

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2022

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-41031

**Bluejay Diagnostics, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**

(State or Other Jurisdiction of  
Incorporation or Organization)

**47-3552922**

(I.R.S. Employer  
Identification No.)

**360 Massachusetts Avenue, Suite 203, Acton, MA**

(Address of Principal Executive Offices)

**01720**

(Zip Code)

**(844) 327-7078**

(Registrant's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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 if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T 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 definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input checked="" type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>
		Emerging Growth Company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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	BJDX	The Nasdaq Capital Market LLC

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

The registrant had 20,152,344 shares of common stock outstanding at November 4, 2022.

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

We make forward-looking statements under the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in other sections of this Quarterly Report on Form 10-Q (this “Form 10-Q”). In some cases, you can identify these statements by forward-looking words such as “may,” “might,” “should,” “would,” “could,” “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “predict,” “potential” or “continue,” and the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements.

While we believe we have identified material risks, these risks and uncertainties are not exhaustive. Other sections of this Form 10-Q may describe additional factors that could adversely impact our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible to predict all risks and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. We are under no duty to update any of these forward-looking statements after the date of this Form 10-Q to conform our prior statements to actual results or revised expectations, and we do not intend to do so.

We caution you not to place undue reliance on the forward-looking statements, which speak only as of the date of this Form 10-Q in the case of forward-looking statements contained in this Form 10-Q.

You should not rely upon forward-looking statements as predictions of future events. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements. Although we believe that the expectations reflected in the forward looking-statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Therefore, you should not rely on any of the forward-looking statements. In addition, with respect to all of our forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

## EXPLANATORY NOTE

In this Quarterly Report on Form 10-Q, and unless the context otherwise requires, the “Company,” “we,” “us,” and “our” refer to Bluejay Diagnostics, Inc. and its wholly-owned subsidiary Bluejay SpinCo, LLC, taken as a whole.

**PART I - FINANCIAL INFORMATION****Item 1. Condensed Consolidated Financial Statements.**

**Bluejay Diagnostics, Inc.**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)**

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 13,289,365	\$ 19,047,778
Prepaid expenses and other current assets	646,894	1,612,708
Total current assets	13,936,259	20,660,486
Property and equipment, net	1,238,352	337,366
Operating lease right-of-use assets	497,618	-
Other non-current assets	33,479	21,019
Total assets	<u>\$ 15,705,708</u>	<u>\$ 21,018,871</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 443,035	\$ 295,778
Accrued expenses	1,079,665	341,384
Total current liabilities	1,522,700	637,162
Non-current liabilities:		
Operating lease liability, non-current	356,523	-
Other non-current liabilities	15,420	-
Total liabilities	1,894,643	637,162
Commitments and Contingencies (See Note 9)		
Stockholders' equity		
Common stock, \$0.0001 par value; 30,000,000 shares authorized; 20,152,344 and 20,112,244 shares issued and outstanding at September 30, 2022 and December 31, 2021, respectively	2,015	2,011
Additional paid-in capital	28,419,898	28,074,484
Accumulated deficit	(14,610,848)	(7,694,786)
Total stockholders' equity	13,811,065	20,381,709
Total liabilities, redeemable and stockholders' equity	<u>\$ 15,705,708</u>	<u>\$ 21,018,871</u>

See notes to unaudited condensed consolidated financial statements.  
Reflects a 1-for-3.15 stock dividend effective June 7, 2021.

**Bluejay Diagnostics, Inc.**  
**Condensed Consolidated Statements of Operations**  
**(Unaudited)**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Revenue	\$ -	\$ -	\$ 249,040	\$ -
Cost of sales	-	-	200,129	-
Gross profit	-	-	48,911	-
<b>Operating expenses:</b>				
Research and development	1,379,665	442,527	2,830,705	692,702
General and administrative	1,284,411	445,050	3,801,226	974,791
Sales and marketing	146,102	70,411	281,144	189,765
Total operating expenses	<u>2,810,178</u>	<u>957,988</u>	<u>6,913,075</u>	<u>1,857,258</u>
Operating loss	<u>(2,810,178)</u>	<u>(957,988)</u>	<u>(6,864,164)</u>	<u>(1,857,258)</u>
<b>Other income (expenses):</b>				
Interest income (expense), net of amortization of premium	-	(237,429)	-	(269,545)
Grant income	-	-	-	75,000
Impairment of property and equipment	(210,117)	-	(210,117)	-
Other income, net	60,406	2,036	163,587	24,001
Total other expenses, net	<u>(149,711)</u>	<u>(235,393)</u>	<u>(46,530)</u>	<u>(170,544)</u>
Net loss	<u>\$ (2,959,889)</u>	<u>\$ (1,193,381)</u>	<u>\$ (6,910,694)</u>	<u>\$ (2,027,802)</u>
Net loss per share - Basic and diluted	<u>\$ (0.15)</u>	<u>\$ (0.11)</u>	<u>\$ (0.34)</u>	<u>\$ (0.32)</u>
<b>Weighted average common shares outstanding:</b>				
Basic and diluted	<u>20,152,344</u>	<u>10,491,978</u>	<u>20,148,908</u>	<u>6,321,493</u>

See notes to unaudited condensed consolidated financial statements.  
Reflects a 1-for-3.15 stock dividend effective June 7, 2021.

**Bluejay Diagnostics, Inc.**  
**Condensed Consolidated Statements of Changes in Redeemable Preferred Stock and**  
**Stockholders' Equity (Deficit)**  
**(Unaudited)**

	<b>Stockholders Equity</b>				
	<b>Common Stock</b>		<b>Additional</b>	<b>Accumulated</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>	<b>Paid-In</b>	<b>Deficit</b>	<b>Stockholders'</b>
			<b>Capital</b>		<b>Equity</b>
<b>Balance at December 31, 2021</b>	<b>20,112,244</b>	<b>\$ 2,011</b>	<b>\$ 28,074,484</b>	<b>\$ (7,694,786)</b>	<b>\$ 20,381,709</b>
Impact of adoption of ASC 842	-	-	-	(5,368)	(5,368)
Stock-based compensation expense	-	-	126,086	-	126,086
Exercise of common stock Series B Warrants	39,000	4	(4)	-	-
Net loss	-	-	-	(2,013,403)	(2,013,403)
<b>Balance at March 31, 2022</b>	<b>20,151,244</b>	<b>\$ 2,015</b>	<b>\$ 28,200,566</b>	<b>\$ (9,713,557)</b>	<b>\$ 18,489,024</b>
Stock-based compensation expense	-	-	106,114	-	106,114
Exercise of common stock Series B Warrants	1,100	-	-	-	-
Net loss	-	-	-	(1,937,402)	(1,937,402)
<b>Balance at June 30, 2022</b>	<b>20,152,344</b>	<b>\$ 2,015</b>	<b>\$ 28,306,680</b>	<b>\$ (11,650,959)</b>	<b>\$ 16,657,736</b>
Stock-based compensation expense	-	-	113,218	-	113,218
Net loss	-	-	-	(2,959,889)	(2,959,889)
<b>Balance at September 30, 2022</b>	<b>20,152,344</b>	<b>\$ 2,015</b>	<b>\$ 28,419,898</b>	<b>\$ (14,610,848)</b>	<b>\$ 13,811,065</b>

	Redeemable, Convertible Preferred Stock						Stockholders Deficit				
	Series A		Series B		Series C		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Paid-In Capital	Deficit	Stockholders' Deficit
<b>Balance at December 31, 2020</b>	<b>10,600</b>	<b>\$ 1,077,303</b>	<b>5,187</b>	<b>\$ 1,800,347</b>	<b>636</b>	<b>\$ 1,000,465</b>	<b>3,147,200</b>	<b>\$ 315</b>	<b>\$ -</b>	<b>\$ (4,206,488)</b>	<b>\$ (4,206,173)</b>
Accretion of redeemable, convertible preferred stock to redemption value	-	44,347	-	20,396	-	11,977	-	-	(76,720)	-	(76,720)
Stock-based compensation expense	-	-	-	-	-	-	-	-	164	-	164
Fair value of warrants issued for service	-	-	-	-	-	-	-	-	180,339	-	180,339
Net loss	-	-	-	-	-	-	-	-	-	(194,188)	(194,188)
<b>Balance at March 31, 2021</b>	<b>10,600</b>	<b>\$ 1,121,650</b>	<b>5,187</b>	<b>\$ 1,820,743</b>	<b>636</b>	<b>\$ 1,012,442</b>	<b>3,147,200</b>	<b>\$ 315</b>	<b>\$ 103,783</b>	<b>\$ (4,400,676)</b>	<b>\$ (4,296,578)</b>
Accretion of redeemable, convertible preferred stock to redemption value	-	29,565	-	13,598	-	7,984	-	-	(51,147)	-	(51,147)
Stock-based compensation expense	-	-	-	-	-	-	-	-	155	-	155
Conversion of redeemable, convertible preferred stock into common stock	(10,600)	(1,151,215)	(5,187)	(1,834,341)	(636)	(1,020,426)	2,584,323	258	4,005,724	-	4,005,982
Exercise of common stock warrants	-	-	-	-	-	-	4,166,357	417	131,966	-	132,383
Conversion of Amended 2017 Convertible Notes	-	-	-	-	-	-	580,000	58	579,942	-	580,000
Reclassification of Series B Warrants	-	-	-	-	-	-	-	-	145,953	-	145,953
Net loss	-	-	-	-	-	-	-	-	-	(640,233)	(640,233)
<b>Balance at June 30, 2021</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>10,477,880</b>	<b>\$ 1,048</b>	<b>\$ 4,916,376</b>	<b>\$ (5,040,909)</b>	<b>\$ (123,485)</b>
Stock-based compensation expense	-	-	-	-	-	-	-	-	46,505	-	46,505
Fair value of warrants issued to placement agent in relation to the Convertible debentures	-	-	-	-	-	-	-	-	166,816	-	166,816
Issuance of common stock from exercise of employee stock options	-	-	-	-	-	-	56,385	6	22,617	-	22,623
Net Loss	-	-	-	-	-	-	-	-	-	(1,193,381)	(1,193,381)
<b>Balance at September 30, 2021</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>10,534,265</b>	<b>\$ 1,054</b>	<b>\$ 5,152,314</b>	<b>\$ (6,234,290)</b>	<b>\$ (1,080,922)</b>

See notes to unaudited condensed consolidated financial statements.  
Reflects a 1-for-3.15 stock dividend effective June 7, 2021.

**Bluejay Diagnostics, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
(Unaudited)

	<b>Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Loss	\$ (6,910,694)	\$ (2,027,802)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	125,916	106,507
Stock-based compensation expense	345,418	46,824
Amortization of right-of-use asset	111,527	-
Impairment of property and equipment	210,117	-
Gain on forgiveness of note payable, Paycheck Protection Program	-	(5,000)
Non-cash interest expense	-	164,846
Gain on revaluation of derivative warrant liability	-	(9,676)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	965,814	(305,574)
Other non-current assets	(12,460)	-
Accounts payable	(81,067)	(85,016)
Due to related party	(2,000)	(10,000)
Accrued expenses and other current liabilities	450,079	281,169
<b>Net cash used in operating activities</b>	<b>(4,797,350)</b>	<b>(1,843,722)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(961,063)	(6,214)
<b>Net cash used in investing activities</b>	<b>(961,063)</b>	<b>(6,214)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments of deferred offering costs	-	(393,451)
Payments of principal on notes payable	-	(289,617)
Payments of convertible debenture issuance costs	-	(562,842)
Proceeds from issuance of convertible debentures	-	4,500,000
Payments on note payable, Paycheck Protection Program	-	(9,000)
Proceeds from exercise of stock options	-	22,623
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>3,267,713</b>
Decrease in cash and cash equivalents	(5,758,413)	1,417,777
Cash and cash equivalents, beginning of period	19,047,778	912,361
Cash and cash equivalents, end of period	<u>\$ 13,289,365</u>	<u>\$ 2,330,138</u>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION AND NON-CASH FINANCING ACTIVITIES**

Interest paid	\$ -	\$ 38,961
Accretion of Series A redeemable, convertible preferred stock dividend	\$ -	\$ 17,667
Accretion of Series A redeemable, convertible preferred stock issuance costs and fair value adjustment	\$ -	\$ 56,245
Accretion of Series B redeemable, convertible preferred stock dividend	\$ -	\$ 31,258
Accretion of Series B redeemable, convertible preferred stock issuance costs	\$ -	\$ 2,736
Accretion of Series C redeemable, convertible preferred stock dividend	\$ -	\$ 16,727
Accretion of Series C redeemable, convertible preferred stock issuance costs	\$ -	\$ 3,234
Exercise of warrants through debt principal conversion	\$ -	\$ 132,383
Conversion of preferred stock into common stock	\$ -	\$ 4,005,982
Conversion of amended 2017 convertible notes	\$ -	\$ 580,000
Reclassification of derivative warrant liability into additional paid-in capital	\$ -	\$ 145,953
Fair value of warrants issued to placement agent in relation to the Convertible debentures	\$ -	\$ 166,816
Fair value of warrants for common stock issued for services	\$ -	\$ 180,339
Offering costs included in accounts payable and accrued expenses	\$ -	\$ 91,483
Unpaid capital expenditures	\$ 228,324	\$ -
Reclassification of goods previously classified as inventory to property and equipment	\$ 615,313	\$ -

See notes to unaudited condensed consolidated financial statements.

**Bluejay Diagnostics, Inc.**  
**Notes to the Condensed Consolidated Financial Statements**  
**(Unaudited)**

**1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

***Business***

Bluejay Diagnostics, Inc. (the “Company”), which commenced its activities on March 20, 2015, is incorporated under the laws of the State of Delaware.

The Company is a medical diagnostic company focused on developing cost efficient, rapid, near patient tests for triage and monitoring of disease progression.

The Company is utilizing the Symphony technology platform and Symphony IL-6 test licensed from Toray Industries, Inc. of Japan (see Note 3). The Company is also developing biomarkers for detection of other diseases such as hsTNT/I for myocardial injury and NT-proBNP for cardiac heart failure.

On June 4, 2021, the Company formed Bluejay Spinco, LLC, (“SpinCo”) a wholly owned subsidiary of the Company, for purposes of further development of the Company’s ALLEREYE diagnostic test. ALLEREYE received clearance by the U.S. Food and Drug Administration (the “FDA”) in October 2017 as a point-of-care device offering healthcare providers a cost effective, reliable, easy to use solution for diagnosing Allergic Conjunctivitis.

***Risks and Uncertainties***

The Company is subject to a number of risks similar to other companies in its industry, including rapid technological change, competition from larger biotechnology companies and dependence on key personnel. The Company is also impacted by inflationary pressures and global supply chain disruptions currently impacting many companies.

***Liquidity***

Since its inception, the Company has devoted substantially all of its efforts to business planning, research and development, and raising capital. Successful transition from a pre-revenue company to attaining profitable operations is dependent upon achieving a level of revenues adequate to support the Company’s cost structure. As of September 30, 2022, the Company had \$13.3 million in cash and cash equivalents.

The Company believes it has sufficient cash to fund its operations for at least the next 12 months from the issuance of these financial statements. The Company has experienced net losses and negative cash flows from operating activities since its inception and has an accumulated deficit of \$15.2 million as of September 30, 2022. The Company expects net losses to continue in the near-term and plans to raise additional capital in the future in order to fully execute its business plan, though there is no assurance that the Company will be able to raise such additional capital.

### ***Basis of Presentation***

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in conformity with generally accepted accounting principles in the United States (“US GAAP”) consistent with those applied in, and should be read in conjunction with, the Company’s audited financial statements and related footnotes for the year ended December 31, 2021 included in the Company’s Annual Report on Form 10-K. The unaudited condensed consolidated financial statements reflect all adjustments, which include only normal recurring adjustments, necessary for the fair presentation of the Company’s financial position as of September 30, 2022, its results of operations and cash flows for the nine months ended September 30, 2022 and 2021, in accordance with US GAAP. The unaudited condensed consolidated financial statements do not include all of the information and footnotes required by US GAAP for complete financial statements, as allowed by the relevant U.S. Securities and Exchange Commission (“SEC”) rules and regulations; however, the Company believes that its disclosures are adequate to ensure that the information presented is not misleading. The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All intercompany balances and transactions have been eliminated in consolidation.

The results for the nine months ended September 30, 2022 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2022, or any other interim period within this fiscal year.

On June 7, 2021, the Company’s Board of Directors declared a stock dividend of 2.15 shares of common stock for every share of common stock. This stock dividend was deemed a large stock dividend and was treated as a 1-for-3.15 stock split (“Stock Split”). The common stock shares and per share amounts (other than authorized shares) in these consolidated financial statements and related notes have been retroactively restated to reflect the stock dividend for all periods presented.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

During the nine months ended September 30, 2022, there were no changes to the significant accounting policies as described in the 2021 Audited Financial Statements with the exception of the addition of significant account policies related to revenue, inventory and leases.

### ***Use of estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts and disclosures reported in these condensed consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates. The Company believes judgment is involved in accounting for the fair value-based measurement of stock-based compensation, accruals, convertible notes and warrants. The Company evaluates its estimates and assumptions as facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ from these estimates and assumptions, and those differences could be material to the condensed consolidated financial statements.

### ***Revenue Recognition***

The Company recognizes revenue under the core principles of depicting the transfer of control to the Company’s customers in an amount reflecting the consideration to which the Company expected to be entitled. In order to achieve that core principle, the Company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in that contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when a performance obligation is satisfied.

The Company recognizes revenue when performance obligations under the terms of the contract with the customer are satisfied and are recognized at a point in time, which is also when control is transferred. When the Company performs shipping and handling activities after the transfer of control to the customer (e.g. when control transfers prior to delivery), they are considered fulfillment activities and, accordingly, the costs are accrued for when the related revenue is recognized. Sales tax and valued added taxes collected from the customers relating to product sales and remitted to governmental authorities are excluded from revenues.

## ***Leases***

Effective January 1, 2022, the Company adopted ASC 842, *Leases* (“ASC 842”). The Company has adopted ASC 842 using the optional transition method and, as a result, there have been no reclassification of prior comparable periods due to this adoption.

The Company has arrangements involving the lease of facilities. Under ASC 842, at inception of the arrangement, the Company determines whether the contract is or contains a lease and whether the lease should be classified as an operating or a financing lease. This determination, among other considerations, involves an assessment of whether the Company can control the underlying asset and have the right to obtain substantially all to the economic benefits or outputs from the asset.

The Company recognizes right-of-use (“ROU”) assets and lease liabilities as of the lease commencement date based on the net present value of the future minimum lease payments over the lease term. ASC 842 requires the leases to use the rate implicit in the lease unless it is not readily determinable and then it may use its incremental borrowing rate (“IBR”) to discount the future minimum lease payments. Most of the Company’s leases do not provide an implicit rate; therefore, the Company uses its IBR to discount the future minimum lease payments. The Company determines its IBR with its credit rating and other economic information available as of the commencement date, as well as the identified lease term. During the assessment of the lease term, the Company considers its renewal options and extensions within the arrangements and the Company includes these options when it’s reasonably certain to extend the term of the lease.

The Company leases include both lease and non-lease components. Consideration is allocated to the lease and non-lease components based on estimated standalone prices. The Company has elected to exclude non-lease components from the calculation of its ROU assets and lease liabilities.

The Company has lease arrangements that contain incentives for tenant improvements as well as fixed rent escalation clauses. For contracts with tenant improvement incentives that are determined to be leasehold improvements and the Company is reasonably certain to exercise, it records a reduction to the lease liability and amortizes the incentive over the identified term of the lease as a reduction to rent expense. The Company records rental expense on a straight-line basis over the identified lease term on contracts with rent escalation clauses.

Finance leases are not material to the Company’s consolidated financial statements.

## ***Inventory***

Inventories, which are mainly comprised of finished goods, are valued at the lower of cost or net realizable value, with the cost being determined on a weighted-average basis. The cost of finished goods consists mainly of purchase price, freight, and custom duties. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable selling costs. During the third quarter of 2022, the Company capitalized into fixed assets approximately \$600,000 of goods previously classified as inventory to support its expanded clinical trial programs and product development activities.

### ***Stock-based compensation***

Share-based compensation expense for all share-based payment awards made to employees, directors and non-employees is measured based on the grant-date fair value of the award. Share-based compensation expense for awards granted to non-employees is determined using the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measured.

The Company uses the Black-Scholes option pricing model to determine the fair value of options granted. The Company recognizes the compensation cost of share-based awards on a straight-line basis over the requisite service period. For stock awards for which vesting is subject to performance-based milestones, the expense is recorded over the implied service period after the point when the achievement of the milestone is probable, or the performance condition has been achieved.

The Company recognizes forfeitures related to employee share-based payments when they occur. Forfeited options are recorded as a reduction to stock compensation expense.

### ***Research and development expenses***

Costs incurred in the research and development of new products are expensed as incurred. Research and development costs include, but are not limited to, salaries, benefits, stock-based compensation, laboratory supplies, fees for professional service providers and costs associated with product development efforts, including preclinical studies and clinical trials.

The Company estimates preclinical study and clinical trial expenses based on the services performed, pursuant to contracts with research institutions and clinical research organizations that conduct and manage preclinical studies and clinical trials on its behalf.

### ***Segment Reporting***

Management has determined that the Company has one operating segment, which is consistent with the Company structure and how it manages the business. As of September 30, 2022 and December 31, 2021, all of the Company's assets were located in the United States.

### ***Net Loss per Share***

Basic net loss per share is computed by dividing the net loss by the weighted-average number of shares of common stock outstanding for the period, without consideration for potentially dilutive securities. Diluted net loss per share is computed by dividing the net loss by the weighted average number of shares of common stock and dilutive common stock equivalents outstanding for the period determined using the treasury stock and if-converted methods. Dilutive common stock equivalents are comprised of convertible preferred stock, convertible notes, options outstanding under the Company's stock option plan and warrants. For all periods presented, there is no difference in the number of shares used to calculate basic and diluted shares outstanding as inclusion of the potentially dilutive securities would be antidilutive.

Potentially dilutive securities not included in the calculation of diluted net loss per share because to do so would be anti -dilutive are as follows (in common stock equivalent shares):

	<b>September 30</b>	
	<b>2022</b>	<b>2021</b>
Convertible debentures	-	4,500,000
Options to purchase common stock	787,779	509,441
Warrants for common stock	811,882	1,255,775
Class A warrants for common stock	2,484,000	-
Class B warrants for common stock	75,400	-

### Recently Adopted Accounting Standards

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, *Leases*. The new guidance requires the recognition of lease liabilities, representing future minimum lease payments, on a discounted basis, and corresponding right-of-use assets on a balance sheet for most leases, along with requirements for enhanced disclosures to give financial statement users the ability to assess the amount, timing, and uncertainty of cash flows arising from leasing arrangements. The Company adopted the provisions of ASU 2016-02 on January 1, 2022 and elected to implement the transition package of practical expedients permitted within the new standard, which included (i) not reassessing whether expired or existing contract contain leases, (ii) not reassessing lease classification, and (iii) not revaluing initial direct costs for existing leases. Adoption of the new standard resulted in the recording of initial right-of-use assets and lease liabilities of approximately \$200,000 as of January 1, 2022. The new standard did not materially impact the Company’s consolidated statements of operations or cash flows.

### 3. LICENSE AND SUPPLY AGREEMENT WITH TORAY INDUSTRIES

On October 6, 2020, the Company entered into a license and supply agreement (“Toray Agreement”) with Toray Industries, Inc. (“Toray”). Under the Toray Agreement, the Company received the exclusive license to make and distribute protein detection cartridges that has a function of automatic stepwise feeding of reagents (“Toray Cartridges”) outside of Japan. In exchange for the license, the Company committed to make two payments of \$120,000 each. The first payment was made in January 2021, and the second payment was made in October 2021. In addition, following the first sale of Toray Cartridges after regulatory approval, the Company will also make royalty payments to Toray equal to 15% of the net sales of the Toray Cartridges for the period that any underlying patents exist or for five years after the first sale. Following the first sale after obtaining regulatory approval, the Company will pay a one-time minimum royalty of \$60,000, which shall be creditable against any royalties owed to Toray in such calendar year. The Company will pay a minimum royalty of \$100,000 in each year thereafter, which are creditable against any royalties owed to Toray in such calendar year. There were no sales of, or revenues from, the Toray Cartridges during the three or nine months ended September 30, 2022 and 2021.

At September 30, 2022 and December 31, 2021, no amounts were accrued related to the Toray Agreement.

### 4. WARRANTS

The following table summarizes information with regard to warrants outstanding at September 30, 2022:

	Shares	Exercisable for	Weighted Average Exercise Price	Weighted Average Remaining Life (in Years)
Common Stock Warrants	811,882	Common Stock	\$ 3.24	3.3
Class A Warrants	2,484,000	Common Stock	\$ 7.00	4.1
Class B Warrants	75,400	Common Stock	\$ 10.00	4.1

No warrants were issued during the nine months ended September 30, 2022.

### ***Class A Warrants and Class B Warrants***

In conjunction with the Company's IPO, the Company issued 2,160,000 Class A Warrants and 2,160,000 Class B Warrants. Additionally, the underwriter of the IPO exercised their overallotment option, solely with respect to the Class A Warrants and Class B Warrants, shortly after the IPO date resulting in an additional issuance of 324,000 Class A Warrants and 324,000 Class B Warrants. From the net IPO proceeds, \$5,164,751 and \$7,323,161, respectively, were apportioned to the Class A Warrants and Class B Warrants.

Class A Warrants entitle the holder to purchase one share of common stock at an exercise price of \$7.00 per share. As of September 30, 2022 all Class A Warrants were outstanding.

Class B Warrants entitle the holder to purchase one share of common stock at an exercise price of \$10.00 per share. Holders of Class B Warrants may also exercise such warrants on a "cashless" basis, as the necessary conditions to meet the cashless provisions were realized immediately after the IPO. During the fourth quarter of 2021, 2,368,500 Class B Warrants were exercised, all on a cashless basis. During 2022, 40,100 Class B Warrants have been exercised, all on a cashless basis. The total intrinsic value of the Class B Warrants exercised during the nine months ended September 30, 2022 was approximately \$80,000. As of September 30, 2022, 75,400 Class B Warrants were outstanding.

## **5. STOCK COMPENSATION**

### ***Stock Incentive Plans***

In 2018, the Company adopted the 2018 Stock Incentive Plan (the "2018 Plan") for employees, consultants, and directors. The 2018 Plan, which is administered by the Board of Directors, permits the Company to grant incentive and nonqualified stock options for the purchase of common stock, and restricted stock awards. The maximum number of shares reserved for issuance under the 2018 Plan is 629,440. At September 30, 2022, there were 262,269 shares available for grant under the 2018 Plan.

On July 6, 2021, the Company's board of directors and stockholders approved and adopted the Bluejay Diagnostics, Inc. 2021 Stock Plan (the "2021 Plan"). A total of 1,960,000 shares of common stock were approved to be initially reserved for issuance under the 2021 Stock Plan. At September 30, 2022, there were 1,349,721 shares available for grant under the 2021 Plan.

### Stock Award Activity

The following table summarizes the status of the Company's non-vested restricted stock awards for the nine months ended September 30, 2022:

	Non-vested Restricted Stock Awards	
	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2021	-	\$ -
Granted	105,000	1.29
Vested	-	-
Forfeited	(30,000)	1.29
Outstanding at September 30, 2022	<u>75,000</u>	<u>\$ 1.29</u>

The following is a summary of stock option activity for the nine months ended September 30, 2022:

	Number of Stock Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Outstanding at December 31, 2021	589,786	\$ 1.86	8.3	\$ 605,187
Granted	226,279	1.84		
Exercised	-			
Cancelled and forfeited	(28,286)	2.20		
Outstanding at September 30, 2022	<u>787,779</u>	\$ 1.84	8.0	\$ 82,655
Exercisable at September 30, 2022	<u>406,645</u>	\$ 1.51	7.2	\$ 82,655

The weighted average grant date fair value of options granted during the nine months ended September 30, 2022 was \$1.45 per share. The Company calculated the grant-date fair value of stock option awards granted during the nine months ended September 30, 2022 and 2021 using the Black-Scholes model with the following assumptions:

	Nine Months Ended September 30,	
	2022	2021
Risk-free interest rate	1.58% – 3.06%	0.78% - 1.33%
Expected dividend yield	0.00%	0.00%
Volatility factor	102.03% -140.40%	88.60% - 106.00%
Expected life of option (in years)	5.37 – 6.00	5.00 – 6.00

### Stock-Based Compensation Expense

For the three and nine months ended September 30, 2022 and 2021, the Company recorded stock-based compensation expense as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Research and development	\$ 20,528	\$ 27,477	\$ 54,231	\$ 27,477
General and administrative	92,531	7,427	290,397	7,747
Sales and marketing	160	11,600	790	11,600
Total stock-based compensation	<u>\$ 113,219</u>	<u>\$ 46,504</u>	<u>\$ 345,418</u>	<u>\$ 46,824</u>

At September 30, 2022, there was approximately \$198,897 of unrecognized compensation expense related to non-vested stock option awards that are expected to be recognized over a weighted-average period of 1.9 years. At September 30, 2022, there was approximately \$78,536 of unrecognized compensation expense related to non-vested restricted stock awards that are expected to be recognized over a weighted-average period of 2.3 years.

### 6. RELATED PARTY TRANSACTIONS

#### NanoHybrids, LLC

In December 2021, the Company entered into an agreement with NanoHybrids, LLC (“NanoHybrids”) to utilize the Company’s research and development staff and laboratory facility when available to perform work for NanoHybrids. Any hours worked by Company employees for NanoHybrids is billed to NanoHybrids at a bill rate of the respective employee’s fully burdened personnel cost plus 10%. NanoHybrids is wholly owned by the Company’s Chief Technology Officer. The table below summarizes the amounts earned and due from NanoHybrids as of and for the three and nine month periods’ ended September 30, 2022 and 2021 and balances due as of September 30, 2022 and December 31, 2021:

	Three Months Ended September 30,		Nine Months Ended September 30,		As of	
	2022	2021	2022	2021	September 30, 2022	December 31, 2021
Income from NanoHybrids included in Other Income	\$ 42,649	\$ -	\$ 118,575	\$ -		
Cash receipts from NanoHybrids	\$ 35,040	\$ -	\$ 75,926	\$ -		
Amounts receivable from NanoHybrids included in Prepaids and Other Current Assets					\$ 42,649	\$ -

#### Toray Industries, Inc.

In June 2022, the Company sold five Symphony analyzers to our business partner, Toray, for \$249,040, all of which was paid in June 2022. Future sales to Toray are not currently anticipated.

## 7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2022 and December 31, 2021:

	<b>Depreciable lives</b>	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Construction-in-process		\$ 376,519	\$ 15,078
Furniture, fixtures, and equipment	3-5 years	135,018	24,915
Software	3-5 years	9,076	4,619
Lab equipment	3-5 years	1,249,262	741,591
Leasehold improvements	Life of lease	43,231	-
		<u>1,813,105</u>	<u>786,203</u>
Less: accumulated depreciation		<u>(574,753)</u>	<u>(448,837)</u>
Property and equipment, net		<u>\$ 1,238,352</u>	<u>\$ 337,366</u>

The Company reviews long-lived assets for impairment when events, expectations, or changes in circumstances indicate that the asset's carrying value may not be recoverable. The Company recorded an impairment charge of \$210,117 in September 2022 due to a change in expectations of the use of certain Allereye equipment as the Company focuses its efforts on the Symphony product line. This impairment charge was recorded in other expenses, net in the condensed consolidated statement of operations.

## 8. LEASES

The Company primarily enters into lease arrangements for office and laboratory space. A summary of supplemental lease information is as follows:

	<b>Nine Months Ended September 30, 2022</b>
Weighted average remaining lease term – operating leases (in years)	3.9
Weighted average remaining lease term – finance leases (in years)	5.3
Weighted average discount rate	7.0%
Operating cash flows from operating leases	\$ 113,083
Operating cash flows from finance leases	-

A summary of the Company's lease assets and liabilities are as follows:

	<b>September 30, 2022</b>
Operating lease right-of-use asset	\$ 497,618
Finance lease asset – property & equipment, net	19,944
<b>Total lease assets</b>	<b>517,562</b>
Current portion of operating lease liability included in accrued expenses	172,596
Current portion of finance lease liability included in accrued expenses	4,524
Non-current operating lease liabilities	356,523
Non-current finance lease liabilities included in other non-current liabilities	15,420
<b>Total lease liabilities</b>	<b>\$ 549,063</b>

A summary of the Company's estimated operating lease payments are as follows:

<b>Year</b>	
2022 <sup>(1)</sup>	\$ 51,216
2023	164,620
2024	160,804
2025	100,000
2026	100,000
Thereafter	25,000
<b>Total future lease payments</b>	<b>601,640</b>
Less: Imputed interest	72,521
<b>Present value of lease liability</b>	<b>\$ 529,119</b>

(1) Excludes the nine months ended September 30, 2022.

## 9. COMMITMENTS AND CONTINGENCIES

### *Purchase Commitments*

As of September 30, 2022, the Company has entered into non-cancelable purchase commitments primarily for inventory, manufacturing equipment, and key advisory and product development services. The purchase commitments covered by these agreements are for less than one year and aggregate to approximately \$1.0 million.

## 10. SUBSEQUENT EVENTS

### *NASDAQ Bid Price Deficiency Notice*

On October 25, 2022, the Company received a notification letter from the Nasdaq Listing Qualifications Staff of The NASDAQ Stock Market LLC ("Nasdaq") notifying the Company that the closing bid price for its common stock had been below \$1.00 for the previous 30 consecutive business days and that the Company therefore is not in compliance with the minimum bid price requirement for continued inclusion on The Nasdaq Capital Market under Nasdaq Listing Rule 5550(a)(2). The notification has no immediate effect on the listing of the Company's common stock on The Nasdaq Capital Market. The Company intends to take all reasonable measures available to achieve compliance and allow for continued listing on The Nasdaq Capital Market. However, there can be no assurance that the Company will be able to regain compliance with the minimum bid price requirement or will otherwise be in compliance with other Nasdaq listing criteria.

### *Vendor Contract*

On October 12, 2022, the Company executed an agreement with a materials vendor for items needed to develop the Symphony product line. This agreement commits the Company to purchase approximately \$800,000 in goods with a 50% down payment due upon signing.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the unaudited condensed consolidated financial statements and the related notes appearing elsewhere in this Form 10-Q. This discussion contains forward-looking statements reflecting our current expectations that involve risks and uncertainties. Actual results and the timing of events could differ materially from those discussed in our forward-looking statements as a result of many factors, including those set forth under "Risk Factors" and elsewhere in this Form 10-Q.

### Overview

We are a medical diagnostics company focused on improving patient outcomes through cost efficient, rapid, near-patient testing for triage and monitoring of disease progression. Our technology platform, which we refer to as "Symphony," is an exclusively licensed, patented system that consists of a desktop analyzer and single-use indication specific test cartridges. We believe, if cleared, authorized, or approved by the U.S. Food and Drug Administration ("FDA"), Symphony can provide a solution to the market need for rapid, near-patient testing that provides laboratory quality results in the Intensive Care Unit ("ICU"), Emergency Room ("ER"), and other hospital and clinical settings. Currently, testing is performed in a central laboratory, and the transportation and logistics of sending the samples to the lab and obtaining the results generally takes 4-48 hours, minimizing the utility of the costly tests. Our platform provides test results with an approximate total turnaround time of 20 minutes from sample-to-result, as it is near-patient and uses whole blood samples that do not require additional preparation or pre-processing. Our business model is to generate revenue from the sale of the desktop Symphony analyzer, and the sale of single-use indication specific test cartridges.

Since inception, we have incurred net losses from operations each year and we expect to continue to incur losses for the foreseeable future, at least until we are cleared, authorized or approved by the FDA. We incurred net losses of approximately \$7.5 million and \$0.8 million for the nine months ended September 30, 2022 and 2021, respectively. We had \$13.3 million in cash and cash equivalents and a \$15.2 million accumulated deficit at September 30, 2022, with net cash used in operating activities of approximately \$5.4 million for the nine months ended September 30, 2022.

### Results of Operations

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue	\$ -	\$ -	\$ 249,040	\$ -
Cost of sales	-	-	200,129	-
Gross Profit	-	-	48,911	-
Operating expenses:				
Research and development	1,379,665	442,527	2,830,705	692,702
General and administrative	1,284,411	445,050	3,801,226	974,791
Sales and marketing	146,102	70,411	281,144	189,765
Total operating expenses	2,810,178	957,988	6,913,075	1,857,258
Operating loss	(2,810,178)	(957,988)	(6,864,164)	(1,857,258)
Other income (expenses):				
Interest income, net of amortization of premium	-	(237,429)	-	(269,545)
Grant income	-	-	-	75,000
Impairment of property and equipment	(210,117)	-	(210,117)	-
Other income	60,406	2,036	163,587	24,001
Total other expenses, net	(149,711)	(235,393)	(46,530)	(170,544)
Net loss	\$ (2,959,889)	\$ (1,193,381)	\$ (6,910,694)	\$ (2,207,802)

### Revenue and Gross Profit

Revenue and gross profit increased approximately \$250,000 and \$49,000 respectively, for the nine month periods ended September 30, 2022, as compared to the same period in 2021. We recognized a small, non-recurring sale to a foreign development partner in the second quarter of 2022, which it does not consider an entry to the market or indicative of expected margins. As expected, there were no sales in the third quarter.

### Research and Development

Research and development expenses for the three and nine months ended September 30, 2022 were \$1.4 million and \$2.8 million, respectively, as compared to \$443,000 and \$693,000, respectively, for the comparable periods in 2021. The increase in research and development expenses was due to the expansion of our clinical program and supporting scale-up manufacturing of the Symphony technology platform and IL-6 test.

### General and Administrative

General and administrative expenses for the three and nine months ended September 2022 were \$1.3 million and \$3.8 million, respectively, as compared to \$445,000 and \$975,000, respectively, for the comparable periods in 2021. The increase in general and administrative expenses reflects our investment in scalable infrastructure, as well as expenses to support public company operations due to the completion of our initial public offering in November 2021.

### Sales and Marketing

Sales and marketing expenses for the three and nine months ended September 30, 2022 were \$146,000 and \$281,000, respectively, as compared to \$70,000 and \$190,000, respectively, for the comparable periods in 2021. While these expenses have been limited to date, we expect to increase these efforts when appropriate to support its commercial growth.

### Other Expenses, net

Other expenses, net for the three and nine months ended September 30, 2022 were \$150,000 and \$47,000, respectively, as compared to \$235,000 and \$171,000, respectively, for the comparable periods in 2021. The primary other expense, net charge was an impairment of approximately \$210,000 related to certain Allereye research and development equipment that we recognized in September 2022.

## Liquidity and Capital Commitments

### Liquidity

We have funded our operations primarily through the net proceeds from our IPO on November 10, 2021. As of September 30, 2022, the Company had approximately \$13.3 million in unrestricted cash and cash equivalents. We expect that our cash position will be sufficient to fund operations for at least twelve months from the issuance date of this report.

## Summary Statement of Cash Flows

The following table sets forth the primary sources and uses of cash and cash equivalents for each of the periods presented.

	Nine Months Ended September 30,	
	2022	2021
Cash proceeds (used in) provided by:		
Operating activities	\$ (4,797,350)	\$ (1,843,722)
Investing activities	(961,063)	(6,214)
Financing activities	-	3,267,713
Net decrease in cash and cash equivalents	\$ (5,758,413)	\$ 1,417,777

#### *Net cash used in operating activities*

During the nine months ended September 30, 2022, we used approximately \$4.8 million in operating activities, an increase of \$3.0 million as compared to approximately \$1.8 million for the comparable period in 2021. The increase in net cash used in operating activities was primarily due to increases in personnel costs, product development costs and expenses incurred for public company operations.

#### *Net cash provided by investing activities*

During the nine months ended September 30, 2022, we used approximately \$961,000 in investing activities, an increase of \$955,000 as compared to the comparable period in 2021. The increase in net cash used in investing activities was primarily due to capital purchases of laboratory and manufacturing equipment.

#### *Net cash used in financing activities*

During the nine months ended September 30, 2022, we did not engage in any financing activities. During the nine months ended September 30, 2021, approximately \$3.3 million was provided by financing activities, primarily due to proceeds from our issuance of convertible debentures.

### **Recently Adopted Accounting Standards**

See Note 2 to our condensed consolidated financial statements (under the caption “Recently Adopted Accounting Standards”).

### **Emerging Growth Company and Smaller Reporting Company Status**

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act (the “JOBS Act”). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, these condensed consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates. We are using the extended transition period for any other new or revised accounting standards during the period in which we remain an emerging growth company.

We will remain an emerging growth company until the earliest of (i) the last day of our first fiscal year (a) following the fifth anniversary of the completion of this offering, (b) in which we have total annual gross revenues of at least \$1.07 billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the prior June 30<sup>th</sup> and (ii) the date on which we have issued more than \$1 billion in non-convertible debt securities during the prior three-year period.

We are also a “smaller reporting company,” meaning that the market value of our stock held by non-affiliates is less than \$700 million and our annual revenue is less than \$100 million during the most recently completed fiscal year. We may continue to be a smaller reporting company if either (i) the market value of our stock held by non-affiliates is less than \$250 million or (ii) our annual revenue is less than \$100 million during the most recently completed fiscal year and the market value of our stock held by non-affiliates is less than \$700 million. If we are a smaller reporting company at the time we cease to be an emerging growth company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. Specifically, as a smaller reporting company we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Reports on Form 10-K and, similar to emerging growth companies, smaller reporting companies have reduced disclosure obligations regarding executive compensation.

## **JOBS Act Accounting Election**

The JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

We have implemented all new accounting pronouncements that are in effect and may impact our financial statements and we do not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on our financial position or results of operations.

## **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

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

## **Item 4. Controls and Procedures**

### ***(a) Evaluation of Disclosure Controls and Procedures and Changes in Internal Control over Financial Reporting***

We conducted an evaluation under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), regarding the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2022. We continue to review our disclosure controls and procedures and may from time to time make changes aimed at enhancing their effectiveness and to ensure that our systems evolve with our Company’s business. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

### ***(b) Changes in Internal Control Over Financial Reporting***

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended September 30, 2022 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

From time to time in the ordinary course of our business, we may be involved in legal proceedings, the outcomes of which may not be determinable. The results of litigation are inherently unpredictable. Any claims against us, whether meritorious or not, could be time consuming, result in costly litigation, require significant amounts of management time and result in diversion of significant resources. We are not able to estimate an aggregate amount or range of reasonably possible losses for those legal matters for which losses are not probable and estimable. We have insurance policies covering potential losses where such coverage is cost effective.

We are not at this time involved in any legal proceedings.

### Item 1A. Risk Factors

For a discussion of potential risks or uncertainties, see “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021, on file with the SEC. There have been no material changes to the risk factors disclosed in such Form 10-K, except that the following additional risk factor should be read in conjunction with those in the Form 10-K under the heading “Risks Related to Ownership of Our Common Stock.”

***The Company has received a notification letter from the Nasdaq Listing Qualifications Staff that its common stock does not satisfy Nasdaq’s \$1.00 minimum price per share rule and could face delisting by Nasdaq if it is unable to regain compliance with this requirement, which could adversely affect our ability to sell stock in the public markets, the liquidity of our common stock and our general ability to raise additional capital.***

Our common stock currently is listed for quotation on the Nasdaq Capital Market. We are required to meet specified financial requirements in order to maintain such listing. On October 25, 2022, we received a notification letter from the Nasdaq Listing Qualifications Staff of The NASDAQ Stock Market LLC (“Nasdaq”) notifying us that the closing bid price for our common stock had been below \$1.00 for the previous 30 consecutive business days and that we therefore are not in compliance with the minimum bid price requirement for continued inclusion on The Nasdaq Capital Market under Nasdaq Listing Rule 5550(a)(2). The notification has no immediate effect on the listing of our common stock on The Nasdaq Capital Market.

Under the Nasdaq Listing Rules, we have a period of 180 calendar days to regain compliance. To regain compliance, the closing bid price of our common stock must be at least \$1.00 or higher for a minimum of ten consecutive business days, and in such case, Nasdaq will provide us with written confirmation of compliance. If we do not regain compliance by April 24, 2023, we may be eligible for an additional 180 calendar days, provided that we meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for Nasdaq, except the bid price requirement. If we are not eligible or it appears to Nasdaq that we will not be able to cure the deficiency during the second compliance period, Nasdaq will provide written notice to us that our common stock will be subject to delisting. In the event of such notification, we may appeal Nasdaq’s determination to delist its securities, but there can be no assurance that Nasdaq would grant our request for continued listing.

We intend to take all reasonable measures available to us to achieve compliance to allow for continued listing on The Nasdaq Capital Market. However, there can be no assurance that we will be able to regain compliance with the minimum bid price requirement or will otherwise be in compliance with other Nasdaq listing criteria. If the Company’s common stock does not regain compliance with the minimum price requirement during the applicable compliance period, we may need to effect a reverse stock split, whereby shares of our common stock are consolidated so that the per-share trading price becomes greater than \$1.00 per share. If our common stock is delisted, we may seek to have our common stock quoted on an over-the-counter marketplace, such as on the OTCQX. The OTCQX is not a stock exchange, and if our common stock trades on the OTCQX rather than a securities exchange, there may be significantly less trading volume and analyst coverage of, and significantly less investor interest in, our common stock, which may lead to lower trading prices for our common stock.

Any potential delisting of our common stock from the Nasdaq Capital Market may have materially adverse consequences to our stockholders, including:

- A reduced market price and liquidity with respect to our shares of common stock;
- limited dissemination of the market price of our common stock;
- limited news coverage;
- limited interest by investors in our common stock;
- volatility of the prices of our common stock, due to low trading volume;
- our common stock being considered a “penny stock,” which would result in broker-dealers participating in sales of our common stock being subject to the regulations set forth in Rules 15g-2 through 15g-9 promulgated under the Exchange Act;
- increased difficulty in selling our common stock in certain states due to “blue sky” restrictions; and
- limited ability to issue additional securities or to secure additional financing.

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

None

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

None.

Item 6. Exhibits

INDEX TO EXHIBITS

<b>Exhibit Number</b>	<b>Description</b>
31.1*	<a href="#">Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.</a>
31.2*	<a href="#">Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.</a>
32.1*(1)	<a href="#">Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2*(1)	<a href="#">Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

\* Filed herewith.

(1) The certifications on Exhibit 32 hereto are deemed not “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section. Such certifications will not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

## SIGNATURES

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

### Bluejay Diagnostics, Inc.

<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
<u>/s/ Neil Dey</u> Neil Dey	Chief Executive Officer and Director (on behalf of the registrant)	November 9, 2022
<u>/s/ Kenneth Fisher</u> Kenneth Fisher	Chief Financial Officer (principal financial and accounting officer)	November 9, 2022

## CERTIFICATION BY CHIEF EXECUTIVE OFFICER

I, Neil Dey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bluejay Diagnostics, Inc.;
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 we 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. [intentionally omitted];
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 9, 2022

By: /s/ Neil Dey

Neil Dey

Chief Executive Officer

(Principal executive officer)

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## CERTIFICATION BY CHIEF FINANCIAL OFFICER

I, Kenneth Fisher, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bluejay Diagnostics, Inc.;
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 we 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. [intentionally omitted];
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 9, 2022

By: /s/ Kenneth Fisher

Kenneth Fisher

Chief Financial Officer

(Principal financial and accounting officer)

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**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

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

(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Bluejay Diagnostics, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The quarterly report on Form 10-Q for the quarter ended September 30, 2022 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 9, 2022

By: /s/ Neil Dey

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Neil Dey

Chief Executive Officer

(Principal executive officer)

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**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

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

(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Bluejay Diagnostics, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The quarterly report on Form 10-Q for the quarter ended September 30, 2022 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 9, 2022

By: /s/ Kenneth Fisher

Kenneth Fisher

Chief Financial Officer

(Principal financial and accounting officer)

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