that the Company could be eligible for additional time. The Company intends to consider all available options to regain compliance with the Nasdaq listing standards.

In the nine months ended September 30, 2024, the Company issued 480,000 shares of common stock to vendors in exchange for $ 401 of agreed upon services, which is included in general and administrative operating expenses on the Company's unaudited condensed consolidated statement of operations.

Committed Equity Facility and ATM Facility

On March 28, 2022, the Company entered into a committed equity facility with an affiliate of Cantor Fitzgerald ("Cantor"). Under the terms of the committed equity facility, Cantor has committed to purchase up to $50 million of the Company's common stock from time to time at the request of the Company. While there are distinct differences, the facility is structured similarly to a traditional at-the-market equity facility, insofar as it allows the Company to raise primary equity capital on a periodic basis at prices based on the existing market price. Cumulatively a total of 680,263 shares of Lucid Diagnostics' common stock were issued for net proceeds of approximately $1.8 million, after a 4% discount, as of September 30, 2024.

In November 2022, the Company entered into an "at-the-market offering" ("ATM") for up to $ 6.5 million of its common stock that may be offered and sold under a Controlled Equity Offering Agreement between the Company and Cantor. Cumulatively a total of 230,068 shares of Lucid Diagnostics' common stock were issued through the at-the-market equity facility for net proceeds of approximately $0.3 million, after payments of 3% commissions, as of September 30, 2024.

Note 13 — Net Loss Per Share

The Net loss per share basic and diluted for the respective periods indicated is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Numerator				
Net loss	$ (12,371)	$ (14,208)	$ (33,988)	$ (41,836)
Deemed dividend on Series A and Series A-1 Convertible Preferred Stock	—	—	(7,496)	—
Net loss attributable to Lucid Diagnostics Inc. common stockholders	$ (12,371)	$ (14,208)	$ (41,484)	$ (41,836)
Denominator				
Weighted average common shares outstanding, basic and diluted	50,374,146	41,862,805	47,876,015	41,558,979
Net loss per share (1)				
Net loss per share - basic and diluted	$ (0.25)	$ (0.34)	$ (0.87)	$ (1.01)

(1) - Convertible Preferred Stock would potentially be considered a participating security under the two-class method of calculating net loss per share. However, the Company has incurred net losses to-date, and as such holders are not contractually obligated to share in the losses, there is no impact on the Company's net loss per share calculation for the periods indicated.

Basic weighted-average number of shares of common stock outstanding for the nine month periods ended September 30, 2024 and 2023 include the shares of the Company issued and outstanding during such periods, each on a weighted average basis. The basic weighted average number of shares common stock outstanding excludes common stock equivalent incremental shares, while diluted weighted average number of shares outstanding includes such incremental shares. However, as the Company was in a loss position for all years presented, basic and diluted weighted average shares outstanding are the same, as the inclusion of the incremental shares would be anti-dilutive. The common stock equivalents excluded from the computation of diluted weighted average shares outstanding are as follows:

	September 30,	
	2024	2023
Stock options	8,662,549	4,957,215

Unvested restricted stock awards	3,897,440	1,787,440
Preferred stock	51,682,378	13,683,647
Total	64,242,367	20,428,302

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

The following discussion and analysis of our unaudited condensed consolidated financial condition and results of operations should be read together with our Annual Report on Form 10-K for the year ended December 31, 2023 (the "Form 10-K"), as filed with the Securities and Exchange Commission (the "SEC").

Unless the context otherwise requires, (i) "we", "us", and "our", and the "Company", "Lucid" and "Lucid Diagnostics" refer to Lucid Diagnostics Inc. and its subsidiaries LucidDx Labs Inc. ("LucidDx Labs") and CapNostics, LLC ("CapNostics"), (ii) "FDA" refers to the Food and Drug Administration, (iii) "510(k)" refers to a premarket notification, submitted to the FDA by a manufacturer pursuant to § 510(k) of the Food, Drug and Cosmetic Act and 21 CFR § 807 subpart E, (iv) "CLIA" refers to the Clinical Laboratory Improvement Amendments of 1988 and associated regulations set forth in 42 CFR § 493, (v) "CE Mark" refers to a "Conformité Européenne" Mark, a mark indicating that a product such as a medical device conforms to the essential requirements of the relevant European directive, and (vi) "LDT" refers to a diagnostic test, defined by the FDA as "an IVD that is intended for clinical use and designed, manufactured and used within a single laboratory," which is generally subject only to self-certification of analytical validity under the CMS CLIA program.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Form 10-Q"), including the following discussion and analysis of our unaudited condensed consolidated financial condition and results of operations, contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, contained in this Form 10-Q, including statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. The words "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements are not guarantees of future performance and the Company's actual results may differ significantly from those expressed or implied in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in Item 1A of Part I of the Form 10-K under the heading "Risk Factors."

Important factors that may affect our actual results include:

- our limited operating history;
- our financial performance, including our ability to generate revenue;
- our ability to obtain regulatory approval for the commercialization of our products;
- the risk that the FDA will cease to exercise enforcement discretion with respect to LDTs, like EsoGuard;
- the ability of our products to achieve market acceptance;
- our success in retaining or recruiting, or changes required in, our officers, key employees or directors;
- our potential ability to obtain additional financing when and if needed;
- our ability to protect our intellectual property;
- our ability to complete strategic acquisitions;
- our ability to manage growth and integrate acquired operations;
- the potential liquidity and trading of our securities;

- our regulatory and operational risks;
- cybersecurity risks;
- risks related to the COVID-19 pandemic and other health-related emergencies;
- risks related to our relationship with PAVmed; and
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing.

In addition, our forward-looking statements do not reflect the potential impact of any future financing, acquisitions, mergers, dispositions, joint ventures or investments we may make.

We may not actually achieve the results, plans and/or objectives disclosed in our forward-looking statements, and the intended or expected developments and/or other events disclosed in our forward-looking statements may not actually occur, and accordingly you should not place undue reliance on our forward-looking statements. You should read this Form 10-Q and the documents we have filed as exhibits to this Form 10-Q and the Form 10-K completely and with the understanding our actual future results may be materially different from what we expect. We do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

Overview

We are a commercial-stage, cancer prevention medical diagnostics technology company focused on the millions of patients who are at risk of developing esophageal precancer and cancer, specifically highly lethal esophageal adenocarcinoma ("EAC").

We believe that our flagship product, the EsoGuard Esophageal DNA Test, performed on samples collected with the EsoCheck Esophageal Cell Collection Device, constitutes the first and only commercially available diagnostic test capable of serving as a widespread tool for the early detection of esophageal precancer, including Barrett's Esophagus ("BE"), in at-risk patients. Early detection of esophageal precancer allows patients to undergo appropriate monitoring and treatment, as indicated by clinical practice guidelines, in an effort to prevent progression to esophageal cancer.

EsoGuard is a bisulfite-converted targeted next-generation sequencing (NGS) DNA assay performed on surface esophageal cells collected with EsoCheck. It quantifies methylation at 31 sites on two genes, Vimentin (VIM) and Cyclin A1 (CCNA1). The assay has been evaluated in multiple studies, demonstrating sensitivity of ~90% for detecting disease along the full esophageal precancer to cancer spectrum, with a negative predictive value (NPV) of ~99%. Sensitivity and NPV remain very high even for detecting early precancer, which is unprecedented for a molecular diagnostic test.

EsoCheck is an FDA 510(k) and CE Mark cleared noninvasive swallowable balloon capsule catheter device capable of sampling surface esophageal cells in a less than five-minute office procedure. It consists of a vitamin pill-sized rigid plastic capsule tethered to a thin silicone catheter from which a soft silicone balloon with textured ridges emerges to gently swab surface esophageal cells. When vacuum suction is applied, the balloon and sampled cells

are pulled into the capsule, protecting them from contamination and dilution by cells outside of the targeted region during device withdrawal. We believe this proprietary Collect+Protect™ technology makes EsoCheck the only noninvasive esophageal cell collection device capable of such anatomically targeted and protected sampling.

EsoGuard and EsoCheck are based on patented technology licensed by Lucid from Case Western Reserve University ("CWRU"). EsoGuard and EsoCheck have been developed to provide an accurate, non-invasive, patient-friendly test for the early detection of EAC and BE, including dysplastic BE and related precursors to EAC in patients with gastroesophageal reflux disease ("GERD"), commonly known as chronic heartburn, acid reflux, or just reflux.

Recent Developments

Business

American Journal of Gastroenterology Publication

On November 7, 2024, the Company announced that its manuscript for its multi-center ESOGUARD BE-1 study has been accepted for publication in The American Journal of Gastroenterology, the official journal of the American College of Gastroenterology (ACG). This is the fourth publication presenting clinical validation data for the Company's EsoGuard® Esophageal DNA Test, and the second to demonstrate its performance in an intended-use screening population. Consistent with previous studies, EsoGuard showed high sensitivity and negative predictive value in detecting esophageal precancer (Barrett's Esophagus or BE). With the acceptance for publication, the Company believes we now have a complete clinical evidence package to submit our data to the MolDX program and formally seek Medicare coverage.

The prospective, multi-center study presented data from a cohort of patients who met ACG guideline criteria for esophageal precancer screening and underwent non-endoscopic EsoGuard testing followed by traditional upper endoscopy. EsoGuard sensitivity and negative predictive value for detecting BE were approximately 88% and 99%, respectively. Specificity and positive predictive value were approximately 81% and 30%, respectively. No serious adverse events were reported.

Intercompany Agreements with PAVmed

On August 6, 2024, PAVmed and the Company entered into a ninth amendment to the management services agreement between PAVmed and Lucid ("MSA") to increase the monthly fee thereunder from $0.83 million per month to $1.05 million per month, effective as of July 1, 2024.

On March 22, 2024, PAVmed and the Company entered into an eighth amendment to the MSA to increase the monthly fee thereunder from $0.75 million per month to $0.83 million per month, effective as of January 1, 2024. The amendment also reset the maximum number of shares issuable under the agreement to 19.99% of the shares outstanding as of the date of the amendment.

On January 26, 2024, in accordance with the MSA and the payroll, benefits and expense reimbursement agreement between PAVmed and Lucid ("PBERA"), PAVmed elected to receive payment of approximately $4.7 million of fees and reimbursements accrued under the MSA and the PBERA through the issuance of 3,331,771 shares of Lucid's common stock.

FDA Enforcement Discretion

In April 2024, FDA published the final rule under which FDA intends to phase out its general enforcement discretion approach for LDTs so that IVDs manufactured by a laboratory would generally fall under the same enforcement approach as other IVDs (the proposed rule was published in October 2023). In the final rule, FDA has expanded the categories of LDTs that will be eligible for continued enforcement discretion, which categories include LDTs first marketed prior to May 6, 2024 and LDTs approved by New York State's Clinical Laboratory Evaluation Program ("NYS CLEP"). As EsoGuard was marketed prior to the cutoff date, and is also NYS CLEP-approved, EsoGuard will remain under continued enforcement discretion from FDA's premarket review requirements and quality systems requirements (except for record-keeping). As such, there is no immediate impact from the final rule on Lucid's regulatory strategy.

Appointment of Dennis Matheis to Board of Directors

On May 6, 2024, the board of directors of the Company appointed Dennis Matheis as a Class C director of the Company (and he was subsequently re-elected to the board, together with the incumbent Class C directors of the Company, at the Company's annual shareholders meeting held on July 23, 2024). In connection with his joining the board, Mr. Matheis received a grant of an option to acquire 241,500 shares of the Company's common stock pursuant to the Company's Amended and Restated 2018 Long-Term Incentive Equity Plan in accordance with the Company's existing compensation policy for non-employee directors.

Recent Developments - continued

Business - continued

NASDAQ Notice

On June 21, 2024, the Company received a notice from the Listing Qualifications Department of Nasdaq stating that, for the prior 30 consecutive business days (through June 20, 2024), the closing bid price of the Company's common stock had been below the minimum of $1 per share required for continued listing on the Nasdaq Capital Market under Nasdaq Listing Rule 5550(a)(2). The notification letter stated that the Company would be afforded 180 calendar days (until December 18, 2024) to regain compliance, and that the Company could be eligible for additional time. The Company intends to consider all available options to regain compliance with the Nasdaq listing standards.

Authorized Shares Increase

On July 23, 2024, the Company filed an amendment to its Certificate of Incorporation to effectuate an increase in its authorized shares from 200,000,000 to 300,000,000. Such increase was approved at the annual meeting of the Company's stockholders held the same day.

Lucid IP Matters

On October 15, 2024, the Company announced that it received a Notice of Allowance from the United States Patent and Trademark Office (USPTO) for a patent application covering its proprietary method of using methylation of the cyclin-A1 (CCNA1) gene to help detect esophageal precancer and cancer, a key component of its EsoGuard® Esophageal DNA Test.

EsoGuard utilizes next-generation sequencing (NGS) to assess DNA methylation at 31 sites on two genes, vimentin (VIM) and cyclin-A1 (CCNA1). Such methylation has been shown to be strongly associated with conditions along the spectrum from early esophageal precancer (non-dysplastic

Barrett's Esophagus or BE), to late precancer (dysplastic BE), to cancer (esophageal adenocarcinoma). Although VIM methylation had been previously associated with gastrointestinal neoplasias, the association of CCNA1 methylation with esophageal neoplasia is novel and appears to be more specific.

Financing

March 2023 Senior Convertible Note Refinancing

On November 8, 2024, the Company gave notice to the holder of the March 2023 Senior Convertible Note that it was exercising its right pursuant to such note to redeem the same for the redemption price specified in such note (the "Optional Redemption Price"). Pursuant to the terms of the March 2023 Senior Convertible Note, the Company has not less than ten business days, and not more than twenty business days, from the date of the notice (the "Optional Redemption Notice Period") to pay the Optional Redemption Price.

To finance the payment of the Optional Redemption Price, the Company has entered into a securities purchase agreement with certain accredited investors (the "2024 Note Investors"). Under the agreement, subject to customary closing conditions, the Company has agreed to issue, and each 2024 Note Investor has agreed to purchase, 12.0% senior secured convertible notes due 2029 (collectively, the "November 2024 Senior Convertible Notes"). As of the date hereof, the aggregate commitments of the 2024 Note Investors exceed the Optional Redemption Price.

The Company expects to complete the issuance of the November 2024 Senior Convertible Notes and the redemption of the March 2023 Senior Convertible Note on or prior to the end of the Optional Redemption Notice Period, although there can be no assurance that such issuance and redemption will be completed during such period, if at all.

Series B and Series B-1 Preferred Stock Offerings

On March 13, 2024, we entered into subscription agreements (each, a "Series B Subscription Agreement") and exchange agreements (each, a "Series B Exchange Agreement") with certain accredited investors (collectively, the "Series B Investors"), which agreements provided for (i) the sale to the Series B Investors of 12,495 shares of our newly designated Series B Convertible Preferred Stock, par value $0.001 per share (the "Series B Preferred Stock"), at a purchase price of $1,000 per share, and (ii) the exchange by the Series B Investors of 13,625 shares of our Series A Convertible Preferred Stock, par value $0.001 per share (the "Series A Preferred Stock"), and 10,670 shares of our Series A-1 Convertible Preferred Stock, par value $0.001 per share (the "Series A-1 Preferred Stock"), held by them for 31,790 shares of Series B Preferred Stock (collectively, the "Series B Offering and Exchange"). Prior to the execution of the Series B Subscription Agreements and the Series B Exchange Agreements, we entered into subscription agreements with certain of the Series B Investors providing for the sale to such investors of 5,670 shares of Series A-1 Preferred Stock, at a purchase price of $1,000 per share, which shares the investors immediately agreed to exchange for shares of Series B Preferred Stock pursuant to the Series B Exchange Agreements (and are included in the 10,670 shares of Series A-1 Preferred Stock set forth above). Each share of the Series B Preferred Stock has a stated value of $1,000 and a conversion price of $1.2444. The terms of the Series B Preferred Stock also include a one times preference on liquidation and a right to receive dividends equal to 20% of the number of shares of our common stock into which such Series B Preferred Stock is convertible, payable on the one-year and two-year anniversary of the issuance date. The holders of the Series B Preferred Stock also will be entitled to dividends equal, on an as-if-converted to shares of common stock basis, to and in the same form as dividends actually paid on shares of the common stock when, as, and if such dividends are paid on shares of the common stock. The Series B Preferred Stock is a voting security. The aggregate gross proceeds of these transactions were $18.16 million (inclusive of $5.67 million of aggregate gross proceeds from the sale of the Series A-1 Preferred Stock that was immediately exchanged for Series B Preferred Stock in the transactions).

As a result of 100% of the then-outstanding shares of Series A Preferred Stock and Series A-1 Preferred Stock being exchanged for shares of Series B Preferred Stock in the Series B Offering and Exchange, no shares of Series A Preferred Stock or Series A-1 Preferred Stock remain outstanding.

On May 6, 2024, the Company issued approximately 11,634 shares of newly designated Series B-1 Convertible Preferred Stock (the "Series B-1 Preferred Stock"). The terms of the Series B-1 Preferred Stock are substantially identical to the terms of the Series B Preferred Stock, except that the Series B-1 Preferred Stock has a conversion price of $0.7228. The aggregate gross proceeds from the sale of shares in such offering were $11.6 million.

The aggregate gross proceeds from the issuances of the Series B Preferred Stock and Series B-1 Preferred Stock were approximately $29.8 million.

Results of Operations

Overview

Revenue

The Company recognized revenue resulting from the delivery of patient EsoGuard test results when the Company considered the collection of such consideration to be probable to the extent that it is unconstrained.

Cost of revenue

Cost of revenues recognized from the delivery of patient EsoGuard test results includes costs related to EsoCheck device usage, shipment of test collection kits, royalties and the cost of services to process tests and provide results to physicians. We incur expenses for tests in the period in which the activities occur, therefore, gross margin as a percentage of revenue may vary from quarter to quarter due to costs being incurred in one period that relate to revenues recognized in a later period.

We expect that the gross margin for our services will continue to fluctuate and be affected by EsoGuard test volume, our operating efficiencies, patient compliance rates, payer mix, the levels of reimbursement, and payment patterns of payers and patients.

Sales and marketing expenses

Sales and marketing expenses consist primarily of salaries and related costs for employees engaged in sales, sales support and marketing activities, as well as the portion of the MSA Fee (as defined in Note 5, *Related Party Transactions*, to our accompanying unaudited condensed consolidated financial statements) allocated to sales and marketing expenses, which are principally costs related to PAVmed employees who are performing services for the Company. We anticipate our sales and marketing expenses will increase in the future, to the extent we expand our commercial sales and marketing operations as resources permit and insurance reimbursement coverage for our EsoGuard test expands.

General and administrative expenses

General and administrative expenses consist primarily of professional fees for accounting, tax, audit and legal services (including those fees incurred as a result of our being a public company), consulting fees, expenses associated with obtaining and maintaining patents within our intellectual property portfolio, and certain employee costs, along with the portion of the MSA Fee allocated to general and administrative expenses.

We anticipate our general and administrative expenses will increase in the future to the extent our business operations grow. Furthermore, we anticipate continued expenses related to being a public company, including fees and expenses for audit, legal, regulatory, tax-related services, insurance premiums and investor relations costs associated with maintaining compliance as a public company.

Research and development expenses

Research and development expenses are recognized in the period they are incurred and consist principally of internal and external expenses incurred for the development of our technologies and conducting clinical trials, including:

- costs associated with regulatory filings;
- patent license fees;
- cost of laboratory supplies and acquiring, developing, and manufacturing preclinical prototypes; and
- the portion of the MSA Fee allocated to research and development.

We plan to incur research and development expenses for the foreseeable future as we continue the development of our existing products as well as new innovations. Our research and development activities, including our clinical trials, are focused principally on facilitating insurer reimbursement, encouraging physician adoption and developing product improvements or extending the utility of the lead products in our pipeline, including EsoCheck and EsoGuard.

Other Income and Expense, net

Other income and expense, net, consists principally of changes in fair value of our convertible note and losses on extinguishment of debt upon repayment of such convertible note.

Presentation of Dollar Amounts

All dollar amounts in this Management's Discussion and Analysis of Financial Condition and Results of Operations are presented as dollars in millions, except for share and per share amounts.

Results of Operations - continued

The three months ended September 30, 2024 as compared to the three months ended September 30, 2023

Revenue

In the three months ended September 30, 2024, revenue was $1.2 million as compared to $0.8 million for the corresponding period in the prior year. The $0.4 million increase principally relates to the increase in volume of our EsoGuard Esophageal DNA Tests performed in our CLIA laboratory for the period and the consideration received for the performance of the EsoGuard Esophageal DNA Tests.

Cost of revenue

In the three months ended September 30, 2024, the cost of revenue was approximately $1.7 million as compared to $1.6 million for the corresponding period in the prior year. The net increase of $0.1 million was principally related to:

- approximately $0.2 million decrease in manufacturing costs associated with the EsoCheck devices and EsoGuard Esophageal DNA Tests;
- approximately $0.2 million increase in third party professional and IT related expenses; and
- approximately $0.1 million increase in compensation and stock-based compensation costs.

Sales and marketing expenses

In the three months ended September 30, 2024, sales and marketing costs were approximately $4.1 million as compared to $3.8 million for the corresponding period in the prior year. The net increase of $0.3 million was principally related to:

- approximately $0.3 million increase in compensation and stock-based compensation costs.

General and administrative expenses

In the three months ended September 30, 2024, general and administrative costs were approximately $5.4 million as compared to $4.3 million for the corresponding period in the prior year. The net increase of $1.1 million was principally related to:

- approximately $0.6 million increase related to the amended MSA with PAVmed due to the growth and expansion of our business and the services incurred through PAVmed;
- approximately $0.4 million increase in compensation related costs; and
- approximately $0.1 million increase in third-party professional services related to investor relations and other third-party professional services.

Research and development expenses

In the three months ended September 30, 2024, research and development costs were approximately $1.7 million, compared to $1.6 million for the corresponding period in the prior year. The net increase of $0.1 million was principally related to:

- approximately $0.1 million increase in development costs, particularly in clinical trial activities and outside professional and consulting fees.

Amortization of Acquired Intangible Assets

The amortization of acquired intangible assets was approximately $0.1 million in the three months ended September 30, 2024, as compared to $0.5 million for the corresponding period in the prior year. The decrease of $0.4 million in the current period was due to certain acquired intangible assets being fully amortized in February 2024.

Other Income and Expense

Change in fair value of convertible debt

In the three months ended September 30, 2024, the change in the fair value of our convertible note was approximately $0.3 million of expense,

related to the March 2023 Senior Convertible Note (as defined in Note 10, *Debt*, to our accompanying unaudited condensed consolidated financial statements). The March 2023 Senior Convertible Note was initially measured at its issue-date estimated fair value and subsequently remeasured at estimated fair value as of each reporting period date. The Company initially recognized a $0.8 million fair value non-cash expense on the issue date.

Results of Operations - continued

The three months ended September 30, 2024 as compared to three months ended September 30, 2023 - continued

Loss on Debt Extinguishment

In the three months ended September 30, 2024, a debt extinguishment loss in the aggregate of approximately $0.4 million was recognized in connection with our March 2023 Senior Convertible Note as discussed below.

- In the three months ended September 30, 2024, approximately $1.1 million of principal repayments along with approximately $0.2 million of interest expense thereon, were settled through the issuance of 2,116,717 shares of common stock of the Company, with such shares having a fair value of approximately $1.8 million (with such fair value measured as the quoted closing price of the common stock of the Company on the respective conversion date). The conversions resulted in a debt extinguishment loss of $0.4 million in the three months ended September 30, 2024. The Company incurred less than $0.1 million of debt extinguishment losses in the three months ended September 30, 2023.

See Note 10*, Debt*, to our accompanying unaudited condensed consolidated financial statements, for additional information with respect to the March 2023 Senior Convertible Note.

The nine months ended September 30, 2024 as compared to nine months ended September 30, 2023

Revenue

In the nine months ended September 30, 2024, revenue was $3.1 million as compared to $1.4 million for the corresponding period in the prior year. The $1.7 million increase principally relates to the revenue for our EsoGuard Esophageal DNA Test performed in our CLIA laboratory for the period and the consideration received for the performance of the EsoGuard Esophageal DNA Test.

Cost of revenue

In the nine months ended September 30, 2024, the cost of revenue was approximately $5.0 million as compared to $4.5 million for the corresponding period in the prior year. The $0.5 million increase was principally related to:

- approximately $0.3 million decrease in manufacturing costs associated with the EsoCheck devices and EsoGuard Esophageal DNA Tests;
- approximately $0.3 million increase in compensation related costs, including stock-based compensation;
- approximately $0.3 million increase in third party professional fees and IT services; and
- approximately $0.2 million increase in the CLIA laboratory supplies required to perform the EsoGuard Esophageal DNA tests and in royalty costs for the test.

Sales and marketing expenses

In the nine months ended September 30, 2024, sales and marketing costs were approximately $12.5 million as compared to $12.0 million for the corresponding period in the prior year. The net increase of $0.5 million was principally related to:

- approximately $0.4 million increase in compensation related costs principally as a result of changes in headcount and bonus structure and travel expenses; and
- approximately $0.1 million increase related to the amended MSA with PAVmed due to the growth and expansion of our business and the services incurred through PAVmed.

General and administrative expenses

In the nine months ended September 30, 2024, general and administrative costs were approximately $14.3 million as compared to $15.0 million for the corresponding period in the prior year. The net decrease of $0.7 million was principally related to:

- approximately $2.6 million decrease in stock-based compensation;
- approximately $1.1 million increase related to the amended MSA with PAVmed due to the growth and expansion of our business and the services incurred through PAVmed;
- approximately $0.9 million increase in compensation costs; and
- approximately $0.1 million decrease in third-party professional fees, expenses related to the termination of the management services agreement with our former laboratory provider, and expenses for finance and legal services.

Research and development expenses

In the nine months ended September 30, 2024, research and development costs were approximately $4.5 million, compared to $5.3 million for the corresponding period in the prior year. The net decrease of $0.8 million was principally related to:

- approximately $0.8 million decrease in development costs, particularly in clinical trial activities and outside professional and consulting fees.

Results of Operations - continued

The nine months ended September 30, 2024 as compared to nine months ended September 30, 2023 - continued

Amortization of Acquired Intangible Assets

The amortization of acquired intangible assets was approximately $0.6 million in the nine months ended September 30, 2024, as compared to $1.5 million for the corresponding period in the prior year. The decrease of $0.9 million in the current period was due to certain acquired intangible assets being fully amortized in February 2024.

Other Income and Expense

Change in fair value of convertible debt

In the nine months ended September 30, 2024, the change in the fair value of our convertible note was approximately $0.6 million of income, related to the March 2023 Senior Convertible Note (as defined in Note 10*, Debt*, to our accompanying unaudited condensed consolidated financial statements). The March 2023 Senior Convertible Note was initially measured at its issue date estimated fair value and subsequently remeasured at estimated fair value as of each reporting period date. The Company initially recognized a $0.8 million fair value remeasurement as a non-cash expense on the issue date.

Loss on Issue and Offering Costs - Senior Secured Convertible Note

In the nine months ended September 30, 2023, in connection with the issue of the March 2023 Senior Convertible Note, we recognized a total of approximately $1.2 million of lender fee and offering costs paid by us. The Company did not incur lender fees and offering costs in the nine months ended September 30, 2024.

Loss on Debt Extinguishment

In the nine months ended September 30, 2024, a debt extinguishment loss in the aggregate of approximately $1.1 million was recognized in connection with our March 2023 Senior Convertible Note as discussed below.

- In the nine months ended September 30, 2024, approximately $2.4 million of principal repayments along with approximately $0.8 million of interest expense thereon, were settled through the issuance of 4,777,898 shares of common stock of the Company, with such shares having a fair value of approximately $4.3 million (with such fair value measured as the quoted closing price of the common stock of the Company on the respective conversion date). The conversions resulted in a debt extinguishment loss of $1.1 million in the nine months ended September 30, 2024. The Company incurred less than $0.1 million of debt extinguishment losses in the nine months ended September 30, 2023.

See Note 10*, Debt*, to our accompanying unaudited condensed consolidated financial statements, for additional information with respect to the March 2023 Senior Convertible Note.

Deemed Dividend on Series A and Series A-1 Convertible Preferred Stock Exchange Offer

The fair value of the consideration given in the form of the issue of 31,790 shares of Series B Convertible Preferred Stock, with such fair value recognized as the carrying value of such issued shares of Series B Convertible Preferred Stock, as compared to the carrying value of the extinguished Series A and Series A-1 Convertible Preferred Stock (carrying value of $24.3 million), resulting in an excess of fair value of $7.5 million recognized as a deemed dividend charged to accumulated deficit in the unaudited condensed consolidated balance sheet on March 13, 2024, with such deemed dividend included as a component of net loss attributable to common stockholders, summarized as follows:

Series B Convertible Preferred Stock Issuance and Series A/A-1 Exchange Offer		March 13, 2024
Fair Value - 31,790 shares of Series B Preferred Stock issued in exchange for Series A and Series A-1 Preferred Stock	$	31,790
Less: Carrying value related to Series A and Series A-1 Preferred Stock Exchanged for Series B Preferred Stock (of 24,295 shares)		(24,294)
Deemed Dividend Charged to Accumulated Deficit	$	7,496

Liquidity and Capital Resources

Our current operational activities are principally focused on the commercialization of EsoGuard. We are pursuing commercialization across multiple sales channels, including: the communication to and education of medical practitioners and clinicians regarding EsoGuard; the establishment of Lucid Test Centers for the collection of cell samples using EsoCheck; use of our mobile testing unit; ongoing #CheckYourFoodTube testing days; and our direct contracting strategic initiative (including in the concierge medicine and employer markets sectors). Additionally, we are developing expanded clinical evidence to support insurance reimbursement adoption by government and private insurers. Further, as resources permit, the Company also intends to pursue development of other products and services.

Our ability to generate revenue depends upon our ability to successfully advance the commercialization of EsoGuard, including significantly expanding insurance reimbursement coverage, while also completing the clinical studies, product and service development, and necessary regulatory approval thereof. There are no assurances, however, we will be able to obtain an adequate level of financial resources required for the long-term commercialization and development of our products and services.

We are subject to all of the risks and uncertainties typically faced by medical device and diagnostic companies that devote substantially all of their efforts to the commercialization of their initial products and services, to ongoing research and development activities, and to conducting clinical trials. We experienced a net loss of approximately $34.0 million and used approximately $34.3 million of cash in operations during the nine month period ended September 30, 2024. Financing activities provided $30.2 million of cash during the nine month period ended September 30, 2024. We ended the quarter with cash on-hand of $14.5 million as of September 30, 2024. We expect to continue to experience recurring losses and negative cash flow from operations, and will continue to fund our operations with debt and/or equity financing transactions, which in accordance with management's plans may include conversions of our existing debt to equity and refinancing our existing debt obligations to extend the maturity date. The Company's ability to continue operations 12 months beyond the issuance of the financial statements will depend upon generating substantial revenue that is conditioned on obtaining positive third-party reimbursement coverage for its EsoGuard Esophageal DNA Test from both government and private health insurance providers, increasing revenue through contracting directly with self-insured employers, and upon raising additional capital through various potential sources including equity and/or debt financings or refinancing existing debt obligations. These factors raise substantial doubt about the Company's ability to continue as a going concern within one year after the date the accompanying unaudited condensed consolidated financial statements are issued.

Preferred Stock Offerings

On March 13, 2024, we entered into the Series B Subscription Agreements and Series B Exchange Agreements with the Series B Investors, which agreements provided for (i) the sale to the Series B Investors of 12,495 shares of our newly designated Series B Preferred Stock, at a purchase price of $1,000 per share, and (ii) the exchange by the Series B Investors of 13,625 shares of our Series A Preferred Stock and 10,670 shares of our Series A-1 Preferred Stock held by them for 31,790 shares of Series B Preferred Stock. Prior to the execution of the Series B Subscription Agreements and the Series B Exchange Agreements, we entered into subscription agreements with certain of the Series B Investors providing for the sale to such investors of 5,670 shares of Series A-1 Preferred Stock, at a purchase price of $1,000 per share, which shares the investors immediately agreed to exchange for shares of Series B Preferred Stock pursuant to the Series B Exchange Agreements (and are included in the 10,670 shares of Series A-1 Preferred Stock set forth above). Each share of the Series B Preferred Stock has a stated value of $1,000 and a conversion price of $1.2444. The terms of the Series B

Preferred Stock also include a one times preference on liquidation and a right to receive dividends equal to 20% of the number of shares of our common stock into which such Series B Preferred Stock is convertible, payable on the one-year and two-year anniversary of the issuance date. The holders of the Series B Preferred Stock also will be entitled to dividends equal, on an as-if-converted to shares of common stock basis, to and in the same form as dividends actually paid on shares of the common stock when, as, and if such dividends are paid on shares of the common stock. The Series B Preferred Stock is a voting security. The aggregate gross proceeds of these transactions were $18.16 million (inclusive of $5.67 million of aggregate gross proceeds from the sale of the Series A-1 Preferred Stock that was immediately exchanged for Series B Preferred Stock in the transactions).

As a result of 100% of the then-outstanding shares of Series A Preferred Stock and Series A-1 Preferred Stock being exchanged for shares of Series B Preferred Stock in the Series B Offering and Exchange, no shares of Series A Preferred Stock or Series A-1 Preferred Stock remain outstanding.

On May 6, 2024, the Company issued approximately 11,634 shares of newly designated Series B-1 Preferred Stock. The terms of the Series B-1 Preferred Stock are substantially identical to the terms of the Series B Preferred Stock, except that the Series B-1 Preferred Stock has a conversion price of $0.7228. The aggregate gross proceeds from the sale of shares in such offering were $11.6 million.

Private Placement - Securities Purchase Agreement

Effective as of March 13, 2023, we entered into a Securities Purchase Agreement (the “Note SPA”) with an accredited institutional investor, pursuant to which we agreed to sell, and the investor agreed to purchase the March 2023 Senior Convertible Note with a face value principal of $11.1 million. We issued the March 2023 Senior Convertible Note on March 21, 2023 pursuant to the Note SPA. The March 2023 Senior Convertible Note proceeds were $9.925 million after deducting a $1.186 million lender fee and offering costs.

Liquidity and Capital Resources - continued

The March 2023 Senior Convertible Note has a 7.875% annual stated interest rate, a contractual conversion price of $5.00 per share of the Company’s common stock (subject to standard adjustments in the event of any stock split, stock dividend, stock combination, recapitalization or other similar transaction), and a contractual maturity date of the two-year anniversary of the date of issuance. The principal of the March 2023 Senior Convertible Note and accrued interest thereon is convertible at the option of the holder into the Company’s common stock at the contractual conversion price. In addition, the principal of the March 2023 Senior Convertible Note amortizes over 18 months commencing six months after its issuance. The amortization payments and accrued interest on the March 2023 Senior Convertible Note are payable in shares of the Company’s common stock (subject to the satisfaction of certain customary equity conditions and except for interest payable prior to September 21, 2023), at prices based on the then current market price.

Under the March 2023 Senior Convertible Note, the Company is subject to certain customary affirmative and negative covenants regarding the incurrence of indebtedness, the existence of liens, the repayment of indebtedness and the making of investments, the payment of cash in respect of dividends, distributions or redemptions, the transfer of assets, the maturity of other indebtedness, and transactions with affiliates, among other customary matters. Under the March 2023 Senior Convertible Note, the Company is also subject to financial covenants requiring that (i) the amount of the Company’s available cash shall equal or exceed $5.0 million at all times, (ii) the ratio of (a) the outstanding principal amount of the notes issued under the Note SPA, accrued and unpaid interest thereon and accrued and unpaid late charges, as of the last day of any fiscal quarter commencing with September 30, 2023 to (b) the Company’s average market capitalization over the prior ten trading days, shall not exceed 30%, and (iii) the Company’s market capitalization shall at no time be less than $30 million (the “Financial Tests”). As of September 30, 2024, the Company was in compliance, and as of the date hereof, the Company is in compliance, with the Financial Tests.

During the nine month period ended September 30, 2024, approximately $2.4 million of principal repayments along with approximately $0.8 million of interest expense thereon, were settled through the issuance of 4,777,898 shares of common stock of the Company, with such shares having a fair value of approximately $4.3 million (with such fair value measured as the respective conversion date quoted closing price of the common stock of the Company).

March 2023 Senior Convertible Note Refinancing

On November 8, 2024, the Company gave notice to the holder of the March 2023 Senior Convertible Note that it was exercising its right pursuant to such note to redeem the same for the Optional Redemption Price specified in such note. Pursuant to the terms of the March 2023 Senior Convertible Note, the Company has not less than ten business days, and not more than twenty business days, from the date of the notice (which we sometimes refer to as the “Optional Redemption Notice Period”) to pay the Optional Redemption Price.

To finance the payment of the Optional Redemption Price, the Company has entered into a securities purchase agreement with the 2024 Note Investors. Under the agreement, subject to customary closing conditions, the Company has agreed to issue, and each 2024 Note Investor has agreed to purchase, the November 2024 Senior Convertible Notes, which are 12.0% senior secured convertible notes due 2029. As of the date hereof, the aggregate commitments of the 2024 Note Investors exceed the Lucid Optional Redemption Price.

The Company expects to complete the issuance of the November 2024 Senior Convertible Notes and the redemption of the March 2023 Senior Convertible Note on or prior to the end of the Optional Redemption Notice Period, although there can be no assurance that such issuance and redemption will be completed during such period, if at all

Liquidity and Capital Resources - continued

The Company expects to complete the issuance of the November 2024 Senior Convertible Notes and the redemption of the March 2023 Senior Convertible Note on or prior to the end of the Optional Redemption Notice Period, although there can be no assurance that such issuance and redemption will be completed during such period, if at all.

Committed Equity Facility and ATM Facility

In March 2022, we entered into a committed equity facility with a Cantor affiliate. Under the terms of the committed equity facility, the Cantor affiliate has committed to purchase up to $50 million of our common stock from time to time at our request. While there are distinct differences, the committed equity facility is structured similarly to a traditional at-the-market equity facility, insofar as it allows us to raise primary equity capital on a periodic basis at prices based on the existing market price. Cumulatively, a total of 680,263 shares of common stock of the Company have been issued through our committed equity facility for net proceeds of approximately $1.8 million, after a 4% discount, as of September 30, 2024.

In November 2022, Lucid Diagnostics also entered into an “at-the-market offering” for up to $6.5 million of its common stock that may be offered and sold under a Controlled Equity Offering Agreement between Lucid Diagnostics and Cantor. Cumulatively, a total of 230,068 shares of the Company have been issued through our at-the-market equity facility for net proceeds of approximately $0.3 million, after payment of 3% commissions, as of September 30, 2024.

Intercompany Agreements with PAVmed

From our inception in May 2018 through our initial public offering in October 2021, our operations were funded by PAVmed providing working capital cash advances and by PAVmed paying certain operating expenses on our behalf. Additionally, our daily operations have been and continue to be conducted in part by personnel employed by PAVmed, for which we incur an MSA Fee expense. The MSA Fee is charged on a monthly basis and is subject to periodic adjustment corresponding with changes in the services provided by PAVmed personnel to the Company, with any such change in the MSA Fee being subject to approval of the Company and PAVmed boards of directors. In March 2024, PAVmed and the Company were authorized by their respective boards of directors to enter, and they did enter, into a eighth amendment to the MSA. Under this amendment, the monthly fee due from the Company to PAVmed was increased from $750 to $833, effective Janaury 1, 2024. In August 2024, PAVmed and the Company were authorized by their respective boards of directors to enter, and they did enter, into a ninth amendment to the MSA. Under this amendment, the monthly fee due from the Company to PAVmed was increased from $833 to $1,050, effective July 1, 2024. Pursuant to the MSA, as amended, PAVmed may elect to receive payment of the monthly MSA Fee in cash or in shares of our common stock, with such shares valued at the volume weighted average price ("VWAP") during the final ten trading days of the applicable month (subject to a floor price of $0.70 per share). However, in no event will PAVmed be entitled to receive under the MSA, as amended, from and after the date of the eighth amendment to the MSA, more than 9,644,135 shares of our common stock (representing 19.99% of our outstanding shares of common stock as of immediately prior to the execution of the eighth amendment).

As of September 30, 2024, we had a Due To: PAVmed Inc. payment obligation liability of approximately $0.1 million, which liability is primarily comprised of our obligations under a payroll and benefit expense reimbursement agreement (the "PBERA") and the MSA, as well other operating expenses paid by PAVmed on our behalf. See our accompanying unaudited condensed consolidated financial statements Note 5*, Related Party Transactions.* In accordance with the MSA and the PBERA, on January 26, 2024, PAVmed elected to receive payment of approximately $4.7 million of fees and reimbursements accrued under the MSA and the PBERA through the issuance of 3,331,771 shares of the Company's common stock.

Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations is based on our unaudited condensed consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The preparation of these unaudited condensed consolidated financial statements requires us to make estimates and assumptions that affect the amounts reporting in our unaudited condensed consolidated financial statements and accompanying notes. On an ongoing basis, we evaluate our estimates and judgements. In accordance with U.S. GAAP, we base our estimates on historical experience and on various other factors that are believed to be appropriate under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. Our critical accounting policies are as disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 as filed with the SEC on March 25, 2024. There have been no material changes to our critical accounting policies and estimates in the nine months ended September 30, 2024.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and our principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2024. Based on such evaluation, our principal executive officer and principal financial officer concluded our disclosure controls and procedures (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) were effective as of such date to provide reasonable assurance the information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes to Internal Controls Over Financial Reporting

There has been no change in internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during our fiscal quarter ended September 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

In the ordinary course of our business, particularly as it begins commercialization of its products, the Company may be subject to certain other legal actions and claims, including product liability, consumer, commercial, tax and governmental matters, which may arise from time to time. The Company is not aware of any such pending legal or other proceedings that are reasonably likely to have a material impact on the Company. Notwithstanding, legal proceedings are subject to inherent uncertainties, and an unfavorable outcome could include monetary damages, and excessive verdicts can result from litigation, and as such, could result in a material adverse impact on the Company's business, financial position, results of operations, and /or cash flows. Additionally, although the Company has specific insurance for certain potential risks, the Company may in the future incur judgments or enter into settlements of claims which may have a material adverse impact on the Company's business, financial position, results of operations, and /or cash flows.

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

On May 29, 2024, the Company approved the issuance to an investor relations firm it had engaged 150,000 unregistered shares of the Company's common stock. The offer and sale of the shares of common stock is exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Section 4(a)(2) of the Securities Act, as a transaction not involving a public offering.

Except as set forth above and as previously disclosed in our current reports on Form 8-K filed prior to the date of this Form 10-Q and in the Annual Report, we did not sell any unregistered securities or repurchase any of our securities during the three months ended September 30, 2024.

See Part I, Item 2 under the caption "*Liquidity and Capital Resources*" for a description of limitations on the payment of dividends.

Item 5. Other Information

During the fiscal quarter ended September 30, 2024, none of our directors or officers (as defined in Rule 16a-1 under the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as those terms are defined in Item 408 of Regulation S-K).

The information set forth in Part I, Item 2 in the first paragraph under the caption " *Recent Developments — Business — Intercompany Agreements with PAVmed*" is incorporated herein by reference.

The information set forth in Part I, Item 2 under the caption "Recent Developments — Financing — March 2023 Senior Convertible Note Refinancing" is incorporated herein by reference.

Item 6. Exhibits

The exhibits filed as part of this Quarterly Report on Form 10-Q are set forth in the " *Exhibit Index*" below.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Lucid Diagnostics Inc.

November 12, 2024

By: */s/ Dennis M McGrath*
Dennis M McGrath
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit No.	Description	Incorporation by Reference		
		Form	Exhibit No.	Date
3.1	Form of Certificate of Designation of Preferences, Rights and Limitations of Series B-1 Preferred Stock.	8-K	3.1	5/7/2024
3.2	Certificate of Amendment to Certificate of Incorporation, dated July 23, 2024.	8-K	3.1	7/23/2024
10.1	Ninth Amendment to Management Services Agreement, dated as of August 6, 2024, by and between PAVmed Inc. and Lucid Diagnostics Inc.	10-Q	10.2	8/12/2024
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	*		
31.2	Certification of Principal Financial and Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	*		
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	*		
32.2	Certification of Principal Financial and Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	*		
101.INS	Inline XBRL Instance Document	*		
101.CAL	Inline XBRL Taxonomy Extension Schema	*		
101.DEF	Inline XBRL Taxonomy Extension Calculation Linkbase	*		
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase	*		
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase	*		
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)	*		

* Filed herewith.

Exhibit 31.1

CERTIFICATION BY PRINCIPAL EXECUTIVE OFFICER

I, Lishan Aklog, M.D., certify that:

1 I have reviewed this Quarterly Report on Form 10-Q of Lucid Diagnostics Inc. and Subsidiaries;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

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

Date: November 12, 2024

By: */s/ Lishan Aklog, M.D.*
Lishan Aklog, M.D., Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION BY PRINCIPAL FINANCIAL OFFICER

I, Dennis M. McGrath, certify that:

1 I have reviewed this Quarterly Report on Form 10-Q of Lucid Diagnostics Inc. and Subsidiaries;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

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

Date: November 12, 2024

By: */s/ Dennis M. McGrath*
Dennis M. McGrath
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Lucid Diagnostics Inc. and Subsidiaries (the "Company") for the quarter ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Lishan Aklog, M.D., Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2024

By: */s/ Lishan Aklog, M.D.*
Lishan Aklog, M.D.
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of Lucid Diagnostics Inc. and Subsidiaries (the "Company") for the quarter ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Dennis M. McGrath, President and Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2024

By: */s/ Dennis M. McGrath*
Dennis M. McGrath
Chief Financial Officer
(Principal Financial and Accounting Officer)