

PAVmed Provides Business Update and Second Quarter Financial Results

EsoGuard® test volume continues to grow as Lucid makes strides with commercial expansion and additional supporting data

Veris Health prepares to launch the next generation of the Veris Cancer Care Platform along with strategic initiatives to develop a biopharma companion digital module to support new cancer therapeutics and to seek FDA clearance as a SaMD

Conference call and webcast to be held tomorrow, August 16th at 8:30 AM EST

NEW YORK, Aug. 15, 2023 /PRNewswire/ -- [PAVmed Inc.](#) (NASDAQ: PAVM, PAVMZ) ("PAVmed" or the "Company"), a diversified commercial-stage medical technology company, operating in the medical device, diagnostics, and digital health sectors, today provided a business update for the Company and its subsidiaries, Lucid Diagnostics Inc. (NASDAQ: LUCD) ("Lucid") and Veris Health Inc. ("Veris"), and presented financial results for the Company for the three and six months ended June 30, 2023.

Conference Call and Webcast

The webcast will take place on Wednesday, August 16, 2023, at 8:30 AM and is accessible in the investor relations section of the Company's website at [pavmed.com](#). Alternatively, to access the conference call by telephone, U.S.-based callers should dial 1-833-816-1419 and international listeners should dial 412-317-0512. All listeners should provide the operator with the conference call name "PAVmed Business Update" to join.

Following the conclusion of the conference call, a replay will be available for 30 days on the investor relations section of the Company's website at [pavmed.com](#).

Business Update Highlights

"Both Lucid and Veris have strong momentum as we enter the second half of the year and we look forward to both delivering on their commercial and strategic plans in the coming quarters," said [Lishan Aklog, M.D.](#), PAVmed's Chairman and Chief Executive Officer.

"The Veris Cancer Care Platform is having a meaningful impact on the care of enrolled cancer patients at early adopter practices, as we have focused on optimizing customer acceptance and validation together with customization and integration with their respective EHR platforms. A next generation version of the platform incorporating early feedback will launch later this year. Gary Manning, President of Veris Health, has accelerated our progress, completing a detailed review of the software and hardware programs, revamping the commercial operation with plans to expand the commercial team this year, and launching two exciting strategic initiatives which we believe will significantly expand the company's value proposition. These include a biopharma module to serve as a companion to novel cancer therapeutics and an upgrade of the platform to an FDA-cleared Software as a Medical Device clinical decision support tool," Dr. Aklog added.

"We covered exciting developments and strategic accomplishments at Lucid in some depth yesterday, highlighting strong EsoGuard® test volume growth, our revenue cycle management upgrade and its immediate impact on claims and payment, our first direct contract with an employer, upcoming release of critical clinical utility data and unprecedented results from an NCI-funded study," Dr. Aklog concluded.

Highlights from the first quarter and recent weeks include:

- The Veris Cancer Care Platform is delivering on its promise to enhance personalized cancer care at recently onboarded oncology practices, with a strong focus on delivering world-class customer integration and support, while ensuring that the platform provides streamlined and efficient processes for practice operations and billing.
- Feedback from this early adopter experience has led to the development of the next-generation Veris Cancer Care Platform, which adds key enhancements for remote patient monitoring, practice workflow and provider billing, and is expected to launch in early 4Q23.
- Under the leadership of its new President, Veris is actively restructuring and expanding its commercial team seeking to accelerate patient enrollment and subscription revenue in 2H23 and launching two strategic initiative which expand its long-term commercial potent.
- Veris has committed to build a Biopharma Companion Digital Platform module to extend the Veris Cancer Care Platform as a companion solution for biopharmaceutical companies developing novel cancer therapeutics. The module will provide these companies with a long-term patient monitoring solution tightly linked to their cancer therapeutic—from clinical-stage through full commercialization. This includes support for clinical trials and post-marketing surveillance to enhance safety by reducing adverse events, expedite regulatory filings, lower regulatory hurdles, and accelerate speed to market. The business model seeks to replicate the widespread success of companion diagnostics tightly linked to therapeutics.
- Veris has also committed to upgrading the Veris Cancer Care Platform from an FDA-designated Medical Device Data System ("MDDS"), limited to displaying medical data for clinicians without modification, to a Software-as-a-Medical-Device ("SaMD"). As a SaMD, the platform will have unlimited potential to grow into a full-bore clinical decision support tool that includes threshold alarms for faster provider response, analytical algorithms for effective triage, and digital biomarkers based on artificial intelligence and machine learning that will provide a risk assessment for cancer patients. The first step will be to incorporate the key features in the next generation product and initiate validation testing to support FDA 510(k) submission as a SaMD next year.
- Veris continued to make progress toward regulatory submission of its implantable cardiac and physiologic monitor, designed to be implanted in conjunction with a vascular access port, which is targeted for FDA submission and commercial launch next

year. Multiple FDA pre-submission meetings seeking feedback on various design features have gone well.

- Yesterday, Lucid Diagnostics provided a detailed update of its commercial and financial performance. Quarterly EsoGuard testing volume increased 20 percent sequentially and 159 percent annually, with Satellite Lucid Test Center (sLTC) activity increasing substantially. High volume testing events continue to grow, and the company secured its first direct contract with an employer. Lucid's upgraded revenue cycle management infrastructure upgrade was completed in June and resulted in an immediate positive impact on all reimbursement metrics.
- The clinical evidence for EsoGuard's clinical utility and clinical validity continues to expand. Lucid expects to release and submit for publication critical clinical utility data, encompassing over 500 patients from two studies, later this month. On the clinical validity front, an NCI-funded consortium released unprecedented results from a case control study, with EsoGuard detecting 100 percent of cancers and over 80% of precancers.

Financial Results:

- For the three months ended June 30, 2023, EsoGuard related revenues were \$0.2 million. Operating expenses were approximately \$16.7 million, which include stock-based compensation expenses of \$2.5 million. GAAP net loss attributable to common stockholders was approximately \$14.6 million, or \$(0.14) per common share.
- As shown below and for the purpose of illustrating the effect of stock-based compensation and other non-cash income and expenses on the Company's financial results, the Company's preliminary non-GAAP adjusted loss for the three months ended June 30, 2023, was approximately \$9.9 million or \$(0.09) per common share.
- PAVmed had cash and cash equivalents of \$37.2 million as of June 30, 2023, compared to \$49.3 million as of March 31, 2023.
- The unaudited financial results for the three months ended June 30, 2023 were filed with the SEC on Form 10-Q on August 14, 2023, and are available at www.pavmed.com or www.sec.gov.

PAVmed 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 or modification of convertible securities, the periodic change in fair value of convertible securities, and loss on debt extinguishment. 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 the 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 or modification of convertible securities, the periodic change in fair value of convertible securities, the loss on debt extinguishment and the corresponding 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, 2023, and 2022 are as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
(in thousands except per-share amounts)				
Revenue	\$ 166	\$ —	\$ 612	\$ 189
Operating expenses	16,650	23,484	37,496	43,308
Other (Income) Expense	1,408	5,617	3,222	5,615
Net Loss	17,892	29,101	40,106	48,734
Net income (loss) per common share, basic and diluted	\$ (0.14)	\$ (0.29)	\$ (0.32)	\$ (0.49)
Net loss attributable to common stockholders	(14,612)	(25,595)	(32,617)	(42,535)
Preferred Stock dividends and deemed dividends	75	70	149	138
Net income (loss) as reported	(14,537)	(25,525)	(32,468)	(42,397)
Adjustments:				
Depreciation and amortization expense ¹	747	815	1,474	1,031
Interest expense, net ²	65	516	128	514
EBITDA	(13,725)	(24,194)	(30,866)	(40,852)
Other non-cash or financing related expenses:				
Stock-based compensation expense ³	2,507	5,007	6,926	9,820
ResearchDx acquisition paid in stock	—	66	713	239
Change in FV convertible debt ²	340	2,000	1,380	2,000
Offering costs convertible debt ²	—	3,101	1,186	3,101
Loss on debt extinguishment	743	—	1,268	—
Change in fair value - derivative liability	260	—	260	—
Other non-cash charges	—	28	—	57

Non-GAAP adjusted (loss)	<u>(0.875)</u>	<u>(13.992)</u>	<u>(10.133)</u>	<u>(25.635)</u>
Basic and Diluted shares outstanding	104,350	86,957	100,743	86,690
Non-GAAP adjusted (loss) income per share	\$(0.09)	\$(0.16)	\$(0.19)	\$(0.30)

¹ Included in general and administrative expenses in the financial statements.

² Included in other income and expenses.

³ Stock-based compensation ("SBC") expense included in operating expenses is detailed as follows in the table below by category within operating expenses for the non-GAAP Net operating expenses:

Reconciliation of GAAP Operating Expenses to Non-GAAP Net Operating Expenses

(in thousands except per-share amounts)	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Cost of revenue	1,685	—	3,030	369
Stock-based compensation expense ³	(31)	—	(54)	—
Net cost of revenue	<u>1,654</u>	<u>—</u>	<u>2,976</u>	<u>369</u>
Amortization of acquired intangible assets	505	650	1,010	773
Sales and marketing	4,339	4,898	8,877	8,823
Stock-based compensation expense ³	(455)	(591)	(899)	(1,216)
Net sales and marketing	<u>3,884</u>	<u>4,307</u>	<u>7,978</u>	<u>7,607</u>
General and administrative	6,652	11,196	16,670	20,672
Depreciation expense	(242)	(165)	(464)	(258)
Stock-based compensation expense ³	(1,674)	(4,162)	(5,262)	(8,164)
Net general and administrative	<u>4,736</u>	<u>6,869</u>	<u>10,944</u>	<u>12,250</u>
Research and development	3,469	6,740	7,909	12,671
Stock-based compensation expense ³	(347)	(254)	(711)	(440)
Net research and development	<u>3,122</u>	<u>6,486</u>	<u>7,198</u>	<u>12,231</u>
Total operating expenses	16,650	23,484	37,496	43,308
Depreciation and amortization expense	(747)	(815)	(1,474)	(1,031)
Stock-based compensation expense ³	(2,507)	(5,007)	(6,926)	(9,820)
Net operating expenses	<u>13,396</u>	<u>17,662</u>	<u>29,096</u>	<u>32,457</u>

About PAVmed and its Subsidiaries

PAVmed Inc. is a diversified commercial-stage medical technology company operating in the medical device, diagnostics, and digital health sectors. Its majority-owned subsidiary, Lucid Diagnostics Inc. (NASDAQ: LUCD), is a commercial-stage cancer prevention medical diagnostics company that markets the EsoGuard® Esophageal DNA Test and EsoCheck® Esophageal Cell Collection Device—the first and only commercial tools for widespread early detection of esophageal precancer to mitigate the risks of esophageal cancer deaths. Its other majority-owned subsidiary, Veris Health Inc., is a digital health company focused on enhanced personalized cancer care through remote patient monitoring using implantable biologic sensors with wireless communication along with a custom suite of connected external devices. Veris is concurrently developing an implantable physiological monitor, designed to be implanted alongside a chemotherapy port, which will interface with the Veris Cancer Care Platform.

For more and for more information about PAVmed, please visit pavmed.com.

For more information about Lucid Diagnostics, please visit luciddx.com.

For more information about Veris Health, please visit verishealth.com.

Forward-Looking Statements

This press release includes forward-looking statements that involve risks and uncertainties. Forward-looking statements are any statements that are not historical facts. Such forward-looking statements, which are based upon the current beliefs and expectations of PAVmed's and Lucid'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, volatility in the price of PAVmed's and Lucid's common stock; PAVmed's Series Z warrants; general economic and market conditions; the uncertainties inherent in research and development, including the cost and time required to advance PAVmed's and Lucid's products to regulatory submission; whether regulatory authorities will be satisfied with the design of and results from PAVmed's and Lucid's clinical and preclinical studies; whether and when PAVmed's and Lucid's products are cleared by regulatory authorities; market acceptance of PAVmed's and Lucid's products once cleared and commercialized; PAVmed's and Lucid's ability to raise additional funding as needed; and other competitive developments. In addition, new risks and uncertainties may arise from time to time and are difficult to predict. For a further list and description of these and other important risks and uncertainties that

may affect PAVmed's and Lucid's future operations, see Part I, Item 1A, "Risk Factors," in PAVmed's and Lucid's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission. PAVmed and Lucid disclaim 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.

SOURCE PAVmed Inc.

For further information: Investor and Media Contact: Michael Parks, PAVmed and Lucid Diagnostics, 484.356.7105, mep@pavmed.com

<https://ir.pavmed.com/2023-08-15-PAVmed-Provides-Business-Update-and-Second-Quarter-Financial-Results>