

August 14, 2018

PAVmed Reports Second Quarter 2018 Financial Results and Provides Business Update

Conference call to be held August 22, 2018 at 4:30 p.m. Eastern time

NEW YORK, Aug. 14, 2018 (GLOBE NEWSWIRE) -- **PAVmed Inc. (Nasdaq: PAVM, PAVMZ)** (the “Company” or “PAVmed”), a highly differentiated, multiproduct medical device company, today reported financial results for the three and six months ended June 30, 2018 and provided a business update.

Management Commentary

“I am delighted to report that the second quarter of 2018 was very productive for PAVmed,” said Lishan Aklog., M.D., PAVmed’s Chairman and Chief Executive Officer. “We added the groundbreaking EsoCheck™ technology to our lead product portfolio and saw steady progress towards all of our strategic goals including, advancing our lead products to regulatory and commercial milestones. Thanks to a successful oversubscribed equity rights offering in June, PAVmed is now in its strongest financial position since its inception. With more than \$11 million in cash at the end of the quarter, our runway now extends well past critical value-inflection milestones, namely the projected commercial launches of two of our lead products. In anticipation of these milestones, we hired a talented industry veteran, Shaun O’Neil, as Chief Commercial Officer to help us lay the foundation for our transition from development-stage to commercial-stage company.

“CarpX™, our most important lead product, is a groundbreaking minimally invasive device to treat carpal tunnel syndrome that we believe will dramatically reduce recovery times compared to traditional open surgery and target an estimated immediately addressable domestic market opportunity of over \$1 billion. We are seeking U.S. Food and Drug Administration (FDA) 510(k) clearance for CarpX and our most recent resubmission, three weeks ago, incorporated extensive data which we believe provided the FDA with a robust and complete response to its requests for additional information. It included excellent results from an animal study, which documented that the device’s bipolar electrode design results in minimal spread of thermal energy – less than one-millimeter thermal injury by pathologic analysis and no increase in tissue temperatures except directly over the cutting electrodes. Since the resubmission, we have been actively engaged with the lead FDA branch reviewing our application as part of its Interactive Review process. We expect a formal response on the resubmission in the coming weeks. Under Shaun’s leadership, we have begun to accelerate our clinician engagement and education activities and look forward to participating in the American Society for Surgery of the Hand meeting in September. We remain on target for European CE Mark submission late this year and a first-in-human clinical series in New Zealand this fall. Discussions with entities in Asia, Europe and South America seeking to commercially partner with us on CarpX in their regions remain ongoing and active.

“Our newest lead product, EsoCheck, is a revolutionary office-based alternative to endoscopy recently licensed by our subsidiary Lucid Diagnostics from Case Western Reserve University. We believe EsoCheck has the potential to save many lives through the early detection of Barrett’s Esophagus, a precursor to esophageal cancer that occurs in patients with chronic heart burn or acid reflux, also known as gastroesophageal reflux disease or GERD. EsoCheck is a five-minute office-based test which combines a non-invasive targeted cell sampling device with a DNA biomarker test. Together these have been shown to be highly accurate in detecting Barrett’s Esophagus, which can be carefully monitored and treated with non-surgical approaches if detected before cancer develops. We believe EsoCheck screening to prevent esophageal cancer has the potential to replicate the widespread adoption and impact that routine Pap screening has had in preventing cervical cancer. Such widespread screening will eventually target the estimated 50 million at-risk Americans, with and without heartburn, representing a domestic market of more than \$2 billion. We continue to target the first quarter of 2019 for the U.S. launch of the first commercial EsoCheck product by seeking FDA 510(k) clearance of the EsoCheck cell-sampling device and Laboratory Developed Test (LDT) designation, following CLIA certification of the EsoCheck DNA biomarker test. Both of these processes are well underway and on schedule. The ongoing multicenter National Institutes of Health-funded clinical study, which seeks to establish the definitive clinical evidence for widespread EsoCheck screening of Barrett’s Esophagus, has enrolled 80 patients at eight leading medical centers. Lucid is working closely with the investigators to provide all necessary support to accelerate enrollment and ensure that the data is of the highest quality for future subsequent regulatory submissions.

“With regard to our other lead products, our implantable intraosseous vascular access device PortIO™ continues to progress along the FDA *de novo* regulatory pathway. The FDA has approved our GLP animal study protocol and we

will be initiating this study and preparing an IDE application for a small clinical study in the coming weeks. We have also completed the design of the second generation PortIO device, which greatly simplifies and streamlines the insertion procedure, while continuing to engage in strategic partnership discussions with larger companies. "Our resorbable, antimicrobial pediatric ear tube product DisappEAR™ also continues to progress well. We are finalizing the protocol for a three-month animal study to assess resorption rates of antimicrobial coated or impregnated tubes machined from solid silk rods. Finally, R&D activities for our fixed-rate infusion set, based on a proprietary variable flow-resistor, NextFlo have accelerated and we hope to have a design finalized and ready for testing in the fourth quarter. We believe this exciting technology will permit hospitals to return to gravity-driven infusions and eliminate expensive and troublesome electronic pumps for most of the over 1 million hospital infusions performed in the U.S. each day.

"From a corporate perspective, in addition to strengthening our balance sheet and expanding our management team, we have solidified our capital markets position by regaining compliance with Nasdaq's shareholder equity, minimum market capitalization and minimum share price continued-listing requirements. We also continue to explore opportunities to restructure or pay off debt and remain vigilant for additional opportunities to enhance shareholder value, whether through M&A activity or licensing of groundbreaking technologies like EsoCheck."

Second Quarter Financial Results

For the three months ended June 30, 2018, research and development expenses were \$1,148,129 and general and administrative expenses were \$1,590,656. GAAP net loss attributable to common stockholders was \$5,128,963, or \$(0.27) per common share. As illustrated below and for the purpose of helping the reader 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, 2018 of \$2,351,893, or \$(0.12) per common share.

PAVmed had cash and cash equivalents of \$11,137,642 as of June 30, 2018, compared with \$1,535,022 as of December 31, 2017. In January 2018 the Company completed a public offering of common stock for net proceeds of \$4,274,661 and in June 2018 the Company completed a rights offering for net proceeds of \$9,208,326.

The unaudited financial results for the three and six months ended June 30, 2018 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), 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 others 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, 2018 and 2017 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income (loss) per common share, basic and diluted	\$ (0.27)	\$ (0.08)	\$ (0.48)	\$ (0.40)
Net loss attributable to common stockholders	(5,128,963)	(1,040,978)	(8,543,663)	(5,337,506)
Preferred Stock dividends and deemed dividends	63,623	51,271	852,195	77,711
Series B Preferred stock issued upon exchange of Series A and Series A-1 Preferred stock	-	-	(199,241)	-
Net loss as reported	<u>(5,065,340)</u>	<u>(989,707)</u>	<u>(7,890,709)</u>	<u>(5,259,795)</u>
Adjustments:				
Depreciation expense ¹	1,802	1,803	3,605	3,505
Interest expense, net	500,304	-	1,000,608	-
Income tax (benefit) expense	-	-	-	-
EBITDA	<u>(4,563,234)</u>	<u>(987,904)</u>	<u>(6,886,496)</u>	<u>(5,256,290)</u>
Other non-cash expenses:				
Stock-based compensation expense ²	303,890	254,300	575,176	526,980
Loss from issuance of Preferred Stock	-	-	-	3,124,285
Change in fair value of Series A Warrant Liability ³	-	(748,423)	96,480	(1,534,820)
Change in fair value of Series A Preferred Stock conversion option embedded derivative liability ³	-	(283,302)	(64,913)	(507,367)
Modification of warrant agreement ³	1,907,451	-	2,257,247	-
Non-GAAP adjusted (loss)	<u>(2,351,893)</u>	<u>(1,765,329)</u>	<u>(4,022,506)</u>	<u>(3,647,212)</u>
Basic and Diluted shares outstanding at December 31	19,289,874	13,331,211	17,924,632	13,331,052
Non-GAAP adjusted (loss) income per share	\$ (0.12)	\$ (0.13)	\$ (0.22)	\$ (0.27)

¹ Included in general and administrative expenses in the financial statements

² For the three months ended June 30, 2018 includes \$233,962 of stock based compensation expense reported as general and administrative expenses and \$69,928 reported as research and development expense. For the three months ended June 30, 2017 includes \$223,735 of stock based compensation expense reported as general and administrative expenses and \$30,565 reported as research and development expense. For the six months ended June 30, 2018 includes \$453,356 of stock based compensation expense reported as general and administrative expenses and \$121,820 reported as research and development expense. For the six months ended June 30, 2017 includes \$466,187 of stock based compensation expense reported as general and administrative expenses and \$60,793 reported as research and development expense.

³ Included in other income and expenses

Conference Call and Webcast

The Company will hold a conference call and webcast on August 22, 2018 beginning at 4:30 p.m. Eastern time. During the 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 2018 financial results.

To access the conference call, U.S.-based listeners should dial (888) 803-5993 and international listeners should dial (706) 634-5454. All listeners should provide the operator with the following passcode: 8188784. 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 August 28, 2018 and can be accessed by dialing (855) 859-2056 from within the U.S. or (404) 537-3406 from outside the U.S. To access the replay, all listeners should provide the following passcode: 8188784. The webcast will be available for a period of

time 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 innovative products 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 encompassing a broad spectrum of clinical areas with attractive regulatory pathways and market opportunities. Its four lead products provide groundbreaking approaches to carpal tunnel syndrome (CarpX™), precancerous conditions of the esophagus (EsoCheck™), vascular access (PortIO™) and pediatric ear infections (DisappEAR™). The company is also developing innovative products in other areas, such as medical infusions and tissue ablation, while seeking 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 PAVmed'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, factors affecting the timing and effectiveness of the registration statement for our proposed rights offering; volatility in the price of PAVmed's common stock, Series W Warrants and Series Z Warrants; general economic and market conditions; the uncertainties inherent in research and development, including the cost and time required advance PAVmed's products to regulatory submission; whether regulatory authorities will be satisfied with the design of and results from PAVmed's preclinical studies; whether and when PAVmed's products are cleared by regulatory authorities; market acceptance of PAVmed's 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 PAVmed's control. For a further list and description of these and other important risks and uncertainties that may affect PAVmed's future operations, see Part I, Item IA, "Risk Factors," in PAVmed's 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 PAVmed after its most recent Annual Report. PAVmed disclaims any intention or obligation to publicly update or revise any forward-looking statement to reflect any change in its 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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