

November 15, 2017

PAVmed Reports Third Quarter 2017 Financial Results

Conference call to be held November 16, 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 nine months ended September 30, 2017 and provided a business update.

Management Commentary

“During this quarter and in recent weeks, PAVmed has continued its inexorable march towards important developmental, regulatory and commercialization milestones,” said Lishan Aklog, M.D., PAVmed’s Chairman and Chief Executive Officer.

“Last month we filed a pre-submission to the U.S. Food and Drug Administration (FDA), as we now seek a *de novo* classification for our PortIO™ Intraosseous Infusion System. PortIO is an implantable vascular access device designed to provide 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. The pre-submission provides our proposal for limited additional testing to support a longer, seven-day indication which will cover the use of the device in most inpatient scenarios. It includes a request for an in-person meeting with the FDA next month. If we are successful in obtaining *de novo* classification clearance, we plan to proceed with commercialization of the device while using it as a predicate for longer, expanded indications through the 510(k) pathway. Our initial commercialization strategy will focus on independent distributors targeting key opinion leaders and early adopters.”

Dr. Aklog added, “Our CarpX™ device designed to treat carpal tunnel syndrome through a minimally invasive approach, remains the most commercially promising and clinically exciting lead product in our pipeline. We have weathered some last-minute delays and are poised to complete testing and submit this game-changing device to the FDA for 510(k) clearance later this month. Upon successful regulatory clearance, we anticipate an aggressive commercialization strategy using well-established independent sales channels targeting the appropriate physician specialties. We believe that CarpX will provide an attractive alternative for the 600,000 patients a year who undergo traditional carpal tunnel surgery in the U.S. in terms of invasiveness, pain, recovery time, and cost effectiveness, as well as the vast number of patients who choose to avoid surgery and suffer in silence.”

“Our final lead product, DisappEAR, is progressing well along its development path,” continued Dr. Aklog. “DisappEAR is our resorbable, anti-microbial pediatric ear tube which utilizes a propriety aqueous silk technology licensed from Tufts University and two Harvard teaching hospitals. It is designed to provide a more efficacious and patient-friendly alternative to traditional plastic ear tubes that are inserted in over one million children annually. We expect that DisappEAR will be ready for FDA submission in the second half of 2018.”

“Finally, we strengthened our balance sheet during the third quarter, raising \$5.5 million from the sale of senior secured notes, warrants, and convertible preferred stock, providing us with the resources to advance our lead products towards commercialization.”

Financial Results

Research and development expenses for the three months ended September 30, 2017 were \$704,866. General and administrative expenses for the three months ended September 30, 2017 were \$1,263,122.

PAVmed reported an operating loss for the three months ended September 30, 2017 of \$1,967,988 and a GAAP net loss of \$5,129,318. Included in the GAAP net loss were non-cash charges totaling \$2,799,188 related to a change in the fair value of Series A warrant liability and a related change in fair value of a Series A Convertible Preferred Stock conversion option embedded derivative liability. Also included was a non-cash charge for stock-based compensation expense of \$272,301 and depreciation expense of \$1,802.

For the three months ended September 30, 2017, GAAP net loss attributable to common stockholders was \$5,370,313, or \$0.40 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 September 30, 2017 of \$1,693,885, or \$0.13 per common share.

Research and development expenses for the nine months ended September 30, 2017 were \$2,063,319. General and administrative expenses for the nine months ended September 30, 2017 were \$4,082,366.

PAVmed reported an operating loss for the nine months ended September 30, 2017 of \$6,145,685 and a GAAP net loss of \$10,389,113. Included in the GAAP net loss were non-cash charges totaling \$3,881,286 related to the issuance of Series A Preferred Stock Units, a change in the fair value of Series A warrant liability and a related change in fair value of a Series A Convertible Preferred stock conversion option embedded derivative liability. Also included was a non-cash charge for stock-based compensation expense of \$799,281 and depreciation expense of \$5,307.

For the nine months ended September 30, 2017, GAAP net loss attributable to common stockholders was \$10,707,819, or \$0.80 per common share. The Company reported a non-GAAP adjusted loss for the nine months ended September 30, 2017 of \$5,341,097, or \$0.40 per common share, as illustrated below.

PAVmed had cash and cash equivalents of \$3,111,456 as of September 30, 2017, compared with \$585,680 as of December 31, 2016.

The unaudited financial results for the three and nine months ended September 30, 2017 as reported to the SEC on Form 10-Q can be obtained at www.pavmed.com or 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 nine months ended September 30, 2017 and 2016 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net loss per common share, basic and diluted	(\$0.40)	(\$0.14)	(\$0.80)	(\$0.31)

Net loss attributable to common stockholders

	(5,370,313)	(1,928,722)	(10,707,819)	(3,940,337)
Preferred Stock dividends	240,995	-	\$318,706	
Net loss as reported	<u>(5,129,318)</u>	<u>(1,928,722)</u>	<u>(10,389,113)</u>	<u>(3,940,337)</u>
Adjustments:				
Depreciation expense ¹	1,802	1,478	5,307	2,315
Interest expense, net	362,142	-	362,142	-
Income tax (benefit) expense	-	-	-	-
EBITDA	<u>(4,765,374)</u>	<u>(1,927,244)</u>	<u>(10,021,664)</u>	<u>(3,938,022)</u>

Other non-cash expenses:

Stock-based compensation expense ²	272,301	322,985	799,281	499,628
Loss from issuance of Preferred Stock Units ³	-	-	3,124,285	-
Change in fair value of Series A Warrant Liability ³	2,215,671	-	680,851	-
Change in fair value of Series A Preferred Stock conversion option embedded derivative liability ³	583,517	-	76,150	-
Non-GAAP adjusted (loss)	<u>(1,693,885)</u>	<u>(1,604,259)</u>	<u>(5,341,097)</u>	<u>(3,438,394)</u>
Basic and Diluted shares outstanding	13,332,629	13,310,000	13,331,585	12,855,714
Non-GAAP adjusted (loss) income per share	(\$0.13)	(\$0.12)	(\$0.40)	(\$0.27)

1 Included in general and administrative expenses in the financial statements

2 The three and nine months ended September 30, 2017 includes \$241,401 and \$707,588, respectively, of stock-based compensation expense reported as general and administrative expenses and \$30,900 and \$91,693, respectively, reported as research and development expense. The three and nine months ended September 30, 2016 includes \$292,085 and \$447,233, respectively, of stock-based compensation expense reported as general and administrative expenses and \$30,900 and \$52,396, respectively, 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 November 16, 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 third 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: 8082249. 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.

Following the conclusion of the conference call, a replay will be available through November 22, 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: 8082249. The webcast will be available for 90 days on the Company's website at 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™), interventional radiology (PortIO™ and NextCath™), pediatric ear infections (DisappEAR™) medical infusions (NextFlo™ and NextCath™), and tissue ablation and cardiovascular intervention (Caldus™). 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.

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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