

August 14, 2017

# PAVmed Reports Second Quarter 2017 Financial Results

*Conference call to be held August 17, 2017 at 4:30 p.m. Eastern time*

NEW YORK--(BUSINESS WIRE)-- **PAVmed Inc. (Nasdaq: PAVM, PAVMW)**, a highly differentiated, multiproduct medical device company, today announced financial results for the three and six months ended June 30, 2017 and provided a business update.

"During this past quarter and in recent weeks PAVmed has continued to grow stronger as a company, moving steadily towards major developmental, regulatory and commercialization milestones, while exploring all opportunities to enhance shareholder value," said Lishan Aklog, M.D., PAVmed's Chairman and Chief Executive Officer.

"We significantly strengthened our balance sheet raising \$5.5 million in gross proceeds from seasoned and well-known healthcare investors," Dr. Aklog noted. "These funds provide us with sufficient capital to reach our key milestones well into 2018."

"Our development and commercialization strategy has been to focus our resources on three products in our pipeline with the greatest and nearest-term commercial opportunities – PortIO™, CarpX™ and DisappEAR™," Dr. Aklog stated.

PortIO is PAVmed's implantable intraosseous vascular access device which is designed to provide short or long-term access to the bone marrow cavity for the delivery of medications, fluids or other substances, eliminating many of the shortcomings of existing devices, especially in patients with poor veins. "PortIO was submitted to the U.S. Food and Drug Administration (FDA) for 510(k) clearance for short-term use and we continue to work with the FDA to demonstrate substantial equivalence to our selected predicate, with the *de novo* 510(k) pathway available to us as an alternative," said Brian deGuzman, MD, PAVmed's Chief Medical Officer. CarpX is PAVmed's percutaneous device to treat carpal tunnel syndrome, which is designed to eliminate the need for invasive carpal surgery, performed in 600,000 patients annually, resulting in decreased costs, reduced pain, accelerated recovery and a lower the threshold for intervention. "CarpX is undergoing verification and validation testing and we are on schedule for FDA 510(k) submission by the end of this quarter," Dr. deGuzman added. DisappEAR is PAVmed's re-absorbable, antibiotic-eluting pediatric ear tube device which is designed to eliminate many of the shortcomings of currently available plastic ear tubes inserted in over one million children annually. The device utilizes a propriety aqueous silk technology licensed from Tufts University. "DisappEAR's development is progressing well and on schedule as we target FDA submission in 2018," Dr. deGuzman noted.

"These are exciting times for PAVmed," Dr. Aklog concluded. "Our recent financings have put us in a sound capital position, our lead products are advancing towards important milestones and we remain nimble, creative and resourceful as opportunities to enhance shareholder value present themselves. We greatly appreciate the strong commitment of our long-term shareholders and remain laser-focused on enhancing the value of the company for the benefit of all of our shareholders."

## Financial Results

Research and development expenses for the three months ended June 30, 2017 were \$701,740. General and administrative expenses for the three months ended June 30, 2017 were \$1,319,692.

PAVmed reported an operating loss for the three months ended June 30, 2016 of \$2,021,432 and a GAAP net loss of \$989,707. Included in the GAAP net loss were non-cash gains totaling \$1,031,725 related to a change in the fair value of Series A warrant liability plus a related change in fair value of a Series A Convertible Preferred Stock conversion option embedded derivative liability, stock-based compensation expense of \$254,300 and depreciation of \$1,803.

For the three months ended June 30, 2017, GAAP net loss attributable to common stockholders was \$1,040,978, or \$0.08 per common share. As illustrated below and for the purpose of helping the reader to understand the effect of derivative accounting for non-cash income and expenses on the Company's financial results, the Company reported a non-GAAP adjusted loss for the three months ended June 30, 2017 of \$1,765,329, or \$0.13 per common share.

Research and development expenses for the six months ended June 30, 2017 were \$1,358,453. General and

administrative expenses for the six months ended June 30, 2017 were \$2,819,244.

PAVmed reported an operating loss for the six months ended June 30, 2017 of \$4,177,697 and a GAAP net loss of \$5,259,795. Included in the net loss was a non-cash charge of \$3,124,285 related to the issuance of Series A Preferred Stock Units, non-cash gains totaling \$2,042,187 related to a change in the fair value of Series A warrant liability plus a related change in fair value of a Series A Convertible Preferred stock conversion option embedded derivative liability, stock-based compensation expense of \$526,980 and depreciation of \$3,505.

For the six months ended June 30, 2017, GAAP net loss attributable to common stockholders was \$5,337,506, or \$0.40 per common share. The Company reported a non-GAAP adjusted loss for the six months ended June 30, 2017 of \$3,647,212, or \$0.27 per common share, as illustrated below.

PAVmed had cash and cash equivalents of \$82,052 as of June 30, 2017, compared with \$585,680 as of December 31, 2016. Subsequent to June 30, 2017, the Company completed two separate financings resulting in gross cash proceeds of \$5,500,000.

The unaudited financial results for the three and six months ended June 30, 2017 as reported to the SEC on Form 10-Q can be obtained at [www.pavmed.com](http://www.pavmed.com) or [www.sec.gov](http://www.sec.gov).

### Non-GAAP Measures

To supplement our unaudited financial results presented in accordance with U.S. generally accepted accounting principles (GAAP) in our Quarterly Report on Form 10-Q, management provides certain non-GAAP financial measures of the Company's financial results. These non-GAAP financial measures include net loss before interest, taxes, depreciation and amortization (EBITDA) and non-GAAP Adjusted Loss, which further adjusts EBITDA for stock-based compensation expense, loss on the issuance of the Series A Preferred Stock Units, the change in fair value of the Series A Warrant liability and the change in fair value of the Series A Convertible Preferred Stock conversion option embedded derivative liability. The foregoing non-GAAP financial measures of EBITDA and non-GAAP Adjusted Loss are not recognized terms under U.S. GAAP.

Non-GAAP financial measures are presented with the intent of providing greater transparency to information used by us in our financial performance analysis and operational decision-making. We believe these non-GAAP financial measures provide meaningful information to assist investors, shareholders and other readers of our unaudited financial statements in making comparisons to our historical financial results and analyzing the underlying performance of our results of operations. These non-GAAP financial measures are not intended to be, and should not be, a substitute for, considered superior to, considered separately from or as an alternative to, the most directly comparable GAAP financial measures.

Non-GAAP financial measures are provided to enhance readers' overall understanding of our current financial results and to provide further information for comparative purposes. Management believes the non-GAAP financial measures provide useful information to management and investors by isolating certain expenses, gains and losses that may not be indicative of our core operating results and business outlook. Specifically, the non-GAAP financial measures include non-GAAP adjusted loss and its presentation is intended to help the reader understand the effect of the loss on the issuance of the Series A Preferred Stock Units and the corresponding derivative accounting for non-cash charges on financial performance. In addition, management believes non-GAAP financial measures enhance the comparability of results against prior periods.

A reconciliation to the most directly comparable GAAP measure of all non-GAAP financial measures included in this press release for the three and six months ended June 30, 2017 and 2016 is as follows:

|   | Three Months Ended June<br>30, |             | Six Months Ended June<br>30, |             |
|---|--------------------------------|-------------|------------------------------|-------------|
|   | 2017                           | 2016        | 2017                         | 2016        |
| <b>Net loss per common share, basic and diluted</b> | (\$0.08)                       | (\$0.10)    | (\$0.40)                     | (\$0.16)    |
| <b>Net loss attributable to common stockholders</b> | (1,040,978)                    | (1,314,735) | (5,337,506)                  | (2,011,615) |
| Series A Convertible Preferred Stock dividends      | 51,271                         | -           | \$77,711                     |             |
| <b>Net loss as reported</b>                         | (989,707)                      | (1,314,735) | (5,259,795)                  | (2,011,615) |
| Adjustments:  |                                |             |                              |             |
| Depreciation expense <sup>1</sup>                   | 1,803                          | 705         | 3,505                        | 837         |

|   |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
| Interest expense, net   | -                  | -                  | -                  | -                  |
| Income tax (benefit) expense  | -                  | -                  | -                  | -                  |
| <b>EBITDA</b>   | <u>(987,904)</u>   | <u>(1,314,030)</u> | <u>(5,256,290)</u> | <u>(2,010,778)</u> |
| <b>Other non-cash expenses:</b>   |                    |                    |                    |                    |
| Stock-based compensation expense <sup>2</sup>   | 254,300            | 176,643            | 526,980            | 176,643            |
| Loss from issuance of Preferred Stock Units <sup>3</sup>  | -                  | -                  | 3,124,285          | -                  |
| Change in fair value of Series A Warrant Liability <sup>3</sup>   | (748,423)          | -                  | (1,534,820)        | -                  |
| Change in fair value of Series A Preferred Stock conversion option embedded derivative liability <sup>3</sup> | <u>(283,302)</u>   | <u>-</u>           | <u>(507,367)</u>   | <u>-</u>           |
| <b>Non-GAAP adjusted (loss)</b>   | <u>(1,765,329)</u> | <u>(1,137,387)</u> | <u>(3,647,212)</u> | <u>(1,834,135)</u> |
| Basic and Diluted shares outstanding  | 13,331,211         | 12,995,495         | 13,331,052         | 12,622,747         |
| Non-GAAP adjusted (loss) income per share   | (\$0.13)           | (\$0.09)           | (\$0.27)           | (\$0.15)           |

1 Included in general and administrative expenses in the financial statements

2 For the three and six months ended June 30, 2017 includes \$223,736 and \$466,188, respectively, of stock-based compensation expense reported as general and administrative expenses and \$30,564 and \$60,792, respectively, reported as research and development expense. For the three and six months ended June 30, 2016 includes \$155,147 of stock-based compensation expense reported as general and administrative expenses and \$21,496 reported as research and development expense.

3 Included in other income and expenses in the financial statements.

## Conference Call and Webcast

The Company will hold a conference call and webcast on August 17, 2017 at 4:30 p.m. Eastern time. During this call, Dr. Aklog will provide a business update, including an overview of the Company's near-term milestones and growth strategy. In addition, Dennis McGrath, the Company's Chief Financial Officer, will discuss second quarter 2017 financial results.

To access the conference call, U.S.-based participants should dial (888) 803-5993 and international participants should dial (706) 634-5454. All participants should provide the following passcode: 64738878. Individuals interested in listening to the live conference call via the Internet may do so by visiting the Company's website at [www.pavmed.com](http://www.pavmed.com).

Following the conclusion of the conference call, a replay will be available through August 23, 2017 and can be accessed by dialing (855) 859-2056 from within the U.S. or (404) 537-3406 from outside the U.S. All listeners should provide passcode: 64738878. The webcast will be available for 90 days on the Company's website at [www.pavmed.com](http://www.pavmed.com).

## About PAVmed

PAVmed Inc. is a highly differentiated, multiproduct medical device company employing a unique business model designed to advance products from concept to commercialization much more rapidly and with significantly less capital than the typical medical device company. This proprietary model enables PAVmed to pursue an expanding pipeline strategy with a view to enhancing and accelerating value creation. PAVmed's diversified pipeline of products address unmet clinical needs, have attractive regulatory pathways and market opportunities and encompass a broad spectrum of clinical areas including carpal tunnel syndrome (CarpX™), medical infusions (NextFlo™ and NextCath™), interventional radiology (PortIO™ and NextCath™), tissue ablation and cardiovascular intervention (Caldus™) and pediatric ear infections (DisappEAR™). The Company intends to further expand its pipeline through engagements with clinician innovators and leading academic medical centers. For further information, please visit [www.pavmed.com](http://www.pavmed.com).

## Forward-Looking Statements

This press release includes forward-looking statements that involve risks and uncertainties. Forward-looking statements are statements that are not historical facts. Such forward-looking statements, based upon the current beliefs and expectations of the Company's management, are subject to risks and uncertainties, which could cause

actual results to differ from the forward-looking statements. Risks and uncertainties that may cause such differences include, among other things, the uncertainties inherent in research and development, including the cost and time required advance our products to regulatory submission; whether regulatory authorities will be satisfied with the design of and results from our preclinical studies; whether and when our products are cleared by regulatory authorities; market acceptance of our products once cleared and commercialized; our ability to raise additional funding and other competitive developments. PAVmed has not yet received clearance from the FDA or other regulatory body to market any of its products. New risks and uncertainties may arise from time to time and are difficult to predict. All of these factors are difficult or impossible to predict accurately and many of them are beyond our control. For a further list and description of these and other important risks and uncertainties that may affect our future operations, see Part I, Item IA, "Risk Factors," in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission, as the same may be updated in Part II, Item 1A, "Risk Factors" in any Quarterly Reports on Form 10-Q filed by us after our most recent Annual Report. We disclaim any intention or obligation to publicly update or revise any forward-looking statement to reflect any change in our expectations or in events, conditions, or circumstances on which those expectations may be based, or that may affect the likelihood that actual results will differ from those contained in the forward-looking statements.

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