

Lucid Diagnostics Inc.

Initiating Coverage with BUY and \$16 Target

Commercial ramp and Lucid IPO should be major catalysts to drive stock much higher.

Initiating with BUY: We are initiating coverage of Lucid Diagnostics with a BUY rating. Lucid is a commercial-stage medical diagnostics technology company focused on patients with gastroesophageal reflux disease (GERD), who are at risk of developing esophageal precancer and cancer. Lucid has 2 commercial available products: EsoCheck and EsoGuard.

Q3 about inline: Lucid recently (on November 16) reported its Q3 2021 (ending September) results. Pro forma net loss was \$3.7 million or EPS of \$(0.26). Lucid is still early in its commercialization so it generates minimal revenue currently, but revenue is expected to grow significantly in 2022.

No guidance: Management has not provided forward guidance.

2021/2022 estimates: We estimate 2021 revenue of \$1.0 million and EPS of \$(0.70), and for 2022 revenue of \$7.0 million and EPS of \$(0.55).

EsoGuard: EsoGuard is a molecular diagnostic esophageal DNA test shown in a published human study to be highly accurate at detecting Barrett's Esophagus (BE), as well as EAC. The estimated addressable domestic market opportunity for EsoGuard is ~\$2 billion based on tens of millions of U.S. patients with gastroesophageal reflux disease (GERD), more commonly called acid reflux or chronic heartburn, who are BE screening candidates.

EsoCheck: EsoCheck is a non-invasive cell collection device designed to sample cells from a targeted region of the esophagus in a five-minute office-based procedure, without the need for endoscopy. EsoCheck is meant to be used for testing with its EsoGuard tests.

Ramp in commercialization can be catalyst: Initial revenue for Lucid was reported in its Q3 2021. Its near term plans over the next couple of years is to advance commercialization of its 2 main products (EsoGuard and EsoCheck) as well as gain additional regulatory approvals (expand usage and insurance and government coverage in the U.S. and to expand into international markets). We believe achieving key milestones and ramp in revenues will likely be catalysts for the stock.

Lucid IPO spinoff major positive catalyst: We believe Lucid's recent IPO (in October) will be a major catalyst for the stock. Lucid is also launching a major commercial initiative to accelerate EsoGuard commercialization by targeting multiple sales and marketing channels and building Lucid's own network of EsoCheck test centers to assure sufficient testing capacity and geographic coverage. In August, Lucid launched 3 test centers in the Phoenix area and has targeted key western U.S. markets expansion in the near term.

Large market potential: Cancer is the 2nd leading cause of death in the U.S. (behind heart disease) with ~600,000 deaths a year. The incidence of EAC, the most common cancer of the esophagus, has quadrupled over the past 30 years.

Solid balance sheet: In October (current Q4), Lucid raised ~\$70 million in its IPO selling stock so its balance sheet is solid.

Positive high risks versus high rewards: Lucid's devices still have long commercialization challenges ahead, but we believe the ~billion dollars market potential presents high rewards for the risks.

Current valuation attractive: Our 12-month price target of \$16 is based on a NPV analysis. This represents significant upside from the current share price and we believe this valuation appropriately balances out the company's high risks with the company's high growth prospects and large upside opportunities.

Company Description

Based in New York, NY, Lucid Diagnostics is a commercial-stage medical diagnostics company focused on patients at risk of developing esophageal cancer.

United States
Healthcare

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COVERAGE INITIATION

Rating: BUY

Ticker: LUCD

Price: \$4.92

Target: \$16.00

Stock Data

Exchange:	NasdaqGM
52-week Range:	\$4.61 – 13.52
Shares Outstanding (million):	37
Market cap (\$million):	\$182
EV (\$million):	\$207
Debt (\$million):	\$25
Cash (\$million):	\$0
Avg. Daily Trading Vol. (\$million):	\$2
Float (million shares):	7
Short Interest (million shares):	~0.2
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2021E</u> (Cur.)	<u>2021E</u> (Old)	<u>2022E</u> (Cur.)	<u>2022E</u> (Old)
Q1 Mar	0.0A		1.0E	
Q2 Jun	0.0A		1.5E	
Q3 Sep	0.2A		1.5E	
Q4 Dec	<u>0.8E</u>		<u>3.0E</u>	
Total	1.0E		7.0E	
EV/Revs	207x		30x	

Earnings per Share (pro forma)

	<u>2021E</u> (Cur.)	<u>2021E</u> (Old)	<u>2022E</u> (Cur.)	<u>2022E</u> (Old)
Q1 Mar			(0.15)E	
Q2 Jun			(0.14)E	
Q3 Sep	(0.26)A		(0.15)E	
Q4 Dec	<u>(0.14)E</u>		<u>(0.12)E</u>	
Total	<u>(0.70)E</u>		<u>(0.55)E</u>	
P/E	N/A		N/A	

Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 18.

Exhibit 1: Lucid Diagnostics Inc. Stock Price (since IPO in October 2021)



Source: <https://bigcharts.marketwatch.com/>

INVESTMENT THESIS

We are initiating coverage of Lucid Diagnostics with a BUY rating and a 12-month price target of \$16.

Based in New York, NY, Lucid is a commercial-stage medical diagnostics technology company focused on patients with gastroesophageal reflux disease (GERD), who are at risk of developing esophageal precancer and cancer. From concept to commercialization, the company is focused on products addressing unmet clinical needs with attractive regulatory pathways and market opportunities. Lucid's current main focus is on its 2 commercial available products: EsoCheck and EsoGuard.

Lucid is 76% majority owned and controlled by PAVmed Inc. (ticker PAVM). PAVmed's founders include three accomplished medical device entrepreneurs: Lishan Aklog M.D., Michael J. Glennon, and Brian J. deGuzman, M.D. Between 2008 and 2013, they founded four single-product medical device companies, three of which commercialized products and one was acquired. PAVmed was founded to adapt this model to a multi-product company to conceive, develop and commercialize its medical device products using significantly less capital and time than a typical medical device company.

Lucid is one of PAVmed's first portfolio companies and was formed in May 2018 as a subsidiary of PAVmed to license the technologies underlying EsoGuard and EsoCheck from Case Western Reserve University (CWRU). Since inception, Lucid has been managed pursuant to a management services agreement with PAVmed, who also has financed its operations through working capital advances. We note that the CEO (Lishan Aklog) and CFO (Dennis McGrath) of Lucid are also the CEO and CFO of PAVmed. We note that Lucid's financial results are consolidated into PAVmed's financial results.

In the three years since inception, Lucid has advanced the technologies underlying EsoGuard and EsoCheck from the academic research laboratory to commercial scalable products. EsoGuard is commercialized in the U.S. as a Laboratory Developed Test (LDT) and was granted final Medicare payment determination of \$1,938, effective January 1, 2021. EsoCheck is commercialized in the U.S. as a 510(k)-cleared esophageal cell collection device. EsoGuard, used with EsoCheck, was granted FDA Breakthrough Device designation and is the subject of two large, actively enrolling, international multicenter PMA clinical trials.

EsoGuard Esophageal DNA Test is a molecular diagnostic esophageal DNA test shown in a published human study to be highly accurate at detecting Barrett's Esophagus (BE), as well as EAC. The estimated addressable domestic market opportunity for EsoGuard

is ~\$2 billion based on tens of millions of U.S. patients with gastroesophageal reflux disease (GERD), more commonly called acid reflux or chronic heartburn, who are BE screening candidates.

EsoCheck Esophageal Cell Collection Device is a non-invasive cell collection device designed to sample cells from a targeted region of the esophagus in a five-minute office-based procedure, without the need for endoscopy. EsoCheck is meant to be used for testing with its EsoGuard tests.

Cancer is the 2nd leading cause of death in the U.S. (behind heart disease) with ~600,000 deaths a year. The incidence of EAC (esophageal adenocarcinoma or cancer that is located in the esophagus), the most common cancer of the esophagus, has quadrupled over the past 30 years. Its prognosis remains dismal, with fewer than 20% of patients surviving at five years. Lucid is pursuing the development of the EsoGuard technology to provide the more than 30 million diagnosed GERD patients a non-invasive, less costly test by which to detect BE so that patients identified with the condition may receive surveillance and medical therapies known to be effective at preventing progression to esophageal cancer.

Lucid believes its EsoGuard and EsoCheck products provide strong options and market opportunities to improve patient outcomes for EAC and at lower costs than existing standards of care.

Its near term plans over the next couple of years is to advance commercialization of its 2 main products (EsoGuard and EsoCheck) as well as gain additional regulatory approvals (expand usage and insurance and government coverage in the U.S. and to expand into international markets). We believe that if clinical trials activities and commercialization results are positive, the company should grow revenues significantly. Lucid's share price since its IPO in October has been weak (~65% from its IPO price of \$14 on October 14, 2021). We believe that there are near term catalysts that can drive the stock (particularly for key milestones expected in 2022).

Since its initial launch of its own EsoGuard Lucid Test Centers test centers in Phoenix in August 2021, Lucid has continued to expand in cities across the western U.S. with the launch of test centers in Denver, Salt Lake City and Las Vegas. Lucid is proceeding with the next phase of growth, which will focus on the Pacific Northwest, and steady expansion nationwide thereafter. Lucid is simultaneously targeting multiple sales and marketing channels through its commercial sales team and independent representatives targeting gastroenterology (GI) physicians and primary care physicians (PCPs) to expand the funnel of potential BE-EAC patients to be referred to its test centers to perform its EsoGuard tests.

Lucid's recent financial performance is reflective of its early commercialization stage. In its recent Q3 (ending September) 2021 report (on November 16), the company reported revenue of \$0.2 million and net loss was \$7.0 million (with pro forma net loss of \$3.7 million). There was no Q3 guidance or consensus estimates. This was the first quarter that the company reported revenue. Lucid processed 203 EsoGuard tests in Q3, vs. 202 in Q2 and 96 in Q1 and is now beginning to receive reimbursements for these tests (finally started recognizing revenues in Q3). Operating expenses were \$7 million, mainly due to development and commercialization costs and general and administrative expenses. The company currently has limited revenues, but we do expect it to start growing revenue significantly in 2022.

We expect the company to report Q4 (ending December) 2021 results (which will be the first quarter since its IPO) in March 2022. The company does not provide specific financial guidance. We estimate 2021 revenue of \$1.0 million and EPS of \$(0.70), and for 2022 revenue of \$7.0 million and EPS of \$(0.55).

The company's balance sheet has an estimated \$65 million in cash and no debt as of December 2021. In October 2021 (its current Q4), the company raised \$70 million in an IPO (selling 5 million shares at \$14/share). Lucid should have enough cash through 2023.

Our investment thesis factors in an uncertain commercialization process and competitive industry which is offset by the very large potential upside opportunities created from a successful medical device. We believe that the current valuation for Lucid has already factored in many of its risks (principally successful commercialization) but is under valuing its overall growth prospects and product portfolio, resulting in a positive risk versus reward scenario for an investment in Lucid.

We believe the current valuation is attractive.

Based on our expectations and assumptions and our NPV analysis, we calculate a 12-month price target for shares of Lucid to be \$16, which represents significant upside from current share price. We believe this valuation appropriately balances out the company's high risks with the company's high growth prospects and large upside opportunities. We acknowledge that Lucid is still at an early stage in its product commercialization, but we believe key milestones over the next year should be positive catalysts for the stock.

VALUATION

We are initiating coverage of Lucid Diagnostics with a BUY rating and a 12-month price target of \$16, which is based on a NPV analysis. As the company is an early commercialization medical device and diagnostic company, it currently generates limited revenue and significant losses so traditional valuation metrics are not useful. We believe a more accurate valuation should take into consideration the potential value of its product pipeline. We do acknowledge that this valuation is complex and requires a large number of forward assumptions that we have to estimate that may be imprecise and may vary significantly from actual results. This is particularly so for a company like Lucid which is still in early product commercialization with its 2 main products.

However, we believe our assumptions are fair and provide a reasonable basis for our valuation analysis. Our analysis considers future estimated revenue from each of its major product pipelines (based on estimated future sales, a probability rate of success, and discounted this back to a current value), currently focused on its EsoGuard and EsoCheck products. We apply a high discount rate and above average probability of success to capture the uncertainties associated generally with medical devices and products in development offset by their recent commercial launches. We then added up the values, made an assumption about future investments required and allocated the value based on current share count. Based on our NPV analysis, we arrived at our 12-month price target of \$16, which we believe appropriately balances out the company's risks with its high growth prospects.

Lucid's share price since its IPO (on October 14, 2021) has been weak (IPO was at \$14, and share price is now at \$4.92 on December 23, 2021), but it has traded in a wide volatile range (\$4.61 to \$13.52). However, we believe that there are near term catalysts that can drive the stock (particularly for key milestones expected in 2022). As the company is likely to make significant progress (and milestones) in its product commercialization over the next several years, we believe this will result in much improved visibility into future cash flows. We expect valuations for Lucid to improve as visibility into cash flow generation becomes clearer, resulting in significant upside to the current share price.

Exhibit 2: Company Valuation (DCF)

Valuation of Products (in millions)

Product	Estimated NPV	% of Success	Calculated NPV	Discount Rate	Estimated Annual Sales	% of Market Share	Market Potential per year
EsoGuard	\$ 325	65%	\$ 500	25%	\$ 125	25%	\$ 500
EsoCheck	\$ 325	65%	\$ 500	25%	\$ 125	25%	\$ 500
Total	\$ 650						

Estimated additional investments (& debt) required	\$ 58
Current Value for existing shareholders	\$ 592
Shares Outstanding (mils)	37
Estimated Value per share	\$ 16.00

Source: Ascendant Capital Markets estimates

Exhibit 3: PAVmed (majority-owner of Lucid Diagnostics Inc.) Company Overview



**Highly Differentiated
Multi-Product
Commercial-Stage
Medical Technology Company**



Founded 2014



Nasdaq IPO 2016



*Diversified
Product Portfolio*



*Groundbreaking
Technologies
Addressing Important
Unmet Clinical Needs*



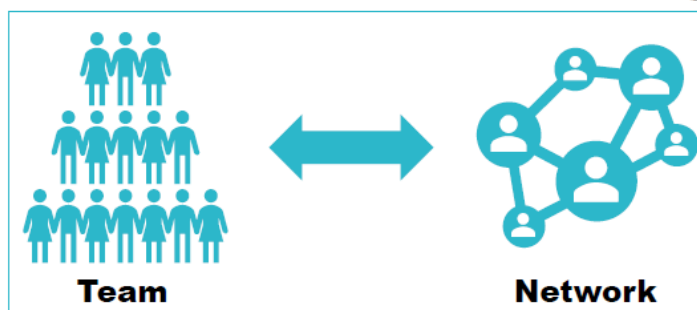
*Business Model
Focused on
Speed to Market*



Innovation & Value Creation Engine

Internal Innovation >>>

License or Acquire >>>




Products >>>




Source: Company reports

Exhibit 4: Lucid Diagnostics





Early Detection of Esophageal Precancer & Cancer

- Commercial-stage, recognized revenue 3Q21
- Founded May 2018
- Licensed technologies from Case Western Reserve University
- Managed and financed by PAVmed
- PAVmed Stake ~73% (not including convertible debt)




Commercial-stage medical technology company focused on early precancer detection to prevent esophageal cancer





- First and only commercially available screening tool to prevent esophageal cancer
- FDA Breakthrough Device designation
- 13 million U.S. patients already recommended for screening
- CMS payment with >90% gross margins
- Near-term value-inflection milestones
- Multibillion dollar total addressable U.S. market opportunity


Highlights




EsoGuard
commercialized as
Laboratory Developed
Test (LDT)




First Lucid Test
Centers launched and
testing patients
referred by PCPs




Effective CMS
Payment as of Jan 1st




**EsoGuard &
EsoCheck Granted**
FDA Breakthrough
Device Designation



13 Million U.S. at-risk
GERD patients already
recommended for
screening



Near-Term Value
Inflection Milestones



Multi-Billion U.S. Total
Addressable Market
Opportunity

Source: Company reports.

Exhibit 5: Lucid Products



First and only commercially available test capable of serving as a widespread screening tool to prevent EAC deaths through early detection of esophageal precancer in at-risk GERD patients



EsoGuard
esophageal DNA test



EsoCheck
cell collection device



Commercially Available Products



EsoGuard
esophageal DNA test



- Commercially launched as LDT Q4-2019
- CMS preliminary payment determination of ~\$2000
- 15M target population per published society guidelines



EsoCheck
cell collection device



- FDA 510(k) cleared in Q2-2019 as anatomically targeted non-invasive esophageal cell collection device
- Alternative to invasive endoscopy

Source: Company reports

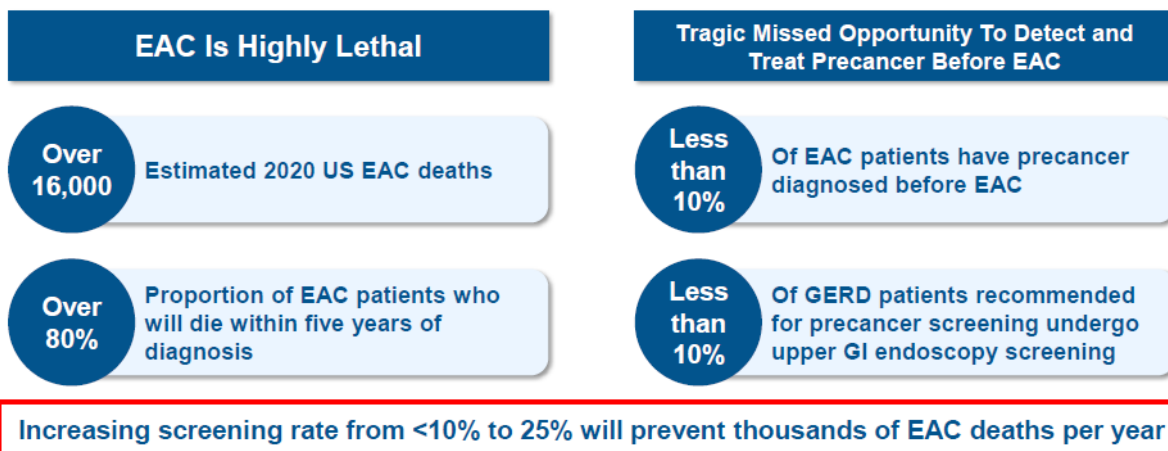
Exhibit 6: EsoCheck and EsoGuard Market Opportunity

EAC Precancer Screening to Prevent EAC

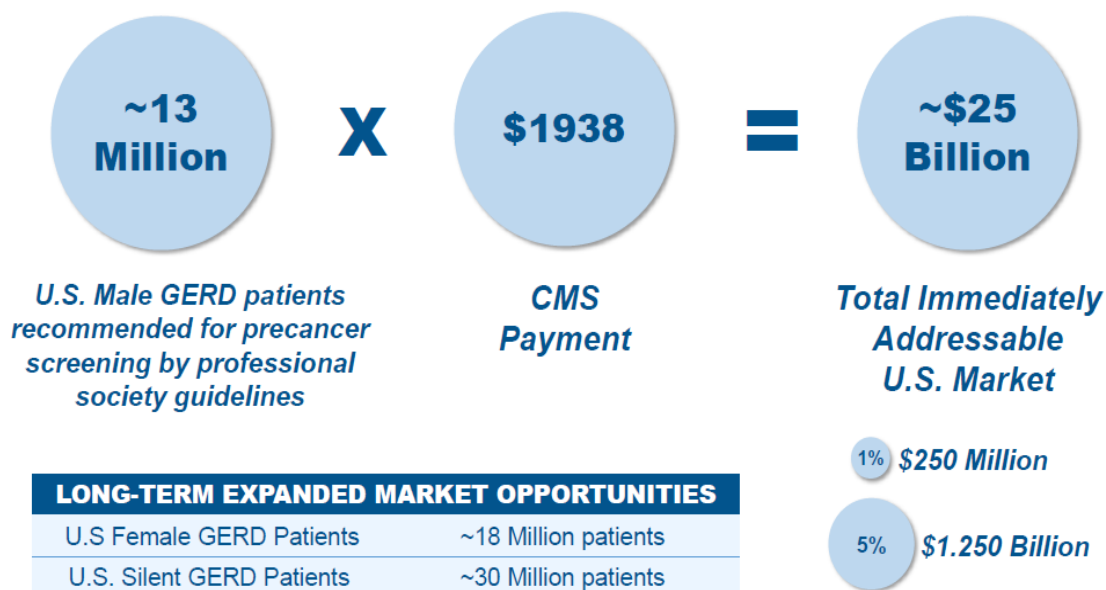
Major unmet clinical need

Necessary to prevent EAC deaths through early precancer detection

~13 million high-risk GERD patients already recommended for precancer screening by professional society guidelines



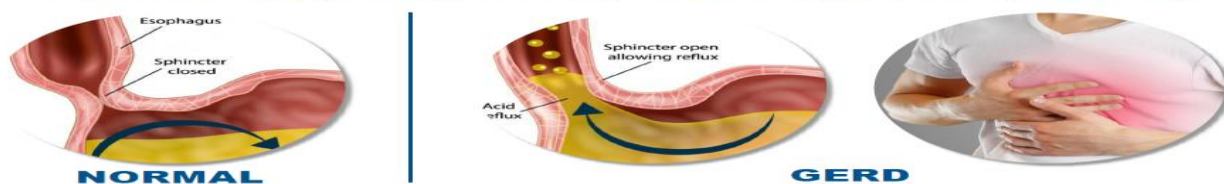
EsoGuard Commercial Opportunity



Source: Company reports.

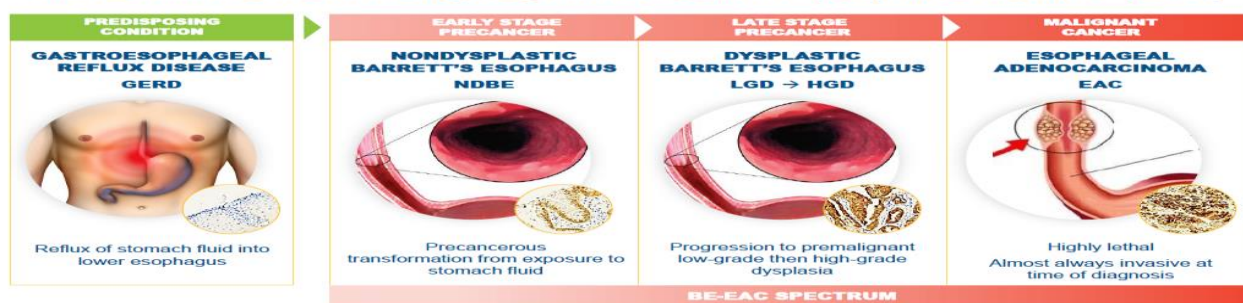
Exhibit 7: EAC Precancer and Cancer Detection

Gastroesophageal Reflux Disease (GERD)



Symptoms of "Heartburn" or "Acid Reflux"
40% asymptomatic ("Silent GERD")
Lack of or resolution of symptoms does NOT protect against GERD complications

GERD Can Lead To Esophageal Precancer (BE) And Cancer (EAC)



Early Precancer and Cancer Detection Saves Lives

PRE-CANCER PROGRESSION SPECTRUM

AT RISK	EARLY STAGE PRECANCER	LATE STAGE PRECANCER	EARLY STAGE CANCER	LATE STAGE CANCER
Screen	Intervene	Intervene	Intervene	
Esophageal	Breast	Cervical	Colon	
Widespread Screening	NO	Mammography	Pap / HPV Testing	Colonoscopy
Death Rate Change since 1990*	↑86%	↓40%	↓39%	↓45%

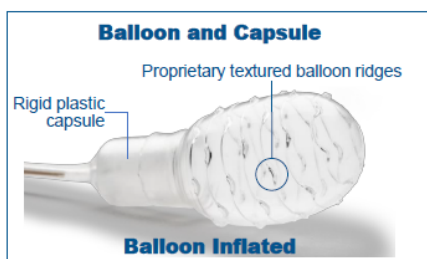
EsoGuard + EsoCheck is the Missing Element

	EsoGuard EsoCheck	EGD	Cytosponge TFF-3	Transnasal Endoscopy	Capsule Endoscopy
Non-Invasive	Yes	No	Yes	No	Yes
Venue	Any Office	Endo Center	Any Office	GI Office	GI Office
Capital Equipment	No	Yes	No	Yes	Yes
Total Procedure Time	< 5 min	1-2 hours	10-15 min	15-30 min	Days
Recovery	None	1 day	None	None	None
Highly Accurate	Yes	Yes	No	No	No
Automatable	Yes	No	No	No	No
Commercially Available	Yes	Yes	No	Yes	No
Widespread Screening Tool	✓	✗	✗	✗	✗

Source: Company reports.

Exhibit 8: EsoCheck and EsoGuard Sampling Procedure

The EsoCheck Esophageal Cell Sampling Procedure



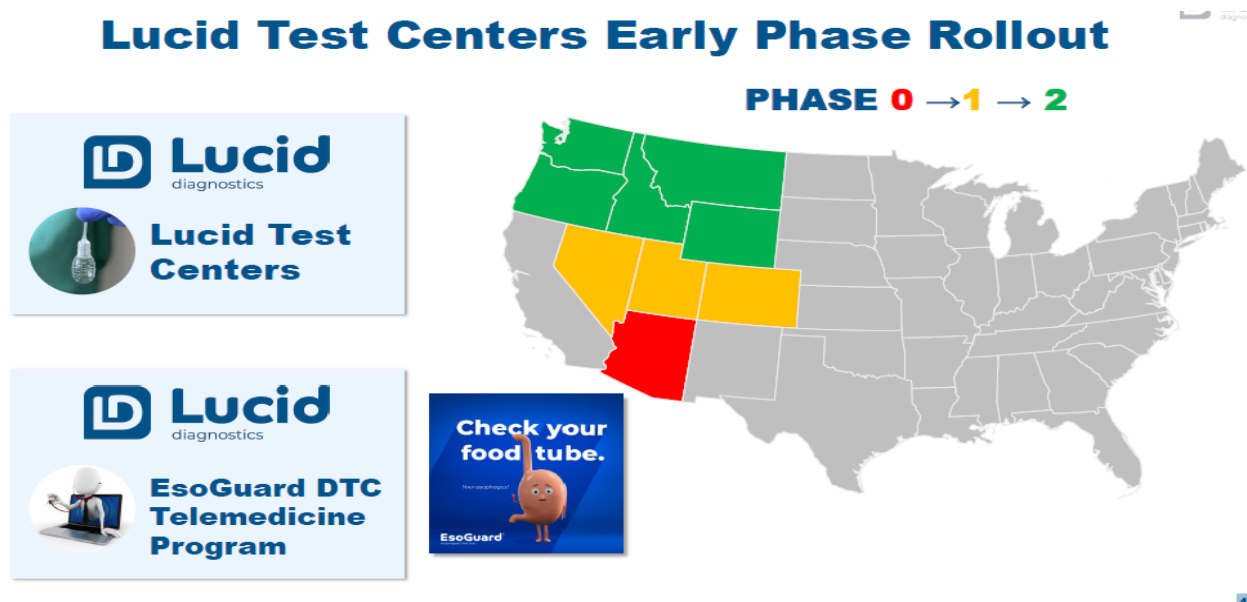
Less than 5-minute, non-invasive office-based alternative to endoscopy
Anatomically targeted cell sampling from lower 5 cm of esophagus where BE-EAC occurs
Protects sampled cells from dilution and contamination during device removal which is critical to accurately detect low-level precancer signal

EsoCheck Procedure Steps



Source: Company reports.

Exhibit 9: Lucid Test Centers Early Phase Rollout



Source: Company reports.

Exhibit 10: Lucid Growth Strategy

Lucid Growth Strategy



Source: Company reports.

Exhibit 11: Lucid Management Team

Executive Leadership Team



LISHAN AKLOG, MD
Chairman & CEO
Executive Chairman, Lucid/Veris



DENNIS MCGRATH
President & CFO



SHAUN O'NEIL
Chief Commercial Officer



SUMAN VERMA, MD PHD
Chief Scientific Officer



RICH YAZBECK
Chief Technology Officer



DAVID WURTMAN, MD
Chief Medical Officer



RANDY BROWN
EVP Clinical Research &
Development



BRIAN DEGUZMAN, MD
EVP Clinical Affairs
Chief Compliance Officer

Source: Company reports.

Exhibit 12: Business Update Highlights (as of November 16, 2021)

Business Update Highlights

- PAVmed subsidiary Lucid Diagnostics completed an initial public offering of 5,000,000 shares of common stock at a price to the public of \$14.00 per share for total gross proceeds of \$70 million, before deducting underwriting discounts and commissions and estimated offering expenses. PAVmed converted convertible debt into equity prior to the consummation of the IPO and now holds approximately 76% of Lucid's outstanding shares of common stock. PAVmed and Lucid entered into an updated management services agreement pursuant to which PAVmed will continue to manage Lucid's operations.
- PAVmed and Lucid collectively expanded their head count to over 70 employees, with the bulk of the increase in Lucid's commercial sales team.
- Lucid continued to expand its network of Lucid Test Centers in cities across the Western U.S. with the launch of test centers in Denver, Salt Lake City and Las Vegas. Lucid is proceeding with the next phase in the program's growth, which will focus on the Pacific Northwest, and steady expansion nationwide thereafter.
- PAVmed and Lucid are expanding their physical infrastructure to support both companies' growth. This quarter, PAVmed will launch its own dedicated product research and development facility in Foxborough, Massachusetts. Early next quarter Lucid expects to launch its own CLIA-certified diagnostic laboratory facility in Irvine, California. And PAVmed is currently securing space to launch its own dedicated low to medium volume medical device manufacturing facility in Salt Lake City.
- Lucid and UpScript, its independent telemedicine partner, are finalizing the Lucid-branded telemedicine platform which will accommodate self-referrals for EsoGuard testing from direct-to-consumer marketing. The EsoGuard Telemedicine program with direct-to-consumer marketing will launch as a pilot program in Phoenix in the coming weeks.
- Lucid continues to drive EsoGuard commercialization while growing, training and fundamentally transforming its sales infrastructure to a direct sales force increasingly focused on primary care physician referrals to Lucid Test Centers. Test volume during this transitional quarter was flat at 203 relative to the prior quarter, but up over 300% annually.
- Medicare Administrative Contractor Palmetto GBA's MoDx group held a Contractor Advisor Committee (CAC) meeting last month which included EsoGuard along with other tests in the gastroenterology space, suggesting that, after a long delay, it is actively reviewing coverage for EsoGuard. The expert panel voiced strong support for esophageal precancer screening in high-risk chronic heartburn patients.
- Lucid appointed highly accomplished molecular biologist Suman M. Verma, M.D., Ph.D. as its Chief Scientific Officer. Dr. Verma will also serve as PAVmed's VP, Molecular Diagnostics.
- EsoGuard was awarded "Diagnostics Innovation of the Year" at the BioTech Breakthrough's annual awards program recognizing innovation in the global life sciences and biotechnology industry.

Source: Company reports.

Exhibit 13: Lucid Diagnostics Inc. Stock Price (since IPO in October 2021)



Source: <https://bigcharts.marketwatch.com/>

FINANCIAL MODEL

Lucid Diagnostics Inc.

Income Statement (\$ mils)	2019	Jun-20	Sep-20	2020	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022
Fiscal Year End: December 31	FY-A	Q1A & Q2A	Q3A	FY-A	Q1A & Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Total Revenue	0.000	0.000	0.000	0.000	0.000	0.200	0.800	1.000	1.000	1.500	1.500	3.000	7.000
Cost of Revenues	0.000	0.000	0.000	0.000	0.000	0.144	0.480	0.624	0.550	0.750	0.675	1.200	3.175
Gross Profit	0.000	0.000	0.000	0.000	0.000	0.056	0.320	0.376	0.450	0.750	0.825	1.800	3.825
Commercial operations	0.000	0.336	0.335	0.000	1.710	0.978	2.000	4.689	2.500	2.500	3.000	3.000	11.000
General and administrative	0.959	0.790	0.470	2.837	4.334	3.398	3.500	11.231	3.500	3.500	3.500	3.500	14.000
Research and development	3.462	2.401	1.216	5.443	3.625	2.190	2.000	7.814	2.000	2.000	2.000	2.000	8.000
Restructuring and other	0.000			0.000				0.000					0.000
Total operating expenses	4.421	3.527	2.022	8.280	9.669	6.566	7.500	23.734	8.000	8.000	8.500	8.500	33.000
Operating income (loss)	(4.421)	(3.527)	(2.022)	(8.280)	(9.669)	(6.510)	(7.180)	(23.359)	(7.550)	(7.250)	(7.675)	(6.700)	(29.175)
Interest income (expense)	0.000			0.000	(0.147)	(0.447)	0.000	(0.594)	0.000	0.000	0.000	0.000	0.000
Other income (expense)	0.000			0.000			0.000	0.000	0.000	0.000	0.000	0.000	0.000
Income before income taxes	(4.421)	(3.527)	(2.022)	(8.280)	(9.816)	(6.957)	(7.180)	(23.952)	(7.550)	(7.250)	(7.675)	(6.700)	(29.175)
Income taxes	0.000			0.000			0.000	0.000	0.000	0.000	0.000	0.000	0.000
Net income (loss)	(4.421)	(3.527)	(2.022)	(8.280)	(9.816)	(6.957)	(7.180)	(23.952)	(7.550)	(7.250)	(7.675)	(6.700)	(29.175)
Nonrecurring/noncash adjustments		0.033	0.016		3.535	3.219	2.000	8.754	2.000	2.000	2.000	2.000	8.000
Net income (pro forma)	(4.421)	(3.494)	(2.006)	(8.280)	(6.281)	(3.738)	(5.180)	(15.198)	(5.550)	(5.250)	(5.675)	(4.700)	(21.175)
EBITDA		(3.527)	(2.022)		(9.665)	(6.510)	(4.407)	(20.582)	(4.777)	(4.477)	(4.902)	(3.927)	(18.084)
Shares, Basic	14.1	14.1	14.1	14.1	14.1	14.1	37.0	21.7	37.5	38.0	38.5	39.0	38.3
Shares, Diluted	14.1	14.1	14.1	14.1	14.1	14.1	37.0	21.7	37.5	38.0	38.5	39.0	38.3
EPS Basic (pro forma)	(\$0.31)	(\$0.25)	(\$0.14)	(\$0.59)	(\$0.44)	(\$0.26)	(\$0.14)	(\$0.70)	(\$0.15)	(\$0.14)	(\$0.15)	(\$0.12)	(\$0.55)
EPS Diluted (pro forma)	(\$0.31)	(\$0.25)	(\$0.14)	(\$0.59)	(\$0.44)	(\$0.26)	(\$0.14)	(\$0.70)	(\$0.15)	(\$0.14)	(\$0.15)	(\$0.12)	(\$0.55)
Margins													
Gross margin						28%	40%	38%	45%	50%	55%	60%	55%
Commercial operations						489%	250%	469%	250%	167%	200%	100%	157%
General and administrative						1699%	438%	1123%	350%	233%	233%	117%	200%
Research and development						1095%	250%	781%	200%	133%	133%	67%	114%
Operating margin	NM	NM	NM	NM	NM	-3255%	-898%	-2336%	-755%	-483%	-512%	-223%	-417%
Tax rate, GAAP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net margin	NM	NM	NM	NM	NM	-3478%	-898%	-2395%	-755%	-483%	-512%	-223%	-417%
Y/Y % change													
Total Revenue											650%	275%	600%
Gross margin											1380%	463%	918%
Commercial operations				#DIV/0!	408%	192%	#DIV/0!	#DIV/0!	#DIV/0!	46%	207%	50%	135%
General and administrative				196%	449%	622%	#DIV/0!	296%	#DIV/0!	-19%	3%	0%	25%
Research and development				57%	51%	80%	#DIV/0!	44%	#DIV/0!	-45%	-9%	0%	2%
Operating income (loss)				87%	174%	222%	#DIV/0!	182%	#DIV/0!	-25%	18%	-7%	25%
Net income (loss)				87%	178%	244%	#DIV/0!	189%	#DIV/0!	-26%	10%	-7%	22%
EPS Diluted (pro forma)				87%	80%	86%	#DIV/0!	19%	#DIV/0!	-69%	-44%	-14%	-21%

Source: Company reports and Ascendant Capital Markets estimates.
(Lucid Diagnostics Inc. is a majority-owned subsidiary of PAVmed Inc.)

Lucid Diagnostics Inc.

Balance Sheet (\$ mils)	Dec-19	Dec-20	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22
Fiscal Year End: December 31	Q4A	Q4A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
Assets									
Cash and cash equivalents	0.156	0.111	2.231	0.021	65.586	60.781	56.239	51.309	47.316
Short term investments					0.000	0.000	0.000	0.000	0.000
Accounts receivable				0.200	0.200	0.200	0.200	0.200	0.200
Deferred income taxes					0.000	0.000	0.000	0.000	0.000
<u>Prepaid expenses and other</u>	<u>0.234</u>	<u>1.329</u>	<u>1.844</u>	<u>2.283</u>	<u>2.283</u>	<u>2.283</u>	<u>2.283</u>	<u>2.283</u>	<u>2.283</u>
Total current assets	0.391	1.440	4.075	2.505	68.070	63.265	58.722	53.792	49.799
Property and equipment, net					0.027	0.054	0.119	0.146	0.211
Intangibles, net					0.000	0.000	0.000	0.000	0.000
Deferred income tax					0.000	0.000	0.000	0.000	0.000
<u>Other</u>	<u>0.643</u>	<u>0.755</u>	<u>0.762</u>	<u>0.792</u>	<u>0.792</u>	<u>0.792</u>	<u>0.792</u>	<u>0.792</u>	<u>0.792</u>
Total assets	1.034	2.195	4.837	3.296	68.889	64.111	59.633	54.730	50.802
Liabilities and stockholders' equity									
Accounts payable	0.799	2.058	1.540	2.841	2.841	2.841	2.841	2.841	2.841
Accrued expenses	0.224	0.394	0.369	0.308	0.308	0.308	0.308	0.308	0.308
Deferred income tax					0.000	0.000	0.000	0.000	0.000
Other					0.000	0.000	0.000	0.000	0.000
Due to PAVmed Inc.	5.320	13.261	22.878	24.282	2.282	2.282	2.282	2.282	2.282
<u>Short term debt</u>					<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
Total current liabilities	6.343	15.713	24.787	27.431	5.430	5.430	5.430	5.430	5.430
Deferred income taxes					0.000	0.000	0.000	0.000	0.000
Warrant liabilities					0.000	0.000	0.000	0.000	0.000
Other long term liabilities					0.000	0.000	0.000	0.000	0.000
<u>Long term debt</u>					<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
Total other liabilities	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Preferred stock					0.000	0.000	0.000	0.000	0.000
Common stock	0.014	0.014	0.014	0.014	2.786	5.559	8.331	11.103	13.875
Additional paid-in capital	0.223	0.294	3.678	6.450	6.450	6.450	6.450	6.450	6.450
Retained earnings	(5.546)	(13.826)	(23.642)	(30.598)	(37.778)	(45.328)	(52.578)	(60.253)	(66.953)
Accumulated other comprehensive income					92.000	92.000	92.000	92.000	92.000
<u>Minority Interest</u>					<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>	<u>0.000</u>
Total stockholders' equity	(5.309)	(13.518)	(19.950)	(24.134)	63.458	58.680	54.202	49.300	45.372
Total stockholders' equity and liabilities	1.034	2.195	4.837	3.296	68.888	64.110	59.632	54.730	50.802

Balance Sheet Drivers

	Dec-19	Dec-20	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22
	Q4A	Q4A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
Book & Cash Value (per share)									
Book Value per Share (diluted)	(0.38)	(0.96)	(1.41)	(1.71)	1.72	1.56	1.43	1.28	1.16
Cash per Share (diluted)	0.01	0.01	0.16	0.00	1.77	1.62	1.48	1.33	1.21
Net cash per Share (diluted)	0.01	0.01	0.16	0.00	1.77	1.62	1.48	1.33	1.21

Source: Company reports and Ascendant Capital Markets estimates
(Lucid Diagnostics Inc. is a majority-owned subsidiary of PAVmed Inc.)

Lucid Diagnostics Inc.

Cash Flow Statement (\$ mils)	2019	Jun-20	Sep-20	2020	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022
Fiscal Year End: December 31	FY-A	Q1A & Q2A	Q3A	FY-A	Q1A & Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Cash flow from operating activities													
Net income	(4.421)	(3.527)	(2.022)	(8.280)	(9.816)	(6.957)	(7.180)	(23.952)	(7.550)	(7.250)	(7.675)	(6.700)	(29.175)
Depreciation				0.000	0.003	0.000	0.000	0.004	0.000	0.000	0.000	0.000	0.002
Amortization				0.000				0.000					0.000
Debt related amortization expense				0.000				0.000					0.000
Stock comp	0.174	0.033	0.016	0.065	3.384	2.772	2.772	8.929	2.772	2.772	2.772	2.772	11.089
Deferred income taxes				0.000			0.000	0.000	0.000	0.000	0.000	0.000	0.000
Change in fair value of warrant liability				0.000				0.000					0.000
Writedowns and impairments				0.000				0.000					0.000
Other gains/losses				0.000				0.000					0.000
Other								0.000					0.000
Changes in operating assets and liabilities:													
Accounts receivable				0.000		(0.200)		(0.200)					0.000
Prepaid expenses & other current assets	(0.877)	(0.510)	(0.370)	(1.094)	(0.515)	(0.439)	0.000	(0.955)	0.000	0.000	0.000	0.000	0.000
Other assets				0.000			0.000	0.000	0.000	0.000	0.000	0.000	0.000
Accounts payable	0.302	0.603	0.019	1.146	(0.518)	1.298	0.000	0.781	0.000	0.000	0.000	0.000	0.000
Accrued expenses	0.001	0.139	0.220	0.171	(0.026)	0.161	0.000	0.136	0.000	0.000	0.000	0.000	0.000
Due to PAVmed	2.460	0.863	0.581	2.363	1.731	0.957	(22.000)	(19.312)	0.000	0.000	0.000	0.000	0.000
Other liabilities				0.000	0.147	0.224	0.000	0.371	0.000	0.000	0.000	0.000	0.000
Net cash (used in) provided by	(2.361)	(2.398)	(1.555)	(5.629)	(5.609)	(2.182)	(26.407)	(34.198)	(4.777)	(4.477)	(4.902)	(3.927)	(18.084)
Cash flow from investing activities													
Purchases of property and equipment				0.000	(0.010)	(0.028)	(0.028)	(0.065)	(0.028)	(0.065)	(0.028)	(0.065)	(0.186)
Purchases of short-term investments				0.000				0.000					0.000
Acquisitions				0.000				0.000					0.000
Other				0.000				0.000					0.000
Net cash used in investing activities	0.000	0.000	0.000	0.000	(0.010)	(0.028)	(0.028)	(0.065)	(0.028)	(0.065)	(0.028)	(0.065)	(0.186)
Cash flow from financing activities													
Issuance of debt				0.000			0.000	0.000	0.000	0.000	0.000	0.000	0.000
Repayment of debt				0.000			22.000	22.000					0.000
Issuance of stock				0.000			0.000	0.000	0.000	0.000	0.000	0.000	0.000
Proceeds from stock option exercises		0.005		0.005				0.000					0.000
Other	2.500	2.903	1.076	5.579	7.739		70.000	77.739					0.000
<u>Dividends and distributions</u>				<u>0.000</u>				<u>0.000</u>					<u>0.000</u>
Cash provided by (used in) financing activities	2.500	2.908	1.076	5.583	7.739	0.000	92.000	99.739	0.000	0.000	0.000	0.000	0.000
Effect of exchange rate on cash				0.000				0.000					0.000
Net increase (decrease) in cash	0.139	0.510	(0.480)	(0.045)	2.120	(2.210)	65.565	65.475	(4.805)	(4.543)	(4.930)	(3.993)	(18.271)
Beginning cash and equivalents	0.018	0.156	0.666	0.156	0.111	2.231	0.021	0.111	65.586	60.781	56.239	51.309	65.586
Ending cash and equivalents	0.156	0.666	0.187	0.111	2.231	0.021	65.586	65.586	60.781	56.239	51.309	47.316	47.316

Source: Company reports and Ascendant Capital Markets estimates
(Lucid Diagnostics Inc. is a majority-owned subsidiary of PAVmed Inc.)

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Lucid Diagnostics Inc.

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SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Rating System

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Sell: We expect the stock to provide a total return of minus 10% or worse within a 12-month period.

Speculative Buy: This rating is reserved for companies we believe have tremendous potential, but whose stocks are illiquid or whose equity market capitalizations are very small, often in the definition of a nano cap (below \$50 million in market cap). In general, for stocks ranked in this category, we expect the stock to provide a total return of 50% or more within a 12-month period. However, because of the illiquid nature of the stock's trading and/or the nano cap nature of the investment, we caution that these investments may not be suitable for all parties.

Total return is defined as price appreciation plus dividend yield.

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Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	41	98%	14	34%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	42	100%	14	33%

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