PAVmed Provides Business Update and Fourth Quarter and Full Year 2023 Financial Results

Lucid's quarterly revenue increased 33 percent sequentially

Launched wholly-owned incubator, PMX, to complete development and commercialization of existing portfolio technologies

Conference call and webcast to be held tomorrow, March 27th at 8:30 AM ET

NEW YORK, March 26, 2024 /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 year ended December 31, 2023.

Conference Call and Webcast

The webcast will be available at 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 1-800-836-8184 and international listeners should dial 1-646-357-8785. 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

"We are very pleased by Lucid's sustained ability to translate commercial activity into revenue and revenue growth, which has enabled it to remain independently financeable despite challenging market conditions," said Lishan Aklog, M.D., PAVmed's Chairman and Chief Executive Officer. "PAVmed has revised its overall strategy to drive shareholder value through independently financed subsidiaries, much like we have done with Lucid. In light of this strategic shift, we have concluded that Veris's best opportunity for independent financing lies with a focus on large academic and regional cancer centers. We are finalizing contract negotiations with our first such target in an otherwise robust pipeline. Similarly, the recently-announced launch of our PMX incubator and partnership with Hatch Medical to finance, develop, and commercialize our existing portfolio technologies aligns with this revised strategy. Finally, consistent with this revised strategy, we remain extremely active in seeking out groundbreaking, independently financeable technologies with large market opportunities, agnostic of sector."

Highlights from the fourth quarter and recent weeks include:

- Yesterday, Lucid reported that 4Q23 EsoGuard revenue was $1.04M, which represents a 33 percent increase sequentially from 3Q23 and an 829 percent annual increase from 4Q22.
- Lucid's high-volume #CYFT health fair testing events continue to gain traction with a robust roster of events scheduled through July.
- Payors now allowing approximately half of Lucid's out-of-network adjudicated EsoGuard claims, with an average allowable amount of approximately $1,800.
- Lucid significantly expanded its clinical validity and clinical utility data evidence to support broad EsoGuard medical policy coverage, including Medicare.
- In order to facilitate an independent financing into Veris, consistent with PAVmed's revised strategy, Veris shifted its commercial strategy to target large academic and regional cancer centers, with first such engagement expected in the very near-term and a robust pipeline to follow.
- Veris held its final, successful FDA pre-submission meeting for its implantable cardiac and physiologic monitor, designed to be implanted in conjunction with a vascular access port. The implantable monitor now has a clear path to FDA submission and 510(k) clearance once Veris secures independent financing.
- Consistent with PAVmed's revised strategy, PAVmed launched a wholly-owned incubator, PMX, to complete development and commercialization of existing portfolio technologies, including PortIO, EsoCure, and CarpX. PMX and Hatch Medical, a medical device incubator and technology brokerage firm with decades of success, executed a joint venture agreement to advance these technologies. Beginning with PortIO, PAVmed will seek to independently finance a separate subsidiary of the PMX incubator to develop and commercialize each technology.

Financial Results:

- For the three months ended December 31, 2023, revenues were $1.0 million, while for the year ended December 31, 2023, revenues were $2.5 million. Fourth quarter and full year 2023 operating expenses were approximately $17.4 million and $71.2 million, respectively, which include stock-based compensation expenses of $2.0 million and $11.1 million, respectively. GAAP net loss attributable to common stockholders for the fourth quarter and full year 2023 were approximately $15.9 million and $66.3 million, or $(1.98) and $(9.16) 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 non-GAAP adjusted loss for the fourth quarter and full year 2023, was approximately $10.7 million and $41.8 million or $(1.33) and $(5.78) per common share.
- PAVmed had cash and cash equivalents of $19.6 million as of December 31, 2023, compared to $39.7 million as of December 31, 2022.
- The audited financial results for the year ended December 31, 2023 were filed with the SEC on Form 10-K on March 25, 2024, and are available at www.pavmed.com or www.sec.gov.

PAVmed Non-GAAP Measures

- To supplement our 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 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 months and year ended December 31, 2023, and 2022 are as follows:

Condensed Consolidated Statement of Operations (Unaudited)

(in thousands except per-share amounts)	For the three months ended December 31,		For the years ended December 31,	
	2023	**2022**	**2023**	**2022**
Revenue	$ 1,049	$ 112	$ 2,452	$ 377
Operating expenses	17,434	24,712	71,247	91,464
Other (Income) Expense	1,023	(28)	10,468	12,151
Net Loss	17,408	24,572	79,263	103,238
Net income (loss) per common share, basic and diluted	$ (1.98)	$ (3.31)	$ (9.16)	$ (15.03)
Net loss attributable to common stockholders	(15,904)	(20,531)	(66,270)	(89,264)
Preferred Stock dividends and deemed dividends	1,868	72	2,095	281
Net income (loss) as reported	(14,036)	(20,459)	(64,175)	(88,983)
Adjustments:				
Depreciation and amortization expense[1]	725	726	2,932	2,457
Interest expense, net[2]	(81)	126	84	1,112
NCI ownership share of Interest and Depreciation adjustments	(133)	(139)	(608)	(452)
EBITDA	(13,525)	(19,746)	(61,767)	(85,866)
Other non-cash or financing related expenses:				
Stock-based compensation expense[3]	1,968	4,949	11,139	19,532
ResearchDx acquisition/settlement paid in stock[1]	—	226	713	653
Change in FV convertible debt[2]	255	(466)	6,026	1,273
Offering costs convertible debt[2]	—	—	1,186	4,332
Loss on debt extinguishment[2]	750	312	3,782	5,434
Other non-cash charges	—	—	—	82
NCI ownership share of non-GAAP adjustments	(103)	(913)	(2,860)	(3,658)
Non-GAAP adjusted (loss)	$ (10,655)	$ (15,638)	$ (41,781)	$ (58,218)
Basic and Diluted shares outstanding	8,014	6,206	7,232	5,938
Non-GAAP adjusted (loss) income per share	$(1.33)	$(2.52)	$(5.78)	$(9.80)

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 December 31,		For the years ended December 31,	
	2023	**2022**	**2023**	**2022**

Cost of revenue	$ 1,610	$ 1,618	$ 6,420	$ 3,614
Stock-based compensation expense[3]	(35)	(7)	(122)	(16)
Net cost of revenue	1,575	1,611	6,298	3,598
Amortization of acquired intangible assets	505	505	2,021	1,784
Sales and marketing	4,690	5,759	17,583	19,318
Stock-based compensation expense[3]	(413)	(605)	(1,715)	(2,464)
Net sales and marketing	4,277	5,154	15,868	16,854
General and administrative	7,033	10,156	30,947	41,410
Depreciation expense	(220)	(221)	(911)	(673)
ResearchDx acquisition/settlement paid in stock	—	(226)	(713)	(653)
Stock-based compensation expense[3]	(1,175)	(3,985)	(7,935)	(16,001)
Net general and administrative	5,638	5,724	21,388	24,083
Research and development	3,596	6,674	14,276	25,338
Stock-based compensation expense[3]	(345)	(352)	(1,367)	(1,051)
Net research and development	3,251	6,322	12,909	24,287
Total operating expenses	17,434	24,712	71,247	91,464
Depreciation and amortization expense	(725)	(726)	(2,932)	(2,457)
ResearchDx acquisition/settlement paid in stock	—	(226)	(713)	(653)
Stock-based compensation expense[3]	(1,968)	(4,949)	(11,139)	(19,532)
Net operating expenses	$ 14,741	$ 18,811	$ 56,463	$ 68,822

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, 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 whose lead product is a digital cancer care platform with physiologic data collection, symptom reporting and telehealth functions, designed to improve personalized cancer care through remote patient monitoring. Veris has also been 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