UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from_____ to _____

Commission File Number: 001-37685

PAVMED INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware **(State or Other Jurisdiction of Incorporation or Organization)**	**47-1214177** **(IRS Employer Identification No.)**
One Grand Central Place **Suite 4600** **New York, NY** **(Address of Principal Executive Offices)**	**10165** **(Zip Code)**

(212) 949-4319
(Registrant's Telephone Number, Including Area Code)

Securities registered under Section 12(b) of the Exchange Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.001 par value per share	The NASDAQ Stock Market LLC
Warrants, each to purchase one share of Common Stock	The NASDAQ Stock Market LLC

Securities registered under Section 12(g) of the Exchange Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes☐ No ☒

As of May 12, 2017 there were 13,331,211 shares of the registrant's Common Stock, par value $0.001 per share, outstanding.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

PAVMED INC.
and SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	March 31, 2017	December 31, 2016
Assets		
Current assets		
Cash	$ 905,656	$ 585,680
Prepaid fees to related party	25,000	—
Prepaid expenses and other current assets	141,843	155,490
Total current assets	1,072,499	741,170
Equipment, net	21,599	18,000
Deferred offering costs	—	111,249
Total assets	$ 1,094,098	$ 870,419
Liabilities, Series A Convertible Preferred Stock, and Stockholders' Deficit		
Current liabilities		
Accounts payable	$ 934,208	$ 949,413
Accrued expenses and other current liabilities	212,158	240,073
Series A Warrants	3,264,309	—
Derivative liability	997,898	—
Total liabilities	$ 5,408,573	$ 1,189,486
COMMITMENTS AND CONTINGENCIES (NOTE 9)		
Series A Convertible Preferred Stock		
par value $0.001, 20,000,000 shares authorized; 422,838 and 0 shares of Series A Convertible Preferred Stock issued and outstanding at March 31, 2017 and December 31, 2016, respectively	—	—
Stockholders' Deficit		
Common stock, par value $0.001; 50,000,000 shares authorized, 13,331,211 and 13,330,811 shares issued and outstanding at March 31, 2017 and December 31, 2016, respectively	13,331	13,331
Additional paid-in capital	7,644,117	7,369,437
Accumulated deficit	(11,971,923)	(7,701,835)
Total Stockholders' Deficit	(4,314,475)	(319,067)
Total Liabilities, Series A Convertible Preferred Stock, and Stockholders' Deficit	$ 1,094,098	$ 870,419

See accompanying notes to the condensed consolidated financial statements.

PAVMED INC.
and SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended March 31,	
	2017	**2016**
Revenue	$ —	$ —
General and administrative expenses	1,499,552	517,739
Research and development expenses	656,713	179,141
Total operating expenses	2,156,265	696,880
Loss from operations	(2,156,265)	(696,880)
Loss on the issuance of Preferred Stock Units	(3,124,285)	—
Change in fair value of Series A Warrants	786,397	—
Change in fair value of derivative liability	224,065	—
Loss before income tax	(4,270,088)	(696,880)
Income tax	—	—
Net loss	(4,270,088)	(696,880)
Series A Convertible Preferred Stock dividends	(26,440)	—
Net loss attributable to common stockholders	$ (4,296,528)	$ (696,880)
Net loss per common share, basic and diluted	$ (0.32)	$ (0.06)
Weighted average common shares outstanding - basic and diluted	13,330,891	12,250,000

See accompanying notes to the condensed consolidated financial statements.

PAVMED INC.
and SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF CONVERTIBLE PREFERRED STOCK and STOCKHOLDERS' DEFICIT
(unaudited)

	Convertible Preferred Stock		Stockholders' Deficit				
	Series A		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount			
Balance at December 31, 2016	—	$ —	13,330,811	$ 13,331	$ 7,369,437	$ (7,701,835)	$ (319,067)
Issuance of Series A Convertible Preferred Stock	422,838	—					
Common stock issued upon exercise of warrants			400	—	2,000		2,000
Stock-based compensation					272,680		272,680
Net loss						(4,270,088)	(4,270,088)
Balance at March 31, 2017	422,838	$ —	13,331,211	$ 13,331	$ 7,644,117	$ (11,971,923)	$ (4,314,475)

See accompanying notes to the condensed consolidated financial statements.

PAVMED INC.
and SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Cash flows from operating activities		
Net loss	$ (4,270,088)	$ (696,880)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation expense	1,702	132
Stock-based compensation	272,680	—
Loss on the issuance of Preferred Stock Units	3,124,285	—
Change in fair value of Series A Warrants	(786,397)	—
Change in fair value of derivative liability	(224,065)	—
Changes in operating assets and liabilities:		
Prepaid fee to related party	(25,000)	(25,000)
Prepaid expenses and other current assets	13,647	(57,089)
Accounts payable	(15,205)	190,389
Accrued expenses and other current liabilities	83,334	69,760
Net cash flows used in operating activities	(1,825,107)	(518,688)
Cash flows from investing activities		
Purchase of equipment	(5,301)	(12,528)
Net cash flows used in investing activities	(5,301)	(12,528)
Cash flows from financing activities		
Proceeds from issuance of Preferred Stock Units	2,537,012	—
Payment of offering costs	(388,628)	—
Proceeds from common stock issued upon exercise of warrants	2,000	—
Net cash flows provided by financing activities	2,150,384	—
Net increase (decrease) in cash	319,976	(531,216)
Cash, beginning of period	585,680	767,268
Cash, end of period	$ 905,656	$ 236,052
Supplemental non-cash financing activities		
Fair value of Series A Warrants on issuance dates (aggregate)	$ 4,050,706	$ —
Fair value of derivative liability on issuance dates (aggregate)	$ 1,221,963	$ —

See accompanying notes to the condensed consolidated financial statements.

PAVMED INC. AND SUBSIDIARY
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — The Company, Description of the Business, and Going Concern

PAVmed Inc. ("PAVmed" or the "Company") was organized under the laws of the State of Delaware on June 26, 2014 originally under the name of PAXmed Inc. On April 19, 2015, the Company changed its name to PAVmed Inc. The Company operates in one segment as a medical device company organized to advance a broad pipeline of innovative medical technologies from concept to commercialization using a business model focused on capital and time efficiency.

Initial Public Offering

On April 28, 2016, under a registration statement on Form S-1 (File No. 333-203569) declared effective January 29, 2016, the Company's initial public offering (IPO) was consummated with the issuance of 1,060,000 units at an offering price of $5.00 per unit, with each unit consisting of one share of common stock and one warrant (referred to as an "IPO Warrant"). The IPO resulted in gross cash proceeds of $5.3 million and $4.2 million of net cash proceeds, after deducting cash selling agent discounts and commissions and offering expenses. The IPO Warrants became exercisable on October 28, 2016 and expire on January 29, 2022 or earlier upon redemption by the Company under certain conditions. Each IPO Warrant has an exercise price of $5.00. Upon consummation of the IPO, the Company's 9,560,295 previously outstanding warrants converted into identical warrants issued in the IPO. See Note 12, *Convertible Preferred Stock, Stockholders' Deficit, and Warrants*, for a discussion of the IPO units and corresponding shares of common stock and IPO Warrants.

In connection with the consummation of the IPO, the units were approved for listing on the Nasdaq Capital Market ("Nasdaq") under the symbol "PAVMU". Subsequently, the common stock and warrants comprising the units began separate trading on Nasdaq on July 27, 2016 under the symbols "PAVM" and "PAVMW", respectively, and the unit and symbol PAVMU ceased to be quoted and traded on Nasdaq.

Preferred Stock Units Private Placement

The Company's Board of Directors has authorized the issuance of up to a total of 1.25 million Preferred Stock Units, including authorizing 500,000 units on January 21, 2017 and 750,000 units on May 10, 2017. On January 26, 2017, the Company entered into a Securities Purchase Agreement pursuant to which the Company may issue up to an aggregate of $3,000,000 (subject to increase) of Preferred Stock Units at a price of $6.00 per Preferred Stock Unit, in a private placement transaction (Preferred Stock Units private placement). Each Preferred Stock Unit consists of one share of Series A Convertible Preferred Stock and one Series A Warrant. Each share of Series A Convertible Preferred Stock is convertible into a number of shares of common stock equal to the stated value of $6.00 per share divided by the initial conversion price of $6.00, subject to adjustment. Each Series A Warrant is exercisable for one share of common stock at an initial exercise price of $8.00 per share, subject to adjustment. Further, through April 30, 2024, each Series A Warrant may also be exchanged, at the option of the holder, into four Series X Warrants, each of which is exercisable for one share of common stock at $6.00 per share, with such Series X Warrant exercise price not subject-to further adjustment. The Series A Convertible Preferred Stock and Series A Warrants are immediately separable upon their issuance. The Series A Convertible Preferred Stock is not convertible and Series A Warrants are not exercisable, prior to the time stockholder approval has been obtained under Nasdaq Stock Market Rule 5635(d). The Series X Warrants are exercisable commencing on the first trading day following the later of (i) the date stockholder approval has been obtained under Nasdaq Stock Market Rule 5635(d) or (ii) October 31, 2018, and ending on April 30, 2024, or earlier upon redemption. Stockholder approval is scheduled to be effective on May 21, 2017.

At the initial closing on January 26, 2017, and at subsequent closings on January 31, 2017 and March 8, 2017, a total of 422,838 Preferred Stock Units were issued for aggregate gross proceeds of approximately $2.5 million and net proceeds of approximately $2.1 million, after payment of placement agent fees and closing costs. The Preferred Stock Units private placement will remain open for subsequent closings, if any, in which the remaining authorized Preferred Stock Units may be issued. See Note 12, *Convertible Preferred Stock, Stockholders' Deficit, and Warrants*, for a discussion of the Preferred Stock Units private placement.

Note 1 — The Company, Description of the Business, and Going Concern (continued)

Going Concern

The provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 205-40, *Presentation of Financial Statements - Going Concern* (ASC 205-40) requires management to assess an entity's ability to continue as a going concern within one year of the date of the financial statements are issued. In each reporting period, including interim periods, an entity is required to assess conditions known and reasonably knowable as of the financial statement issuance date to determine whether it is probable an entity will not meet its financial obligations within one year from the financial statement issuance date. Substantial doubt about an entity's ability to continue as a going concern exists when conditions and events, considered in the aggregate, indicate it is probable the entity will be unable to meet its financial obligations as they become due within one year after the date the financial statements are issued.

The Company is an early stage and emerging growth company and has not generated any revenues to date. As such, the Company is subject to all of the risks associated with early stage and emerging growth companies. Since inception, the Company has incurred losses and negative cash flows from operating activities. The Company does not expect to generate positive cash flows from operating activities in the near future until such time, if at all, the Company completes the development process of its products, including regulatory approvals, and thereafter, begins to commercialize and achieve substantial acceptance in the marketplace for the first of a series of products in its medical device portfolio.

The Company incurred net losses of $4,270,088, and had net cash flows used in operating activities of $1,825,107 for the three months ended March 31, 2017. At March 31, 2017, the Company had an accumulated deficit of $11,971,923 and negative working capital of $73,867, including cash of $905,656 (excluding the Series A Warrants and the derivative liability). The Company does not expect to experience positive cash flows from operating activities in the near future, if at all. The Company anticipates incurring operating losses in the near future and may incur operating losses for the next several years as it completes the development of its products and seeks regulatory approvals to market such products. These factors raise substantial doubt about the Company's ability to continue as a going concern within one year after the date the unaudited condensed consolidated financial statements are issued.

The Company estimates, absent any additional sources of cash, it has insufficient resources to fund its operations for the foreseeable future. The Company’s ability to fund its operations is dependent upon management's plans, which include raising additional capital, obtaining regulatory approvals for its products currently under development, commercializing and generating revenues from products currently under development, and continuing to control expenses. The Company has engaged financial advisory firms to assist with its financing efforts, including issuing additional securities under the Preferred Stock Unit private placement - see Note 12, *Convertible Preferred Stock, Stockholders Deficit, and Warrants* for further information regarding the Preferred Stock Unit private placement transaction. However, there is no assurance the Company will be successful in these efforts, including the issuance of additional Preferred Stock Units.

A failure to raise sufficient capital, obtain regulatory approvals for the Company's products, generate sufficient product revenues, or control expenditures, among other factors, will adversely impact the Company’s ability to meet its financial obligations as they become due and payable and to achieve its intended business objectives, and therefore, raises substantial doubt of the Company's ability to continue as a going concern within one year after the date the condensed consolidated financial statements are issued.

The Company's unaudited condensed consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business. The unaudited condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities should the Company be unable to continue as a going concern.

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. All intercompany transactions and balances have been eliminated in consolidation. The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), and applicable rules and regulations of the Securities and Exchange Commission (“SEC”) regarding interim financial reporting. As permitted under SEC rules, certain footnotes or other financial information normally required by U.S. GAAP have been condensed or omitted, and accordingly the balance sheet as of December 31, 2016 has been derived from audited consolidated financial statements at that date but does not include all of the information required by U.S. GAAP for complete financial statements. These condensed consolidated financial statements have been prepared on the same basis as the Company’s annual financial statements and in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the Company’s financial information. The accompanying unaudited condensed consolidated financial statements and related financial information should be read in conjunction with the audited financial statements and related notes thereto as of and for the year ended December 31, 2016 included in the Company’s Annual Report on Form 10-K filed with the SEC.

The results of operations for the three months ended March 31, 2017 are not necessarily indicative of the results to be expected for the year ending December 31, 2017 or for any other interim period or for any other future periods.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Significant estimates in these consolidated financial statements include those related to the fair value of warrants, the fair value of embedded derivatives, stock-based compensation, research and development expenses, the provision or benefit for income taxes and the valuation allowance on deferred tax assets. In addition, management’s assessment of the Company’s ability to continue as a going concern involves the estimation of the amount and timing of future cash inflows and outflows. On an ongoing basis, the Company evaluates its estimates, judgements, and methodologies. The Company bases its estimates on historical experience and on various other assumptions believed to be reasonable. Due to the inherent uncertainty involved in making estimates, actual results could differ materially from those estimates.

Cash

The Company maintains its cash at a major financial institution with high credit quality. At times, the balance of its cash deposits may exceed federally insured limits. The Company has not experienced and does not anticipate any losses on deposits with commercial banks and financial institutions which exceed federally insured limits.

Research and Development Expenses

Research and development expenses are recognized as incurred and include the salary and stock-based compensation of the Company's Chief Medical Officer and the costs related to the Company's various contract research service providers, suppliers, engineering studies, supplies, and outsourced testing and consulting, as well as rental costs for equipment and access to certain facilities at one of the Company's contract research service providers.

Note 2 — Summary of Significant Accounting Policies (continued)

Deferred Offering Costs

The Company capitalizes certain legal, accounting, and other third-party fees directly associated with in-process capital financing as deferred offering costs. The deferred offering costs are recognized as either an offset against the financing proceeds to extent the proceeds are equity classified and as a current period expense to extent the proceeds are liability classified, upon consummation of the offering. The deferred offering costs at December 31, 2016 relate to legal fees incurred with respect to an in-process financing transaction involving a Preferred Stock Units private placement - see Note 12, *Convertible Preferred Stock, Shareholders' Deficit, and Warrants* for further details regarding the Preferred Stock Units private placement transaction.

Patent Costs and Purchased Patent License Rights

Patent related costs in connection with filing and prosecuting patent applications and patents filed by the Company are expensed as incurred, and are classified as general and administrative expenses. The purchase of patent license rights for use in research and development activities are expensed as incurred and are classified as research and development expense.

Equipment

Equipment is stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs are charged to operations as incurred. Upon sale or retirement of assets, the cost and related accumulated depreciation are removed from the balance sheet and resulting gain or loss, if any, is included in the consolidated statement of operations. The useful lives of equipment are as follows:

Research and development equipment	5 years
Computer equipment	3 years

Long-Lived Assets

The Company evaluates its long-lived assets, including equipment, for impairment whenever events or changes in circumstances indicate the carrying value of these assets may not be recoverable. Recoverability of these assets is measured by comparison of the carrying amount of each asset to the future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. If the asset is considered impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired assets. The Company has not recorded impairment of any long-lived assets in the periods presented.

Note 2 — Summary of Significant Accounting Policies (continued)

Fair Value Measurements

Fair value is defined as the price which would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier fair value hierarchy which prioritizes the inputs used in the valuation methodologies, as follows:

Level 1	Valuations based on quoted prices for identical assets and liabilities in active markets.
Level 2	Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets which are not active, or other inputs observable or can be corroborated by observable market data.
Level 3	Valuations based on unobservable inputs reflecting the Company's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

At March 31, 2017 and December 31, 2016, the carrying values of cash, accounts payable, and accrued expenses, approximate their respective fair value due to the short-term nature of these instruments. At March 31, 2017, the carrying values of the warrant and derivative liability are measured at fair value in accordance with FASB ASC Topic 820, *Fair Value Measurement.* At December 31, 2016 the Company does not have any assets or liabilities required to be measured at fair value on a recurring basis in accordance with FASB ASC Topic 820, *Fair Value Measurement.*

Warrant Liability and Embedded Derivative Liability

The Company evaluates all its financial instruments to determine if those instruments or any potential embedded components of those instruments qualify as derivatives that need to be separately accounted for in accordance with FASB ASC Topic 815, *Derivatives and Hedging*. Embedded derivatives satisfying certain criteria are recorded at fair value at issuance and marked-to-market at each reporting period with the change in the fair value recorded as other income or expense. In addition, upon the occurrence of an event that requires the derivative liability to be reclassified to equity, the derivative liability is revalued to fair value at that date.

The Company accounts for warrants as either equity instruments or derivative liabilities depending on the specific terms of the warrant agreement. Warrants that allow for cash settlement or provide for certain modifications of the warrant exercise price are accounted for as derivative liabilities. The Company uses level 3 inputs to value warrants classified as liabilities, as they have down-round provisions which allow the exercise price to be adjusted as a result of certain future financing transactions. The estimated fair values of the warrant liabilities with down-round protection were determined using a Monte Carlo simulation which takes into account the probabilities of certain events occurring over the life of the warrants. The derivative is liability fair value is remeasured at each reporting period, with any decrease or increase in the estimated fair value being recorded in other income (expense).

Note 2 — Summary of Significant Accounting Policies (continued)

Stock-Based Compensation

The Company issues stock-based awards to employees, members of its board of directors, and non-employees. Stock-based awards to employees and members of its board of directors are accounted for in accordance with FASB ASC Topic 718, Stock Compensation, and stock based awards to non-employees are accounted for in accordance with FASB ASC Topic 505-50, Equity-Based Payments to Non-Employees.

The Company measures the compensation expense of stock-based awards granted to employees and members of its board of directors using the grant-date fair value of the award and recognizes compensation expense for stock-based awards on a straight-line basis over the requisite service period, which is generally the vesting period of the respective stock option award.

The Company measures the expense of stock-based awards granted to non-employees on a vesting date basis, fixing the fair value of vested non-employee stock options as of the their respective vesting date. The fair value of vested non-employee stock options is not subject-to-change at subsequent reporting dates. The estimated fair value of the unvested non-employee stock options is remeasured to then current fair value at each subsequent reporting date. The expense of non-employee stock options is recognized on a straight-line basis over the service period, which is generally the vesting period of the respective non-employee stock option award.

In March 2016, the FASB issued Accounting Standards Update ("ASU") 2016-09,*Compensation — Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting,* (“ASU 2016-09”) which simplified several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The guidance is effective for the Company beginning January 1, 2017, although early adoption is permitted. The Company elected to early adopt ASU 2016-09 effective as of April 1, 2016. As the Company did not have any stock options issued or outstanding prior to the closing of its IPO, the early adoption did not have an impact on the Company’s consolidated financial position, results of operations and cash flows.

Income Taxes

The Company accounts for income taxes using the asset and liability method, as required by FASB ASC Topic 740, Income Taxes, (ASC Topic 740). Current tax liabilities or receivables are recognized for the amount of taxes estimated to be payable or refundable for the current year. Deferred tax assets and liabilities are recognized for estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, along with net operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Changes in deferred tax assets and liabilities are recorded in the provision for income taxes.

The Company assesses the likelihood its deferred tax assets will be recovered from future taxable income, and to the extent it deems reasonable, based on available evidence, it is more-likely-than-not all or a portion of the deferred tax assets will not be realized, a valuation allowance reserve is established through a charge to income tax expense.

The Company recognizes the benefit of an uncertain tax position it has taken or expects to take on its income tax return if such a position is more-likely-than-not to be sustained upon examination by the taxing authorities, with the tax benefit recognized being the largest amount having a greater than 50% likelihood of being realized upon ultimate settlement.

The Company's policy for recording interest and penalties associated with audits is to record such expense as a component of income tax expense. There were no amounts accrued for penalties or interest as of March 31, 2017 and December 31, 2016, or recognized during the three months ended March 31, 2017 and 2016. As of March 31, 2017, the Company does not have any unrecognized tax benefits resulting from uncertain tax positions. The Company is not aware of any issues under review to potentially result in significant payments, accruals, or material deviations from its position.

Note 2 — Summary of Significant Accounting Policies (continued)

Net Loss Per Share

Basic net loss per share is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by dividing the net loss by the sum of the weighted-average number of common shares outstanding during the reporting period, and, if dilutive, the potential dilutive effects of convertible preferred stock (to the extent such preferred stock is eligible for conversion), stock options, unit purchase options, and warrants (to the extent such warrants are eligible to be exercised) using the treasury stock method. Notwithstanding, as the Company's consolidated financial results resulted in a net loss for all periods presented, diluted net loss per share is the same as basic net loss per share, due to the exclusion of incremental shares resulting from common stock equivalents, including convertible preferred stock (to the extent such preferred stock is eligible for conversion), stock options, unit purchase options, and warrants (to the extent such warrants are eligible to be exercised) as inclusion would have been anti-dilutive.

As of March 31, 2017, the issued and outstanding Series A Convertible Preferred Stock were not convertible into, and the Series A Warrants were not exercisable for, common stock, as such conversion and /or exercise is not permitted prior to the time stockholder approval has been obtained under Nasdaq Stock Market Rule 5635(d). Additionally, the Series X Warrants are exercisable commencing on the first trading day following the later of (i) the date stockholder approval has been obtained under Nasdaq Stock Market Rule 5635(d) or (ii) October 31, 2018, and ending on April 30, 2024, or earlier upon redemption. Stockholder approval is scheduled to be effective on May 21, 2017. Accordingly, as of March 31, 2017, such stockholder approval had not been obtained, and therefore they are not counted as common stock equivalents for purposes of determining diluted weighted average shares outstanding.

Segment Data

The Company manages its operations as a single operating segment for the purposes of assessing performance and making operating decisions. No revenue has been generated since inception, and all tangible assets are held in the United States.

JOBS Act Accounting Election

The Company is an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has irrevocably elected to avail itself of this exemption from new or revised accounting standards, and, therefore, will not be subject to the same new or revised accounting standards as public companies that are not emerging growth companies.

Note 2 — Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, which amends the guidance of FASB ASC Topic 805, Business Combinations (ASC 805) adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (disposals) of assets or businesses. The objective of ASU 2017-01 is to narrow the definition of what qualifies as a business under Topic 805 and to provide guidance for streamlining the analysis required to assess whether a transaction involves the acquisition (disposal) of a business. ASU 2017-01 provides a screen to assess when a set of assets and processes do not qualify as a business under Topic 805, reducing the number of transactions that need to be considered as possible business acquisitions. ASU 2017-01 also narrows the definition of output under Topic 805 to make it consistent with the description of outputs under Topic 606. The guidance of ASU 2017-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years and early adoption is permitted under certain circumstances. The Company is evaluating the impact of this guidance on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, which amended the guidance of FASB ASC Topic 230, Statement of Cash Flows (ASC 230) on the classification of certain cash receipts and payments. The primary purpose of ASU 2016-15 is to reduce the diversity in practice which has resulted from a lack of consistent principles on this topic. The amendments of ASU 2016-15 add or clarify guidance on eight specific cash flow issues, including debt prepayment or debt extinguishment costs, settlement of zero-coupon debt instruments, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, distributions received from equity method investees, beneficial interests in securitization transactions, and separately identifiable cash flows and application of the predominance principle. The guidance of ASU 2016-15 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company is evaluating the impact of this guidance on its consolidated financial statements.

In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing* (“ASU 2016-10”). The amendments in ASU 2016-10 clarify the following two aspects of Topic 606: (a) identifying performance obligations; and (b) the licensing implementation guidance. The amendments do not change the core principle of the guidance in Topic 606. The effective date and transition requirements for the amendments are the same as the effective date and transition requirements in Topic 606. The guidance is effective for the Company beginning January 1, 2018, although early adoption is permitted beginning January 1, 2017. The Company is currently evaluating the impact of this guidance on its consolidated financial position, results of operations and cash flows.

In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations* (“ASU 2016-08”). The amendments are intended to improve the operability and understandability of the implementation guidance on principal versus agent considerations by amending certain existing illustrative examples and adding additional illustrative examples to assist in the application of the guidance. The effective date and transition requirements for the amendments are the same as the effective date and transition requirements in Topic 606: The guidance is effective for the Company beginning January 1, 2018, although early adoption is permitted beginning January 1, 2017. The Company is currently evaluating the impact of this guidance on its consolidated financial position, results of operations and cash flows.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), which establishes a right-of-use (ROU) model requiring a lessee to recognize a ROU asset and a lease liability for all leases with terms greater-than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods with those fiscal years. A modified retrospective transition approach is required for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently evaluating the impact of this guidance on its consolidated financial position, results of operations, and cash flows.

Note 2 — Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

In May 2014, the FASB issued ASU 2014-09,*Revenue from Contracts with Customers (Topic 606)* and subsequently issued additional updates amending the guidance contained in Topic 606 thereby affecting the guidance contained in ASU 2014-09. ASU 2014-09 and the subsequent Topic 606 updates will supersede and replace nearly all existing U.S. GAAP revenue recognition guidance. The core principle of ASU 2014-09 is to recognize revenue when promised goods or services are transferred to customers in an amount equal to the consideration to which the entity expects to be entitled for those goods and services. ASU 2014-09 defines a five step process to achieve this core principle, and in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. The standard is effective for annual periods beginning after December 15, 2017, including interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting the standard recognized at the date of adoption (which includes additional footnote disclosures). The Company is evaluating the guidance in ASU 2014-09 and the subsequent Topic 606 updates and has not yet determined what, if any, effect this guidance will have on its consolidated results of operations or financial condition.

Note 3 — Financial Instruments

The following fair value hierarchy table presents information about each major category of the Company's financial liabilities measured at fair value on a recurring basis as of March 31, 2017 (there were no such financial liabilities as of December 31, 2016).

	Fair Value Measurement at Reporting Date Using:			
	Quoted Prices in Active Markets for Identical Items Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
March 31, 2017				
Liabilities				
Series A Warrants	$ —	$ —	$ 3,264,309	$ 3,264,309
Derivative liability	—	—	997,898	997,898
Total liabilities	$ —	$ —	$ 4,262,207	$ 4,262,207

The Company has issued Series A Warrants to purchase shares of the Company's common stock at the option of the holder. The Series A Warrants are classified on the unaudited condensed consolidated balance sheet as a current liability. The Series A Warrants are initially measured at fair value at the time of issuance and subsequently remeasured at fair value at each reporting period, with changes in fair value recognized as other income or expense in the condensed consolidated statement of operations. See Note 12, *Convertible Preferred Stock, Stockholders' Deficit, and Warrants* for further discussion of the Series A Warrants. A reconciliation of the Series A Warrants liability is a follows:

Series A Warrants Liability	March 31, 2017
Balance at December 31, 2016	$ —
Initial fair value on dates of issuance	4,050,706
Change in fair value	(786,397)
Balance at March 31, 2017	$ 3,264,309

The Company has issued Series A Convertible Preferred Stock which is convertible into shares of the Company's common stock at the option of the holder. The Series A Convertible Preferred Stock conversion option is accounted for as an embedded derivative and bifurcated from the Series A Convertible Preferred Stock host instrument. The conversion option embedded derivative is classified on the condensed consolidated balance sheet as a current liability, initially measured at fair value at the time of issuance and subsequently remeasured at fair value at each reporting period, with changes in fair value recognized as other income or expense in the condensed consolidated statement of operations. See Note 12, *Convertible Preferred Stock, Stockholders Deficit, and Warrants*, for further discussion of the Series A Convertible Preferred Stock conversion option embedded derivative liability. A reconciliation of the Series A Convertible Preferred Stock conversion option embedded derivative liability is a follows:

Series A Preferred Stock Conversion Option Embedded Derivative Liability	March 31, 2017
Balance at December 31, 2016	$ —
Initial fair value on dates of issuance	1,221,963
Change in fair value	(224,065)
Balance at March 31, 2017	$ 997,898

Note 4 — Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following as of:

	March 31, 2017	December 31, 2016
Security deposits	$ 20,850	$ 48,350
Prepaid insurance	14,762	35,947
Advanced payments to suppliers	106,231	71,193
Total prepaid expenses and other current assets	$ 141,843	$ 155,490

Note 5 — Equipment, Net

Equipment, net consisted of the following as of:

	March 31, 2017	December 31, 2016
Research and development equipment	$ 13,656	$ 10,156
Computer equipment	13,438	11,637
	27,094	21,793
Less: accumulated depreciation	(5,495)	(3,793)
Equipment, net	$ 21,599	$ 18,000

Depreciation expense was $1,702 and $132 for the three months ended March 31, 2017 and 2016, respectively.

Note 6 — Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following for the periods indicated:

	March 31, 2017	December 31, 2016
Accrued bonus payable	$ 38,807	$ —
Accrued vacation	31,611	28,324
Accrued board of director fees	72,500	72,500
Accrued professional fees	—	111,249
Accrued severance	41,240	—
Other	28,000	28,000
Total accrued expenses and other current liabilities	$ 212,158	$ 240,073

The accrued board of director fees at March 31, 2017 and December 31, 2016 represent amounts payable to all non-executive members of the board of directors, including $10,000 payable to a board member deemed to be a related party, at each of March 31, 2017 and December 31, 2016.

The accrued professional fees at December 31, 2016 related to deferred offering costs incurred with respect to the Preferred Stock Units private placement. See Note 12, *Convertible Preferred Stock, Stockholders' Deficit, and Warrants*, for a discussion of the Preferred Stock Units private placement transaction.

The accrued severance at March 31, 2017 relates to the separation agreement with the Company's former Chief Financial Officer (CFO), Richard F. Fitzgerald. In this regard, on March 20, 2017, Mr. Fitzgerald resigned as the Company's CFO and the Company and Mr. Fitzgerald entered into a separation agreement, under which Mr. Fitzgerald executed a general release and waiver in favor of the Company. Mr. Fitzgerald remained a full-time employee through March 31, 2017. In connection with his employment termination, on March 31, 2017, the Company entered into a consulting agreement with Mr. Fitzgerald, providing for his engagement as an advisor at a fee of $10,000 per month and the continuation of health insurance benefits from April 1, 2017 to June 30, 2017, as well as a single $2,200 payment on April 30, 2017 for temporary housing and travel expenses. The Company recognized an expense of $41,240 at March 31, 2017 as an accrued liability related to the termination benefits.

Previously, on April 28, 2016, upon the closing of the Company's IPO, Mr. Fitzgerald was granted a stock option to purchase 125,000 shares of the Company's common stock with an exercise price equal to $5.00 per share. On March 31, 2017, the April 28, 2016 stock option agreement was amended, wherein the stock option grant will continue to vest monthly in April, May, and June 2017, and the 48,611 vested stock options will be exercisable until April 28, 2019, with the remaining 76,389 stock options forfeited effective March 31, 2017. In connection with the modification to the stock option grant, the Company recognized $51,389 of stock-based compensation expense related to the stock option modifications at March 31, 2017.

The termination benefits and stock-based compensation expense related to Mr. Fitzgerald's employment termination are included in "General and administrative expenses" in the accompanying consolidated statement of operations.

Included in "Other" is $10,000 of accrued expenses due to a related party under the HCFP /Strategy Advisory Agreement, with such amount payable at both March 31, 2017 and December 31, 2016. See Note 8, *Related Party Transactions*, for further details regarding the HCFP /Strategy Advisory Agreement.

In December 2016, the Company reversed the accrued bonus payable previously recognized throughout 2016 as the Company's board of directors determined no discretionary bonuses would be paid for 2016. In addition, the Company's Chief Executive Officer ("CEO") waived his right to receive a guaranteed bonus payment due under the CEO Employment Agreement. See Note 9, *Commitments and Contingencies*, for further details regarding compensation paid to the CEO.

Note 7 — Income Taxes

In the three months ended March 31, 2017 and 2016, the Company recognized a deferred tax benefit which was fully offset by a corresponding valuation allowance. As required by ASC Topic 740, a "more-likely-than-not" criterion is applied when evaluating the realization of a deferred tax asset. The Company has evaluated the positive and negative evidence bearing upon the realizability of its deferred tax assets. Based on the Company's history of operating losses, the Company has concluded it is more-likely-than-not the benefit of its deferred tax assets will not be realized. Accordingly, the Company has provided a full valuation allowance for deferred tax assets as of March 31, 2017 and December 31, 2016.

Note 8 — Related Party Transactions

Effective October 2015, the Company entered into a three-year management services agreement through October 2018 with HCP/Advisors LLC, an affiliate of a director of the Company. Pursuant to the HCP/Advisors LLC agreement, such entity has agreed to provide the Company with certain management services, including without limitation identifying potential corporate opportunities, general business development, corporate development, corporate governance, marketing strategy, strategic development and planning, coordination with service providers, and other advisory services as may be mutually agreed upon. The Company has agreed to pay HCP/Advisors LLC an initial monthly fee of $35,000 commencing as of November 1, 2015, and thereafter, a monthly fee of $25,000 through October 31, 2018. Under this agreement, the Company incurred fees of $75,000 and $75,000 during the three months ended March 31, 2017 and 2016, respectively, which are included in "General and administrative expenses" in the accompanying unaudited condensed consolidated statements of operations.

Effective September 2016, the Company entered into a consulting agreement with HCFP /Strategy Advisors LLC, an affiliate of certain directors and officers of the Company (the "HCFP Strategic Advisory Agreement"). Under the HCFP Strategic Advisory Agreement, HCFP /Strategy Advisors had been engaged for an initial term of five months through February 14, 2017, to provide various strategic advisory services, including: to provide strategic business planning, to identify and assist with potential sources of financing arrangements, to promote the Company to various potential investors, and to provide strategic advisory services as reasonably requested by the Company. The HCFP Strategic Advisory Agreement provided for an initial total fee of $110,000, with $30,000 paid upon execution of the agreement and four payments of $20,000 per month from October 2016 to January 2017. Subsequently, on February 17, 2017, the Company and HCFP /Strategy Advisors LLC executed an extension of the HCFP Strategic Advisory Agreement effective as of February 15, 2017, extending the services through May 14, 2017 and obligating the Company to fund three payments of $20,000 per month from February 2017 to April 2017. The Company incurred expense of $60,000 in the three months ended March 31, 2017 under the HCFP Strategic Advisory Agreement, which is included in "General and administrative expenses" in the accompanying unaudited condensed consolidated statements of operations.

Effective September 2016, the Company also entered into a consulting agreement with Swartwood Hesse, Inc., an affiliate of HCFP /Strategy Advisors (which, as noted above, is an affiliate of certain directors and officers of the Company) (the "Swartwood Hesse Financial Advisory Agreement"). Under the Swartwood Hesse Financial Advisory Agreement, Swartwood Hesse Inc. has been engaged for an initial term of five months to provide advisory services regarding potential financing arrangements, to assist the Company with its investors relations, and to provide other financial advisory services as reasonably requested by the Company. The Swartwood Hesse Financial Advisory Agreement provides for total fee payments to Swartwood Hesse of $15,000, which was previously paid and recognized as expense upon execution of the agreement. The Company may incur additional fees for investment banking services under a separate written agreement to be executed between the Company and Swartwood Hesse, Inc.

In January 2017, the Company entered into an agreement with Xzerta Trading LLC d/b/a HCFP /Capital Markets ("HCFP /Capital Markets"), an affiliate of certain directors and officers of the Company, wherein HCFP /Capital Markets was engaged to be the Company's exclusive placement agent in an offering of securities ("the HCFP /Capital Markets Placement Agent Agreement"), including the Preferred Stock Units private placement transaction. Under the HCFP /Capital Markets Placement Agent Agreement, HCFP /Capital Markets is paid a fee of 7.0% of the gross proceeds realized in the securities offering, plus reimbursement of certain out-of-pocket costs. The term of the HCFP /Capital Markets Placement Agent Agreement is from the January 2017 execution date to the later of June 30, 2017, or the completion or termination of any other potential transactions in conjunction with the Preferred Stock Units private placement. The Company incurred $177,576 of fees paid to HCFP /Capital Markets in connection with the issuances of Preferred Stock Units in the three months ended March 31, 2017, which are included in "Loss on the issuance of preferred stock units" in the accompanying unaudited condensed consolidated statements of operations.

Note 8 — Related Party Transactions (continued)

Effective October 1, 2016, the Company and Michael J. Glennon, Vice Chairman and a member of the Company's board of directors, entered into a consulting agreement (the "Glennon Consulting Agreement"), under which Mr. Glennon provides the Company with services and advice relating to the successful development and commercialization of medical device products, including interfacing with outsourced contract manufacturers, assisting with development of the supply chain and establishing commercialization channels with independent distributors and strategic corporate partners, and providing such other services as requested by the Company's Chairman and CEO. As compensation for his services, Mr. Glennon was to be paid an initial payment of $37,500 upon execution of the consulting agreement and a monthly retainer of $12,500 for each month thereafter. Effective as of December 31, 2016, Mr. Glennon and the Company entered into an agreement whereby Mr. Glennon waived his right to compensation under the Glennon Consulting Agreement for the year ended December 31, 2016. Additionally, effective as of March 31, 2017, Mr. Glennon and the Company entered into a second agreement whereby Mr. Glennon waived his right to compensation under the Glennon Consulting Agreement for the period January 1, 2017 through June 30, 2017. The Glennon Consulting Agreement may be terminated by either party upon 30 days' prior written notice, except either party may terminate the Glennon Consulting Agreement immediately for cause (which includes an uncured material breach of the agreement). The Glennon Consulting Agreement also will terminate immediately if the parties agree to the employment of Mr. Glennon on a full-time basis.

Effective November 2016, the Company entered into a consulting agreement with Patrick Glennon, a related-party who is the brother of Michael J. Glennon, Vice Chairman and a member of the Company's board of directors (the "P. Glennon Consulting Agreement"). Under the terms of the P. Glennon Consulting Agreement, Mr. P. Glennon will provide consulting support and advice with respect to the development and commercialization of resorbable ear tubes. The sole compensation for such services is the issuance of 20,000 stock options on November 28, 2016, with an exercise price of $9.50 per share, and vesting ratably on a quarterly basis commencing December 31, 2016 through September 30, 2019.

Note 9 — Commitments and Contingencies

Employment Agreements & Compensation

Chief Executive Officer Employment Agreement

Effective November 1, 2014, the Company entered into an employment agreement with its CEO (the “CEO Employment Agreement”) for a five-year term, with a current base salary of $295,000 per year. On April 28, 2016, upon consummation of the IPO, the CEO was granted a stock option to purchase 278,726 shares of the Company’s common stock with an exercise price equal to $5.00 per share. The CEO Employment Agreement provides for a guaranteed bonus equal to 50% of base salary, beginning on January 1 of each year effective January 1, 2016. Additionally, the CEO will also be eligible to earn discretionary annual performance bonuses upon meeting certain objectives as determined by the Board of Directors. Effective as of December 31, 2016, the CEO agreed to waive his right to the guaranteed bonus for the year ended December 31, 2016. The CEO Employment Agreement contains provisions for the protection of the Company’s intellectual property and contains non-compete restrictions in the event of his termination other than without “cause” or by the board of directors with “good reason.”

Chief Financial Officer Employment Agreement

On March 20, 2017, the Company entered into an employment agreement with Dennis M. McGrath, which provides for Mr. McGrath to serve as the Company's Executive Vice President and Chief Financial Officer. The employment agreement is for a two-year term. Mr. McGrath will receive a base salary of $285,000 per year and will be eligible to earn discretionary annual performance bonuses with a target of 50% of his then current base salary, based upon his performance and the Company's performance over the preceding year, as determined by the compensation committee of the Board of Directors. Additionally, the Company will reimburse Mr. McGrath up to $2,250 per month for temporary housing and travel expenses for up to 12 months. In addition, Mr. McGrath was granted a stock option to purchase up to 250,000 shares of common stock, at an exercise price of $5.95 per share. The stock option vests in 12 equal quarterly installments on the last day of each fiscal quarter, commencing on June 30, 2017 through March 31, 2020. The employment agreement with Mr. McGrath contains provisions for the protection of the Company’s intellectual property and contains non-compete restrictions in the event of his termination other than without “cause” or by the board of directors with “good reason.”

Chief Medical Officer Employment Agreement

Effective July 1, 2016, the Company entered into a five-year employment agreement with its Chief Medical Officer (the “CMO Employment Agreement”) with a base salary of $285,000 per year, plus an initial bonus of $50,000 for services provided before the agreement's effective date. The Chief Medical Officer is eligible to earn discretionary annual performance bonuses upon meeting certain objectives as determined by the compensation committee of the Board of Directors. On April 28, 2016, upon the consummation of the IPO, the Chief Medical Officer was granted a stock option to purchase 278,726 shares of the Company’s common stock with an exercise price equal to $5.00 per share. The CMO Employment Agreement contains provisions for the protection of the Company’s intellectual property and contains non-compete restrictions in the event of his termination other than without “cause” or by the CEO with “good reason”.

Note 9 — Commitments and Contingencies (continued)

Leases

The Company leases office space for its corporate office, which initially provided for two consecutive six month terms beginning on February 1, 2016, rent payments of $9,500 per month and the option to cancel the lease agreement at the end of the initial six-month term at the election of the Company. Subsequently, the lease agreement was amended to add additional office space at an additional rate of $4,400 per month, and extended the lease term through May 31, 2017. In March 2017, the office space was reduced, resulting in a $650 per month reduction of the monthly lease payment. The lease agreement includes a 5% increase in monthly rent effective on each twelve month anniversary. After the May 31, 2017 lease term expiration, the lease term is on a month-to-month basis, which may be cancelled by the Company with three months written notice. At this time, the Company intends to lease the office space on a month-to-month basis after the May 31, 2017 lease term expiration. Total rent expense incurred under the corporate office space lease arrangement was $42,126 and $19,000 for the three months ended March 31, 2017 and 2016, respectively. At March 31, 2017, the Company's future minimum lease payments totaled $27,450 for the period April 1, 2017 to the May 31, 2017 lease expiration date; and, the future minimum lease payments totaled an additional $140,123 payable for the period June 1, 2017 to March 31, 2018, with respect to the lease arrangement on a month-to-month basis.

Additionally, beginning on May 1, 2015, the Company had rented access to a research and development facility for monthly rent of $1,000 on a month-to-month basis, wherein either the landlord or the Company could cancel the rental arrangement at any time. Effective February 28, 2017, the Company ceased use of the research and development facility and canceled the rental arrangement. Total rental expense under this research and development facility lease arrangement amounted to $2,000 and $3,000 for the three months ended March 31, 2017 and 2016, respectively.

Legal Proceedings

In the normal course of business, from time-to-time, the Company may be subject to claims in legal proceedings. However, the Company does not believe it is currently a party to any pending legal actions. Notwithstanding, legal proceedings are subject-to inherent uncertainties, and an unfavorable outcome could include monetary damages, and in such event, could result in a material adverse impact on the Company's business, financial position, results of operations, or cash flows.

Note 10 — Agreement Related to Intellectual Property Right

Tufts Patent License Agreement - Antibiotic-Eluting Resorbable Ear Tubes

On November 2, 2016, the Company executed a Patent License Agreement (the “Tufts Patent License Agreement”) with Tufts University and its co-owners, the Massachusetts Eye and Ear Infirmary and Massachusetts General Hospital (the "Licensors”). Pursuant to the Tufts Patent License Agreement, the Licensors granted the Company the exclusive right and license to certain patents in connection with the development and commercialization of antibiotic-eluting resorbable ear tubes based on a proprietary aqueous silk technology conceived and developed by the Licensors. Upon execution of the Tufts Patent License Agreement, the Company paid the Licensors an upfront non-refundable fee of $50,000. The Tufts Patent License Agreement also provides for payments from the Company to the Licensors upon the achievement of certain product development and regulatory clearance milestones as well as royalty payments on net sales upon the commercialization of products developed utilizing the licensed patents.

The Company accounted for the Tufts Patent License Agreement as an asset acquisition as the license agreement did not meet the definition of a business pursuant to the guidance prescribed in FASB ASC Topic 805, *Business Combinations*, as the transaction principally resulted in the acquisition of intellectual property rights only. In this regard, the Company did not acquire any employees or tangible assets, or any processes, protocols, or operating systems. Additionally, at the time of the transaction, there were no activities being conducted related to the licensed patents.

As of the transaction date, the Company recognized as expense the cost of the acquired intellectual property rights, as required, since this intangible asset purchased from others for use in a research and development activity, and for which there are no alternative future uses. Accordingly, the Company recognized the $50,000 payment as research and development expense in the year ended December 31, 2016. The Company will record as expense any contingent milestone payments or royalties in the period in which such liabilities are incurred.

Note 11 — Stock Based Compensation

In November 2014, the Company's board of directors and stockholders adopted the 2014 Long-Term Incentive Equity Plan (the "2014 Stock Plan"). The 2014 Stock Plan is designed to enable the Company to offer employees, officers, directors and consultants, as defined, an opportunity to acquire a proprietary interest in the Company. The types of awards that may be granted under the 2014 Stock Plan include stock options, stock appreciation rights, restricted stock, and other stock-based awards subject to limitations under applicable law. All awards are subject to approval by the compensation committee of the Company's board of directors.

The 2014 Stock Plan reserves 1,951,081 shares of common stock for issuance in accordance with the 2014 Stock Plan's terms. Stock option granted outside of the 2014 Stock Plan amounted to 250,000 in the three months ended March 31, 2017, and 250,854 on April 28, 2016. At March 31, 2017, there were 620,011 shares of common stock available for grant under the 2014 Stock Plan.

The following table summarizes information about stock options for the periods presented below:

	Number Stock Options	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding at December 31, 2016	1,633,313	$ 5.14	
Granted	275,000	$ 5.86	
Exercised	—	$ —	
Forfeited	(76,389)	$ 5.00	
Outstanding at March 31, 2017	1,831,924	$ 5.25	$ —
Vested and exercisable at March 31, 2017	492,828	$ 5.08	$ —
Vested or expected to vest at March 31, 2017	1,831,924	$ 5.25	

In March 2017, the Company granted 250,000 stock options to the Company's new Chief Financial Officer, with a ten year contractual term from date of grant, an exercise price of $5.95 per share, and vesting ratably on a quarterly basis commencing June 30, 2017 and ending March 31, 2020.

In March 2017, the Company granted 25,000 stock options to a new member of the Company's medical advisory board, with a ten year contractual term from date of grant, an exercise price of $5.01 per share, and vesting ratably on a quarterly basis commencing June 30, 2017 and ending March 31, 2020.

In March 2017, in connection with his separation from the Company, 76,389 stock options were forfeited which were previously granted to the Company's former Chief Financial Officer - see below for further information regarding the former Chief Financial Officer's stock options.

On April 28, 2016, upon the closing of the Company's IPO, a total of 1,588,313 stock options were granted, including 961,178 to management, 487,770 to members of the board of directors, and 139,365 to members of the Company's medical advisory board. The stock options granted on April 28, 2016, have a ten year contractual term from date of grant, an exercise price of $5.00 per share, and vest 3/36 on July 28, 2016, and 1/36 on each successive month thereafter from Aug 28, 2016 to April 28, 2019.

In November 2016, the Company granted 25,000 stock options to a new member of the Company's medical advisory board, with a ten year contractual term from date of grant, an exercise price of $10.50 per share, and vesting ratably on a quarterly basis commencing December 31, 2016 and ending September 30, 2019. In November 2016, the Company granted 20,000 stock options to a (related party) consultant, with a ten year contractual term from date of grant, an exercise price of $9.50 per share, and vesting ratably on a quarterly basis commencing December 31, 2016 and ending September 30, 2019.

The aggregate intrinsic value is computed as the difference between the exercise price of the underlying stock options and the quoted price of the common stock on March 31, 2016, to the extent the exercise price is less than the quoted price.

The weighted average remaining contractual term of stock options outstanding was 9.0 years at March 31, 2017. The weighted average remaining contractual term of stock options vested and exercisable was 8.5 years at March 31, 2017.

Note 11 — Stock Based Compensation (continued)

The stock-based compensation expense related to stock options granted to employees and directors is based on the grant-date fair value, and for stock options granted to non-employees is based on the vesting date fair value, with the cost recognized on a straight-line basis over the award's requisite service period. Stock-based compensation expense for the three months ended March 31, 2017 and 2016 was recognized as follows:

	Three Months Ended March 31,	
	2017	2016
General and administrative expenses	$ 242,452	$ —
Research and development expenses	30,228	—
	$ 272,680	$ —

Included in general and administrative expenses, is $51,389 of stock-based compensation expense related to the stock option modifications at March 31, 2017 related to the stock option grant previously awarded to the Company's former Chief Financial Officer, Richard F. Fitzgerald. Previously, on April 28, 2016, upon the closing of the Company's IPO, Mr. Fitzgerald was granted a stock option to purchase 125,000 shares of common stock with an exercise price equal to $5.00 per share. On March 31, 2017, the April 28, 2016 stock option agreement was amended wherein the stock option grant will continue to vest monthly in April, May, and June 2017, and the 48,611 vested stock options will be exercisable until April 28, 2019, with the remaining 76,389 stock options forfeited effective March 31, 2017.

At March 31, 2017, there was $2,440,452 of total unrecognized compensation cost related to stock options, which is expected to be recognized over the next 2.2 years (which represents the weighted average remaining requisite service periods for such awards).

The Company uses the Black-Scholes valuation model to estimate the fair value of stock options. The Black-Scholes valuation model requires the Company to make certain estimates and assumptions, including assumptions related to the expected price volatility of the Company's stock, the period during which the options will be outstanding, the rate of return on risk- free investments, and the expected dividend yield for the Company's stock.

Stock options issued to employees:

The grant date fair value of stock options granted to employees and members of the board of directors during the three months ended March 31, 2017 was $2.90 per share, calculated using the following Black-Scholes valuation model assumptions:

	Three Months Ended March 31, 2017
Risk free interest rate	2.1%
Expected term of stock options (in years)	5.8
Expected stock price volatility	50%
Expected dividend yield	0%

Stock options issued to non-employees:

The weighted average fair value of stock options granted to non-employees was $4.23 per share as of March 31, 2017, with such fair value calculated using the following weighted-average Black-Scholes valuation model assumptions:

	Three Months Ended March 31, 2017
Risk free interest rate	2.3%
Expected term of stock options (in years)	9.4
Expected stock price volatility	60%
Expected dividend yield	0%

Note 11 — Stock Based Compensation (continued)

The weighted-average valuation assumptions for all stock-based awards were determined as follows:

Weighted-average risk-free interest rate: The Company bases the risk-free interest rate on the interest rate payable on U.S. Treasury securities in effect at the time of grant for a period commensurate with the assumed expected option term.

Expected term of options: The expected term of stock options represents the period of time options are expected to be outstanding, which for employees is the expected term derived using the simplified method and for non-employees is the contractual term.

Expected stock price volatility: The expected volatility is based on historical stock price volatilities of similar entities within the Company's industry over the period commensurate with the expected term of the stock option.

Expected dividend yield: The estimate for annual dividends is $0.00 as the Company has not historically paid, and does not expect for the foreseeable future to pay, a dividend.

Note 12 — Convertible Preferred Stock, Stockholders' Deficit, and Warrants

Preferred Stock

The Company is authorized to issue 20,000,000 shares of preferred stock with a par value of $0.001 per share with such designation, rights, and preferences as may be determined from time-to-time by the Company's board of directors. As discussed below, at March 31, 2017, a total of 422,838 shares of Series A Convertible Preferred Stock were issued and outstanding. At December 31, 2016 there were no shares of preferred stock issued or outstanding.

Preferred Stock Units Private Placement

The Company's Board of Directors has authorized the issuance of up to a total of 1.25 million Preferred Stock Units, including authorizing 500,000 units on January 21, 2017 and 750,000 units on May 10, 2017. On January 26, 2017, the Company entered into a Securities Purchase Agreement pursuant to which the Company may issue up to an aggregate of $3,000,000 (subject to increase) of Preferred Stock Units at a price of $6.00 per Preferred Stock Unit, in a private placement transaction.

The Preferred Stock Unit consists of one share of Series A Convertible Preferred Stock and one Series A Warrant. Each share of Series A Convertible Preferred Stock is convertible into a number of shares of common stock equal to the stated value of $6,00 per share divided by the initial conversion price of $6.00, subject to adjustment. Each Series A Warrant is exercisable for one share of common stock at an initial exercise price of $8.00 per share, subject to adjustment. Further, through April 30, 2024, each Series A Warrant may also be exchanged, at the option of the holder, into four Series X Warrants, each of which is exercisable for one share of common stock at $6.00 per share, with such Series X Warrant exercise price not subject to further adjustment. The Series A Convertible Preferred Stock and Series A Warrants are immediately separable upon their issuance. The Series A Convertible Preferred Stock is not convertible and Series A Warrants are not exercisable, prior to the time stockholder approval has been obtained under Nasdaq Stock Market Rule 5635(d). The Series X Warrants are exercisable commencing on the first trading day following the later of (i) the date stockholder approval has been obtained under Nasdaq Stock Market Rule 5635(d) or (ii) October 31, 2018, and ending April 30, 2024, or earlier upon redemption. Stockholder approval is scheduled to be effective May 21, 2017.

At the initial closing on January 26, 2017, and at subsequent closings on January 31, 2017 and March 8, 2017, a total of 422,838 Preferred Stock Units were issued for aggregate gross proceeds of approximately $2.5 million and net proceeds of approximately $2.1 million, after payment of offering costs, including placement agent fees, escrow agent fees, and legal fees. The Preferred Stock Units private placement will remain open for subsequent closings, if any, in which the currently authorized Preferred Stock Units may be issued.

As discussed herein below, the Series A Warrants and the Series A Convertible Preferred Stock conversion option were determined to be derivatives under ASC Topic 815, *Derivative and Hedging*. The Series A Warrants and the Series A Convertible Preferred Stock conversion option embedded derivative are each classified on the unaudited condensed consolidated balance sheet as a current liability. The Series A Warrants liability and the Series A Convertible Preferred Stock conversion option embedded derivative liability are initially measured at fair value at the time of issuance and subsequently remeasured at fair value at each reporting period, with changes in fair value recognized as other income or expense in the unaudited condensed consolidated statement of operations.

The initial carrying value of the Series A Convertible Preferred Stock is the difference between the Preferred Stock Units issuance gross proceeds less the initial fair values of the Series A Warrants liability and the Series A Convertible Preferred Stock conversion option embedded derivative liability. At issuance, the Series A Convertible Preferred Stock has a carrying value of $0 resulting from the aggregate fair value of the Series A Warrant liability and the Series A Convertible Preferred Stock conversion option embedded derivative liability being in excess of the Preferred Stock Units issuance gross proceeds, with such excess recognized as a current period expense amounting to $2,735,657, before offering costs of $388,628, which were also recognized as a current period expense, resulting in a $3,124,285 loss on the issuance of the Preferred Stock units recognized in the unaudited condensed consolidated statement of operations, summarized as follows:

	Preferred Stock Units Issue Dates (Aggregate)
Preferred Stock Units issuance gross proceeds	$ 2,537,012
Less: Series A Warrants initial fair value	(4,050,706)
Less: Conversion option embedded derivative liability initial fair value	(1,221,963)
Excess of fair value over gross proceeds	(2,735,657)
Offering costs	(388,628)
Loss on issuance of Preferred Stock Units	$ (3,124,285)

Note 12 — Convertible Preferred Stock, Stockholders' Deficit, and Warrants(continued)

Series A Convertible Preferred Stock

The Series A Convertible Preferred Stock has a par value of $0.001 per share, no voting rights, a stated value of $6.00 per share, and, at the holders' election, is convertible into a number of shares of common stock equal to the stated value of $6.00 per share divided by the initial conversion price of $6.00, subject to adjustment. The holders of the Series A Convertible Preferred Stock may elect conversion at any time after the Company has obtained shareholder approval of the private placement transaction in accordance with Nasdaq Stock Market Rule 5635(d). The conversion price of the Series A Convertible Preferred Stock will be reduced by a prescribed formula on a weighted average basis should any subsequent issuances of convertible securities by the Company be sold at a price lower than the conversion price of the Series A Convertible Preferred Stock immediately prior to such issuance.

The Series A Convertible Preferred Stock provides for dividends at an 8% annual rate, compounded quarterly, accumulate, and are payable in arrears upon being declared by the Company's Board of Directors. The Series A Convertible Preferred Stock dividends from April 1, 2017 through April 1, 2021 are payable-in-kind ("PIK") in additional shares of Series A Convertible Preferred Stock. The dividends may be settled, after April 1, 2021, at the option of the Company, through any combination of the issuance of additional Series A Convertible Preferred Stock, common shares, and /or cash payment. As of March 31, 2017, Series A Convertible Preferred Stock dividends totaling $26,440 or a payment-in-kind of 4,422 shares of Series A Convertible Preferred Stock, were earned, accumulated, and in arrears, as the Company's Board of Directors has not declared such dividends payable. Accordingly, the Company has not recognized a Series A Convertible Preferred Stock dividend payable liability as of March 31, 2017, and will not recognize such dividend payable liability until such dividends are declared by the Company's Board of Directors.

In the event of a Deemed Liquidation Event as defined in the Certificate of Designation of Preferences, Rights, and Limitations of the Series A Convertible Preferred Stock, the Series A Convertible Preferred Stock can become redeemable at the election of at least two-thirds of holders of the then number of issued and outstanding Series A Convertible Preferred Stock, if the Company fails to effect a dissolution of the Company under the Delaware General Corporation Law within ninety (90) days after such Deemed Liquidation Event. In the event of any voluntary or involuntary liquidation, dissolution, or winding up of the Company or a Deemed Liquidation Event, as defined, the holders of the Series A Convertible Preferred Stock then outstanding are entitled to be paid out the assets of the Company available for distribution to its stockholders before any payment shall be made to the holders of the common stock, an amount per share equal to the greater of (i) the stated value, plus any dividends accrued but unpaid, or (ii) such amount per share as would have been payable had all the shares of Series A Convertible Preferred Stock been converted into shares of common stock prior to such liquidation, dissolution, winding up, or Deemed Liquidation Event, as defined. As the Deemed Liquidation Event, as defined, is a contingent event, the Series A Convertible Preferred Stock is classified outside of stockholders' equity in temporary ("mezzanine") equity. Further, as the Series A Convertible Preferred Stock is not currently redeemable and redemption is not probable, as a Deemed Liquidation Event, as defined, has not occurred and is not probable, the Series A Convertible Preferred Stock will not be measured at fair value until such time as a redemption trigger occurs which causes redemption to be probable.

As discussed above, the Series A Convertible Preferred Stock has a carrying value of $0 resulting from the issuance date fair values of the Series A Warrant liability and the Series A Convertible Preferred Stock conversion option embedded derivative liability being in excess of the Preferred Stock Units issuance gross proceeds, with such excess recognized as a current period expense in the unaudited condensed consolidated statement of operations.

Registration Rights Agreement

In connection with the Preferred Stock Units private placement, the Company has entered into a registration rights agreement with participating private placement investors, requiring the Company to file a registration statement with the Securities and Exchange Commission registering for resale the maximum number of common shares issuable upon conversion of the issued Series A Convertible Preferred Shares and the exercise of the Series A Warrants or, if converted, the Series X Warrants. The registration rights agreement required the Company to file a registration statement registering the underlying common shares no later than sixty (60) days from the initial closing date of the Preferred Stock Units private placement and to use commercially reasonable best efforts to have such registration statement declared effective no later than one hundred and fifty (150) days from the initial closing date. The Company timely filed the initial registration statement on Form S-1 (File No. 333-216963) with the SEC on March 27, 2017, and on May 5, 2017, the Company filed Amendment No. 1 to the Form S-1. Delays in the filing of the registration statement or maintaining its effectiveness would result in the Company having to pay damages of 2% of each investor's subscription amount on the date of a Filing Failure, Effectiveness Failure, and Maintenance Failure, as well as every 30^{th} day thereafter (pro-rated for periods totaling less than 30 days) until the failure is cured.

Note 12 — Convertible Preferred Stock, Stockholders' Deficit, and Warrants(continued)

Series A Convertible Preferred Stock Conversion Option Embedded Derivative Liability

The Series A Convertible Preferred Stock conversion option (as discussed above), is accounted for as an embedded derivative, and bifurcated from the Series A Convertible Preferred Stock host instrument. The Series A Convertible Preferred Stock conversion option embedded derivative is classified as a current liability on the condensed consolidated balance sheet, initially measured at fair value at the time of issuance and subsequently remeasured at fair value at each reporting period, with changes in fair value recognized as other income or expense in the condensed consolidated statement of operations. The following table summarizes the estimated fair values of the Series A Convertible Preferred Stock conversion option embedded derivative liability as of the dates indicated along with assumptions utilized in each calculation:

	March 31, 2017	Issue Dates Aggregated Weighted Average
Fair value per conversion option	$ 2.36	$ 2.89
Series A Convertible Preferred Stock outstanding	422,838	422,838
Calculated aggregate fair value	$ 997,898	$ 1,221,963
Value of common stock	$ 5.00	$ 5.73
Expected term (years)	7.1	7.2
Volatility	48%	47%
Risk-free interest rate	2.2%	2.3%
Dividend yield	0%	0%

The fair value of the Series A Convertible Preferred Stock conversion option embedded derivative liability was determined using a Monte Carlo simulation. The valuation of the Series A Convertible Preferred Stock conversion option embedded derivative liability is subjective and is affected by changes in inputs to the valuation model including the Company's stock price, and the assumptions regarding the likelihood and timing of dilutive transactions; the estimated volatility in the value of the Company's equity instruments; risk-free rates based on U.S. Treasury security yields; and the Company's dividend yield. Changes in these assumptions can materially affect the fair value estimate.

Note 12 — Convertible Preferred Stock, Stockholders' Deficit, and Warrants(continued)

Common Stock

The Company is authorized to issue 50,000,000 shares of common stock with a par value of $0.001 per share. There were 13,331,211 and 13,330,811 shares of common stock outstanding as of March 31, 2017 and December 31, 2016, respectively.

In connection with the organization of the Company in June 2014, a total of 8,083,049 shares of the Company's common stock and 8,710,182 warrants (of which 627,133 warrants were subsequently returned to the Company in October 2014) ("Founders' Warrants") were sold to the Company's founders (the "Founders") for an aggregate purchase price of $3,212.

In June 2014 and July 2014, in a private placement (Private Placement 1), a total of 418,089 units, consisting of one share of common stock and one warrant, were sold to the initial investor investors ("Initial Investors") for an aggregate purchase price of $75,000 less offering costs of $7,500. In November 2014, the Company completed another private placement (Private Placement 2) of 2,355,233 units, consisting of one share of common stock and one warrant, raising $845,000 in gross offering proceeds less offering costs of $46,500. Taken together, the Private Placement 1 warrants and Private Placement 2 warrants are referred to collectively as the "Private Placement Warrants". Subsequently, in September 2015, the Company issued 1,393,629 shares of common stock resulting from the exercise of 1,393,629 Private Placement Warrants for cash proceeds of $1.25 million.

On April 28, 2016, the Company's IPO was consummated with the issuance of 1,060,000 units at an offering price of $5.00 per unit, with each unit consisting of one share of common stock and one warrant, with each warrant entitling the holder to purchase a share of common stock at $5.00 per share (the "IPO Issued Warrants"). The IPO resulted in gross cash proceeds of $5.3 million and $4.2 million of net cash proceeds, after deducting cash selling agent discounts and commissions and offering expenses. The Company estimated the fair value of its common stock issued in the IPO using the guideline transaction method of the market approach and arrived at an estimated fair value of common stock of $3.50. See below for further information regarding the IPO Issued Warrants.

The remaining unexercised warrants issued in both the June 2014 inception transaction (the Founders Warrants discussed above) and the June and July 2014 private placement transactions (the Private Placement Warrants discussed above) - totaling 9,560,295 warrants - were converted into the same terms and conditions of the warrants issued in the Company's IPO (as discussed above), and are heretofore aggregated with the warrants issued in the Company's IPO, and are collectively referred to as "IPO Warrants".

In March 2017, the Company issued 400 shares of common stock resulting from the exercise of 400 warrants for cash proceeds of $2,000. In November 2016, the Company issued 20,732 shares of common stock resulting from the exercise of 40,000 warrants on a cashless basis. In December 2016, the Company issued 79 shares of common stock resulting from the exercise of 200 warrants on a cashless basis.

Note 12 — Convertible Preferred Stock, Stockholders' Deficit, and Warrants(continued)

Warrants

The Company accounts for stock warrants as either equity instruments or derivative liabilities depending on the specific terms of the warrant agreement. The following table summarizes outstanding warrants to purchase common stock:

	Warrants Exercisable at						
	March 31, 2017		Weighted Average Exercise Price	December 31, 2016		Weighted Average Exercise Price	Expiration Date
Equity classified warrants IPO Warrants	10,579,695	$	5.00	10,580,095	$	5.00	January 2022
Liability classified warrants Series A Warrants	422,838	$	8.00	—	$	—	April 2024
Total	11,002,533	$	5.12	10,580,095	$	5.00	

Equity-Classified Warrants

IPO Warrants

The 1,060,000 warrants issued in the IPO have an exercise price of $5.00 per share, and became exercisable on October 28, 2016 and expire on January 29, 2022 or earlier upon redemption by the Company, under certain conditions, as discussed below. As discussed above, effective on the date of the IPO, the previously issued 9,560,295 warrants outstanding at the time of the April 28, 2016 IPO, automatically converted into warrants having the same terms and conditions as the 1,060,000 warrants issued in the Company's IPO, and are aggregated with the 1,060,000 warrants issued in the Company's IPO, and are collectively referred to as IPO Warrants.

In March 2017, 400 IPO Warrants were exercised for cash proceeds of $2,000, resulting in the issuance of 400 shares of common stock. In November 2016, 40,000 IPO Warrants were exercised on a cashless basis, resulting in the issuance of 20,732 shares of common stock. In December 2016, 200 IPO Warrants were exercised on a cashless basis, resulting in the issuance of 79 shares of common stock.

Commencing April 28, 2017, the Company may redeem the outstanding IPO Warrants (other than those outstanding prior to the IPO held by the Company's management, founders, and members thereof, but including the warrants held by the initial investors), at the Company's option, in whole or in part, at a price of $0.01 per warrant:

- at any time while the warrants are exercisable;
- upon a minimum of 30 days' prior written notice of redemption;
- if, and only if, the volume weighted average price of the Company's common stock equals or exceeds $10.00 (subject-to adjustment) for any 20 consecutive trading days ending three business days before the Company issues its notice of redemption, and provided the average daily trading volume in the stock is at least 20,000 shares per day; and,
- if, and only if, there is a current registration statement in effect with respect to the shares of common stock underlying such warrants.

The right to exercise will be forfeited unless the IPO Warrants are exercised prior to the date specified in the notice of redemption. On and after the redemption date, a record holder of an IPO Warrant will have no further rights except to receive the redemption price for such holder's IPO Warrant upon surrender of such warrant.

Note 12 — Convertible Preferred Stock, Stockholders' Deficit, and Warrants(continued)

Unit Purchase Options

On April 28, 2016, the Company issued Unit Purchase Options ("UPO") to the selling agents in the Company's IPO. The UPO provides for the purchase at an exercise price of $5.50 per Unit of 53,000 Units, with each Unit being identical to the units sold in the Company's IPO, and therefore consisting of one share of common stock and one warrant to purchase a share of common stock at $5.00 per share. The Company estimated the fair value of the unit purchase options issued to the selling agents was $105,100, which was accounted for as offering costs of the Company's IPO. The fair value of the unit purchase options was determined using a Black-Scholes option pricing model with the following assumptions: fair value of the underlying unit of $5.00, dividend yield of 0.00%, expected volatility of 50%, risk free rate of 1.28% and remaining contractual term of 4.6 years.

IPO Warrants Registration Statement on Form S-1 (File No. 333-214288) - February 2017

The Company filed a Registration Statement on Form S-1 (File No. 333-214288), declared effective February 3, 2017, (the "February 2017 Form S-1") to register the issuance of 1,020,000 shares of the Company's common stock upon the exercise of 1,020,000 remaining unexercised IPO Warrants (issued in the Company's IPO as discussed above). Additionally, the February 2017 Form S-1 registered (i) the issuance of 1,062,031 shares of the Company's common stock upon the exercise of 1,062,031 of the unexercised IPO Warrants (issued prior to the IPO), but only in the event such warrants are publicly transferred pursuant to Rule 144 prior to exercise, or (ii) the resale of such shares, but only in the event such warrants are exercised prior to being publicly transferred pursuant to Rule 144. Separately, in January 2017, the Company's CEO executed a transaction with a shareholder who had previously purchased shares of common stock and warrants in the Company's private financings prior to its IPO, under which the CEO purchased 25,000 IPO Warrants (issued prior to the IPO) from the shareholder. Accordingly, the shares of common stock underlying such IPO Warrants were not included in the February 2017 Form S-1.

Note 12 — Convertible Preferred Stock, Stockholders' Deficit, and Warrants(continued)

Liability-Classified Warrants

Common stock warrants are accounted for as derivative liabilities if the warrants allow for cash settlement or provide for modification of the warrant exercise price in the event subsequent sales of common stock are at a lower price per share than the then-current warrant exercise price, as is the case for the Series A Warrants. The Company classifies derivative warrant liabilities on the condensed consolidated balance sheet as a current liability, initially measured at fair value at the time of issuance and subsequently remeasured at fair value at each quarterly balance sheet date, with changes in fair value recognized as income or expense on the condensed consolidated statement of operations.

Series A Warrants

The Series A Warrants may be exercised for one share of common stock at an initial exercise price of $8.00 per share, subject to adjustment, any time after the Company has obtained shareholder approval of the Preferred Stock Units private placement in accordance with Nasdaq Stock Market Rule 5635(d) ("Initial Exercise Date"), and expire after the close of business on April 30, 2024. The exercise price of the Series A Warrants will be reduced by a prescribed formula on a weighted average basis in the event the Company issues common stock, options, or convertible securities at a price lower than the exercise price of Series A Warrants immediately prior to such securities issuance. If at any time after the six (6) month anniversary of the January 26, 2017 date of the initial Closing, there is no effective registration statement registering, or no current prospectus available for, the resale of the shares underlying the Series A Warrants, then the Series A Warrants may also be exercised, in whole or in part, at such time by means of a "cashless exercise". During the time the Series A Warrants are outstanding, the holders will be entitled to participate in dividends or other distributions on a pro rata basis based upon the equivalent number of common shares that would have been outstanding had the warrants been fully exercised. The Series A Warrants are not subject to redemption. The following table summarizes the estimated fair values of the Series A Warrants as of the dates indicated along with weighted average assumptions utilized in each calculation:

	March 31, 2017	Issue Dates Aggregated Weighted Average
Series A Warrants outstanding	422,838	422,838
Fair value per warrant	$ 7.72	$ 9.58
Calculated aggregate fair value	$ 3,264,309	$ 4,050,706
Value of common stock	$ 5.00	$ 5.73
Exercise price	$ 8.00	$ 8.00
Expected term (years)	7.1	7.2
Risk free rate	2.2%	2.3%
Volatility	48%	47%
Dividend yield	0%	0%

The fair value of the Series A warrants was determined using a Monte Carlo simulation. The valuation of the Series A Warrants is subjective and is affected by changes in inputs to the valuation model including the Company's common stock, and the assumptions regarding the likelihood and timing of dilutive transactions; the estimated volatility in the value of the Company's equity instruments; risk-free rates based on U.S. Treasury security yields; and the Company's dividend yield. Changes in these assumptions can materially affect the fair value estimate.

Note 12 — Convertible Preferred Stock, Stockholders' Deficit, and Warrants(continued)

Series X Warrants - Series A Warrants Exchange Option

Through April 30, 2024, each Series A Warrant may be exchanged, at the option of the holder, into four Series X Warrants, with each Series X Warrants exercisable for one share of common stock at $6.00 per share. The Series X Warrants are exercisable commencing on the first trading day following the later of (i) the date stockholder approval has been obtained under Nasdaq Stock Market Rule 5635(d) or (ii) October 31, 2018, and ending April 30, 2024, or earlier upon redemption. Stockholder approval is scheduled to be effective on May 21, 2017. The Series X Warrants exercise price and number of shares of common stock issuable upon exercise of a Series X Warrant are subject to appropriate adjustment in the event of stock dividends, stock splits or similar events affecting the common stock. Holders may exercise Series X Warrants by paying the exercise price in cash or, at any time after the six-month anniversary of the Closing Date, there is no effective Registration Statement registering, or no current prospectus available for, the resale of the Series X Warrant Shares by the holder, then the Series X Warrant may also be exercised, in whole or in part, at such time by means of a "cashless exercise". At any time after April 30, 2019, the Company may, at its option, redeem all, but not less than all, of the outstanding Series X Warrants at a price of $0.01 per Series X Warrant if the volume weighted average price per share of the Common Stock has been at least $18.00 (as adjusted for stock splits, stock dividends, or similar events occurring after the initial Closing date) for twenty trading days out of the thirty trading day period ending three business days prior to the notice of redemption in addition to certain other conditions. As of March 31, 2017, the 422,838 Series A Warrants issued and outstanding which if fully exchanged for Series X Warrants would result in an aggregate issuance of 1,691,352 Series X Warrants.

Note 13 — Loss Per Share

Basic net loss per share is calculated by dividing the loss by the weighted-average number of shares of common stock outstanding for the period, without consideration for potential dilutive common shares. As the Company was in a loss position for all periods presented, diluted net loss per share is the same as basic net loss per share as the inclusion of incremental shares resulting from common stock equivalents would be anti-dilutive. The holders of the Series A Warrants have the same rights to receive dividends as the holders of common stock. As such, the Series A Warrants are considered participating securities under the two-class method of calculating net loss per share. The Company has incurred net losses to date, and as the holders of the Series A Warrants are not contractually obligated to share in the net losses, there is no impact on the Company's net loss per share calculation as of March 31, 2017. The following table sets forth the comparison of basic and diluted net loss per share - as reported and net loss per share attributable to common stockholders for the periods indicated:

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Numerator		
Net loss - as reported	$ (4,270,088)	$ (696,880)
Series A Convertible Preferred Stock		
Undeclared and accumulated dividends[1]	(26,440)	—
Net loss attributable to common stockholders	$ (4,296,528)	$ (696,880)
Denominator		
Weighted-average common shares outstanding	13,330,891	12,250,000
Loss per share		
Basic and diluted		
- Net loss - as reported	$ (0.32)	$ (0.06)
- Net loss attributable to common stockholders	$ (0.32)	$ (0.06)

(1) The Series A Convertible Preferred Stock provides for dividends at an 8% annual rate, compounded quarterly, accumulate, and are payable in arrears upon being declared by the Company's Board of Directors. The Series A Convertible Preferred Stock dividends from April 1, 2017 through April 1, 2021 are payable-in-kind ("PIK") in additional shares of Series A Convertible Preferred Stock. The dividends may be settled, after April 1, 2021, at the option of the Company, through any combination of the issuance of additional Series A Convertible Preferred Stock, common shares, and /or cash payment. As of March 31, 2017, Series A Convertible Preferred Stock dividends totaling $26,440 or a payment-in-kind of 4,422 shares of Series A Convertible Preferred Stock, were earned, accumulated, and in arrears, as the Company's Board of Directors has not declared such dividends payable. Accordingly, the Company has not recognized a Series A Convertible Preferred Stock dividend payable liability as of March 31, 2017, and will not recognize such dividend payable liability until such dividends are declared by the Company's Board of Directors.

The following incremental shares resulting from common stock equivalents have been excluded from the computation of diluted weighted average shares outstanding as their inclusion would be anti-dilutive:

	March 31, 2017	March 31, 2016
IPO Warrants	10,579,695	9,560,295
Stock options	1,831,924	—
Unit purchase options as to shares of common stock	53,000	—
Unit purchase options as to shares underlying warrants	53,000	—
Series A Convertible Preferred Stock[2]	—	—
Series A Warrants[2]	—	—
Total	12,517,619	9,560,295

(2) As of March 31, 2017, the issued and outstanding Series A Convertible Preferred Stock were not convertible into, and the Series A Warrants were not exercisable for, common stock, as such conversion and /or exercise is not permitted prior to the time stockholder approval has been obtained under Nasdaq Stock Market Rule 5635(d). Additionally, the Series X Warrants are exercisable commencing on the first trading day following the later of (i) the date stockholder approval has been obtained under Nasdaq Stock Market Rule 5635(d) or (ii) October 31, 2018, and ending on April 30, 2024, or earlier upon redemption. Stockholder approval is scheduled to be effective on May 21, 2017. As of March 31, 2017, such stockholder approval had not been obtained, and therefore they are not counted as common stock equivalents for purposes of determining diluted weighted average shares outstanding. Notwithstanding, at March 31, 2017, the 422,838 shares of Series A Convertible Preferred Stock, would result in 422,838 shares of newly issued common stock if-converted by dividing the $6.00 stated value by the current conversion price of $6.00 per share; and, the 422,838 Series A Warrants, would result in 422,838 shares of common stock if-exercised for newly issued shares of common stock. Alternatively, if the 422,838 Series A Warrants issued and outstanding at March 31, 2017 were exchanged for Series X Warrants on a four-to-one basis under the terms of the Series A Warrant agreement, the Series X Warrants would result in 1,691,352 shares of common stock if-exercised for newly issued shares of common stock.

Note 14 — Subsequent Events

Registered Exchange Offer - Registration Statement on Form S-4

On April 10, 2017, in connection with a proposed registered exchange offer, the Company filed with the SEC a Registration Statement on Form S-4 (File No. 333-217226) to exchange one share of the Company's common stock for a unit consisting of one share of the Company's common stock and one newly-issued Series X Warrant to purchase one share of the Company's common stock at an exercise price $6.00 per share. The Series X Warrant is exercisable commencing on the first trading day following the later of (i) the date stockholder approval has been obtained under Nasdaq Stock Market Rule 5635(d) or (ii) October 31, 2018, and ending on April 30, 2024, or earlier upon redemption. Stockholder approval is scheduled to be effective on May 21, 2017. The Series X Warrant exercise price and number of shares of common stock issuable upon exercise of a Series X Warrant are subject to appropriate adjustment in the event of stock dividends, stock splits or similar events affecting the common stock. The shares of common stock and the Series X Warrants will begin trading separately on the first trading day following the first anniversary of the expiration date of the aforementioned exchange offer.

Other Matters

Except as otherwise noted herein, the Company has evaluated subsequent events through the date of filing of this Quarterly Report on Form 10-Q, and determined there to be no events requiring adjustments to the unaudited condensed consolidated financial statements or disclosures therein.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our consolidated financial condition and results of operations should be read together with our Annual Report on Form 10-K for the year ended December 31, 2016 as filed with the SEC. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements involving risks and uncertainties and should be read together with the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2016 as filed with the SEC for a discussion of important factors which could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Forward-looking statements

This Quarterly Report on Form 10-Q contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, contained in this Quarterly Report on Form 10-Q, as well as "Risk Factors" section of the Annual Report on Form 10-K for the year ended December 31, 2016, including statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. The words "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. The forward-looking statements in this Quarterly Report on Form 10-Q include, among other things, statements about:

- our limited operating history;
- our financial performance, including our ability to generate revenue;
- ability of our products to achieve market acceptance;
- success in retaining or recruiting, or changes required in, our officers, key employees or directors;
- reliance upon additional financings to fund ongoing operating losses;
- potential ability to obtain additional financing;
- ability to sustain status as a going concern;
- ability to protect our intellectual property;
- ability to complete strategic acquisitions;
- ability to manage growth and integrate acquired operations;
- potential liquidity and trading of our securities;
- regulatory or operational risks;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing; and
- our expectations regarding the time during which we will be an emerging growth company ("EGC") under the JOBS Act.

You should refer to the "Risk Factors" section of the Annual Report on Form 10-K for the year ended December 31, 2016 for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward looking statements. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

You should read this Quarterly Report on Form 10-Q and the Annual Report on Form 10-K for the year ended December 31, 2016, and the documents we have filed as exhibits to this Quarterly Report on Form 10-Q and the Annual Report on Form 10-K for the year ended December 31, 2016, completely and with the understanding our actual future results may be materially different from what we expect. We do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by applicable law.

Overview

We are a highly-differentiated multi-product medical device company organized to advance a broad pipeline of innovative medical technologies from concept to commercialization. We employ a business model focused on capital efficiency and speed to market. Since our inception on June 26, 2014, our activities have focused on advancing the lead products in our pipeline towards commercialization while protecting our intellectual property, expanding our management team, Board of Directors, and Medical Advisory Board, raising initial working capital through two private placements completed before our initial public offering, consummating our initial public offering in April 2016, and the closings of the issuance of Preferred Stock Units in the Preferred Stock private placement during the first quarter of 2017.

With regard to the products in our pipeline — PortIO, CarpX, NextCath, DisappEAR, NextFlo, and Caldus - among other things, we have:

- filed final nonprovisional patent applications for PortIO, CarpX, NextCath, and Caldus and acquired a patent and related patent applications (one of which was subsequently granted) for NextFlo and entered into a licensing agreement with a group of academic centers securing the worldwide rights in perpetuity to a family of patents and patent applications underlying the DisappEAR product;

- advanced, in partnership with our design and contract manufacturing partners, our PortIO product from concept to working prototypes, benchtop, animal, and cadaver testing, commercial design and development, verification and validation testing, and finally submission to the FDA for 510(k) clearance; FDA review currently in progress;

- advanced, in partnership with our design and contract manufacturing partners, our CarpX product from concept to working prototypes, completed successful benchtop and cadaver testing confirming the device consistently cuts the transverse carpal ligament, as well as commercial design and development, pre-submission verification and validation testing in progress;

- engaged a design and contract manufacturing firm with experience in extrusions which has completed initial design work on the first product in the NextCath project and completed head-to-head testing of retention forces, comparing our working prototype to several competing products, which has validated our approach;

- engaged a design and contract manufacturing firm to design and develop of the DisappEAR product in collaboration with our academic partners at Tufts University and Harvard Medical School; initial phase involving transferring laboratory process for creating silk ear tubes into a commercial setting is in progress;

- advanced the design and development of the NextFlo device, including a redesign which dramatically simplifies the product, lowers the projected cost of goods and expands its application to routine inpatient infusion sets;

- selected three initial applications for our Caldus disposable tissue ablation platform technology – endovenous ablation of varicose veins, endoluminal ablation of*fistula-in-ano* and renal denervation for the treatment of hypertension; in collaboration with our design, engineering and manufacturing partners we have completed proof of principle testing demonstrating we can deliver temperatures of >90C to a balloon catheter for at least 20 minutes of ablation time and histologically confirmed tissue necrosis in a wide variety of tissues and organs in a pig model; we are currently optimizing the design of the renal denervation balloon and catheter and enhancing the design of the infusion device to higher specifications including temperatures up to 140C and significantly higher flow rates;

- we remain actively engaged with our full-service regulatory consulting partner who is working closely with our contract design, engineering and manufacturing partners as our products advance towards regulatory submission, clearance, and commercialization;

- we are evaluating a number of product opportunities and intellectual property covering a spectrum of clinical conditions, which have been presented to us by clinician innovators and academic medical centers, for consideration of a partnership to develop and commercialize these products; we are also exploring opportunities to partner with larger medical device companies to commercialize our lead products as they move towards regulatory clearance and commercialization; we are evaluating strategic merger and acquisition opportunities which synergize with our growth strategy; and,

- we continue to advance additional internal conceptual phase projects in clinical areas including delivery of tumescent local anesthesia, ECMO, sleep apnea and endotracheal intubation; and will accelerate their development commensurate with available capital and other resources.

Going Concern

The provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 205-40,*Presentation of Financial Statements - Going Concern* (ASC Topic 205-40) requires management to assess an entity's ability to continue as a going concern within one year of the date of the financial statements are issued. In each reporting period (including interim periods), an entity is required to assess conditions known and reasonably knowable as of the financial statement issuance date to determine whether it is probable an entity will not meet its financial obligations within one year from the financial statement issuance date. Substantial doubt about an entity's ability to continue as a going concern exists when conditions and events, considered in the aggregate, indicate it is probable the entity will be unable to meet its financial obligations as they become due within one year after the date the financial statements are issued.

We are an early stage and emerging growth company and have not generated any revenues to date. As such, we are subject to all of the risks associated with early stage and emerging growth companies. Since inception, we have incurred losses and negative cash flows from operating activities. We do not expect to generate positive cash flows from operating activities in the near future until such time, if at all, the Company completes the development process of its products, including regulatory approvals, and thereafter begins to commercialize and achieve substantial acceptance in the marketplace for the first series of products in its medical device portfolio.

We incurred net losses of $4,270,088, and had net cash flows used in operating activities of $1,825,107 for the three months ended March 31, 2017. At March 31, 2017, we had an accumulated deficit of $11,971,923, negative working capital of $73,867 and cash of $905,656 (excluding the Series A Warrants and the derivative liability). We do not expect to experience positive cash flows from operating activities in the near future, if at all. We anticipate incurring operating losses in the near future and may incur operating losses for the next several years as it completes the development of its products and seeks regulatory approvals to market such products. These factors raise substantial doubt about our ability to continue as a going concern within one year after the date the unaudited condensed consolidated financial statements are issued.

We estimate our current cash resources absent any additional sources of cash, is sufficient to fund our operations through May 2017. Accordingly, we do not have sufficient cash resources to fund its anticipated operating losses for the next twelve months and we must raise additional funds to support our operating and capital expenditures beyond May 2017.

Our ability to fund its operations is dependent upon management's plans, which include raising additional capital, obtaining regulatory approvals for its products currently under development, commercializing and generating revenues from products currently under development, and continuing to control expenses. We have engaged financial advisory firms to assist with its financing efforts, including issuing additional securities under the Preferred Stock Unit private placement - see Note 12, *Convertible Preferred Stock, Stockholders Deficit, and Warrants*, for further information regarding the Preferred Stock Unit private placement transaction. However, there is no assurance we will be successful in these efforts, including the issuance of additional Preferred Stock Units.

A failure to raise sufficient capital, obtain regulatory approvals of our products, generate sufficient product revenues, or control expenditures, among other factors, will adversely impact our ability to meet its financial obligations as they become due and payable and to achieve its intended business objectives and therefore raises substantial doubt of our ability to continue as a going concern within one year after the date the consolidated financial statements are issued.

Our unaudited condensed consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business. The unaudited condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities should we be unable to continue as a going concern.

Recent Developments

Our Board of Directors has authorized the issuance of up to a total of 1.25 million Preferred Stock Units, including 500,000 units authorized on January 21, 2017 and 750,000 units on May 10, 2017. On January 26, 2017, the Company entered into a Securities Purchase Agreement pursuant to which the Company may issue up to an aggregate of $3,000,000 (subject to increase) of Preferred Stock Units at a price of $6.00 per Preferred Stock Unit, in a private placement transaction. The Preferred Stock Unit consists of one share of Series A Convertible Preferred Stock and one Series A Warrant - with each share of Series A Convertible Preferred Stock convertible into a number of shares of common stock equal to the stated value of $6,00 per share divided by the initial conversion price of $6.00, subject to adjustment; and each Series A Warrant exercisable for one share of common stock at an initial exercise price of $8.00 per share, subject to adjustment. Further, through April 30, 2024, each Series A Warrant may also be exchanged, at the option of the holder, into four Series X Warrants, each of which is exercisable for one share of common stock at $6.00 per share, with such Series X Warrant exercise price not subject-to further adjustment. The Series A Convertible Preferred Stock and Series A Warrants are immediately separable upon their issuance. The Series A Convertible Preferred Stock is not convertible and Series A Warrants are not exercisable, prior to the time stockholder approval has been obtained under Nasdaq Stock Market Rule 5635(d). The Series X Warrants are exercisable commencing on the first trading day following the later of (i) the date stockholder approval has been obtained under Nasdaq Stock Market Rule 5635(d) or (ii) October 31, 2018, and ending on April 30, 2024, or earlier upon redemption. Stockholder approval is scheduled to be effective on May 21, 2017.

At the initial closing on January 26, 2017, and at subsequent closings on January 31, 2017 and March 8, 2017, a total of 422,838 Preferred Stock Units were issued for aggregate gross proceeds of approximately $2.5 million and net proceeds of approximately $2.1 million, after payment of offering costs, including placement agent fees, escrow agent fees, and legal fees. The Preferred Stock Units private placement will remain open for subsequent closings, if any, in which the remaining authorized Preferred Stock Units may be issued. See Note 12, *Stockholders' Deficit*, for a discussion of the Preferred Stock Units private placement.

In connection with the Preferred Stock Units private placement, we entered into a registration rights agreement with participating private placement investors, requiring us to file a registration statement with the SEC registering for resale the maximum number of common shares issuable upon conversion of the issued Series A Convertible Preferred Shares and the exercise of the Series A Warrants or, if converted, the Series X Warrants. The registration rights agreement required us to file a registration statement registering the underlying common shares no later than sixty (60) days from the initial closing date of the Preferred Stock Units private placement and to use commercially reasonable best efforts to have such registration statement declared effective no later than one hundred and fifty (150) days from the initial closing date. We timely filed the initial registration statement on Form S-1 (File No. 333-216963) with the SEC on March 27, 2017, and on May 5, 2017, we filed Amendment No. 1 to the Form S-1.

On April 10, 2017, in connection with a proposed registered exchange offer, we filed with the SEC a Registration Statement on Form S-4 (File No. 333-217226) to exchange one share of our common stock for a unit consisting of one share of our common stock and one newly-issued Series X Warrant to purchase one share of common stock at an exercise price $6.00 per share. The Series X Warrant is exercisable commencing on the first trading day following the later of (i) the date stockholder approval has been obtained under Nasdaq Stock Market Rule 5635(d) or (ii) October 31, 2018, and ending April 30, 2024, or earlier upon redemption. Stockholder approval is scheduled to be effective on May 21, 2017. The Series X Warrant exercise price and number of shares of common stock issuable upon exercise of a Series X Warrant are subject to appropriate adjustment in the event of stock dividends, stock splits or similar events affecting the common stock. The shares of common stock and the Series X Warrants will begin trading separately on the first trading day following the first anniversary of the expiration date of the aforementioned exchange offer.

On December 17, 2016, we filed a 510(k) premarket notification submission with the FDA for our first product, the PortIO™ Intraosseous Infusion System.

In November 2016, we executed the Tufts Patent License Agreement with the Licensors. Pursuant to the Tufts Patent License Agreement, the Licensors granted us the exclusive right and license to certain patents owned or controlled by the Licensors in connection with the development and commercialization of antibiotic-eluting resorbable ear tubes based on a proprietary aqueous silk technology. Upon execution of the Tufts Patent License Agreement, we paid the Licensors a $50,000 up-front non-refundable payment. The Tufts Patent License Agreement also provides for payments by us to the Licensors upon the achievement of certain product development and regulatory clearance milestones as well as royalty payments on net sales upon the commercialization of products developed utilizing the licensed patents.

In April 2016, we consummated our IPO with the issuance of 1,060,000 common stock units, with each common stock unit consisting of one share of common stock and one warrant to purchase one share of common stock at an exercise price of $5.00 per share. The common stock units were sold at an offering price of $5.00 per unit, generating gross cash proceeds of $5.3 million and net cash proceeds of approximately $4.2 million, after deducting cash selling agent discounts and commissions and other IPO offering expenses. In connection with the consummation of the IPO, the common stock units were approved for listing on the Nasdaq Capital Market, or Nasdaq, under the symbol "PAVMU". The common stock and warrants comprising the common stock units began separate trading on July 27, 2016 under the symbols "PAVM" and "PAVMW", respectively, and the common stock unit and symbol PAVMU ceased being quoted and traded on Nasdaq.

Financial Results of Operations

Revenue

To date, we have not generated any revenues from product sales. Our ability to generate product revenue and become profitable depends upon our ability to successfully develop and commercialize our products.

General and administrative expenses

General and administrative expenses consist primarily of salaries and related costs for personnel, including travel expenses, for our employees in executive and research and development functions, facility-related costs, professional fees, accounting and legal services, consultants and expenses associated with obtaining and maintaining patents within our intellectual property portfolio.

We anticipate our general and administrative expenses will increase in the future as we increase our headcount to support our continued research and development and the potential commercialization of our products. We also anticipate increased expenses related to being a public company, including audit, legal, regulatory and tax-related services associated with maintaining compliance as a public company, director and officer insurance premiums and investor relations costs. Additionally, prior to the potential regulatory approval of our first product, we anticipate an increase in payroll and related expenses as a result of our preparation for commercial operations, especially as it relates to sales and marketing.

Research and development expenses

Research and development expenses consist principally of internal and external costs incurred for the development of our products and include:

- consulting costs charged to us by various external contract research organizations we contract with to conduct preclinical studies and engineering studies;
- salary and benefit costs associated with our chief medical officer;
- costs associated with regulatory filings;
- patent license fees;
- cost of laboratory supplies and acquiring, developing and manufacturing preclinical prototypes;
- product design engineering studies; and
- rental expense for facilities maintained solely for research and development purposes.

Research and development costs are expensed as incurred.

We incurred approximately $2.9 million in research and development costs from June 26, 2014 (inception) through March 31, 2017. We plan to increase our research and development expenses for the foreseeable future as we continue development of our products.

Our current and planned research and development activities include the following:

- completion of engineering design studies for our products;
- finalization of engineering designs and documentation supporting our products;
- additional engineering and preclinical studies through our contract research suppliers;
- preparation and filing of regulatory submissions with the FDA for our products; and
- establishing and documenting manufacturing processes for our products.

The successful development of our products is highly uncertain and subject to numerous risks including, but not limited to:

- the scope, rate of progress and expense of our research and development activities;
- the scope, terms and timing of obtaining regulatory clearances;
- the expense of filing, prosecuting, defending and enforcing patent claims;
- the continued access to expertise through outsourced suppliers for engineering and manufacturing; and
- the cost, timing and our ability to manufacture sufficient prototype and commercial supplies for our products.

Income Taxes

We provide for federal and state income taxes currently payable, as well as those deferred resulting from temporary differences between reporting income and expenses for financial statement purposes versus income tax purposes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recoverable. The effect of the change in the tax rate is recognized as income or expense in the period of the enacted change in tax rate. A valuation allowance is established, when necessary, to reduce deferred income taxes to the amount that is more-likely-than-not to be realized.

In assessing the recoverability of deferred tax assets, we consider whether it is more-likely-than-not some portion or all of the deferred tax assets will not be realized. If we determine it is more-likely-than-not certain future tax benefits may not be realized, a valuation allowance reserve is recognized for the amount of the deferred tax asset unlikely to be realized. Realization of the remaining deferred tax assets will depend on the generation of sufficient taxable income in the appropriate jurisdiction, the reversal of deferred tax liabilities, tax planning strategies, and other factors prior to the expiration date of the tax carryforwards. A change in the estimates used to make this determination could require a reduction in the valuation allowance for deferred tax assets if they become realizable. At March 31, 2017 and December 31, 2016, we concluded a full valuation allowance is necessary for our deferred tax assets.

Results of Operations

Comparison of the three months ended March 31, 2017 and 2016.

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Revenue	$ —	$ —
Operating expense		
General and administrative expenses	1,499,552	517,739
Research and development expenses	656,713	179,141
Total operating expenses	2,156,265	696,880
Loss from operations	(2,156,265)	(696,880)
Loss on the issuance of Preferred Stock Units	(3,124,285)	—
Change in fair value of series A Warrants	786,397	—
Change in fair value of derivative liability	224,065	—
Loss before income tax	(4,270,088)	(696,880)
Income tax	—	—
Net loss	(4,270,088)	(696,880
Series A Convertible Preferred Stock dividends	(26,440)	—
Net loss attributable to common stockholders	$ (4,296,528)	$ (696,880)

Revenue

We have not generated any revenues to date. Our ability to generate product revenue and become profitable depends upon our ability to successfully commercialize products.

General and administrative expense

The following table summarizes our general and administrative expense incurred during the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	$ Change	% Change
Compensation and related personnel costs	$ 265,953	$ 185,251	$ 80,702	44%
Stock-based compensation	242,452	—	242,452	100%
Outside professional services	804,113	254,830	549,283	216%
Facility related costs	47,838	27,730	20,108	73%
Travel related costs	21,758	32,562	(10,804)	(33)%
Board related costs	72,500	—	72,500	100%
Other operating costs	44,938	17,366	27,572	159%
Total general and administrative expenses	$ 1,499,552	$ 517,739	$ 981,813	190%

In general, the higher general and administrative expenses incurred during the three months ended March 31, 2017 is principally driven by additional costs from the broader scale of our operations as well as increased costs for investor relations and public company reporting requirements when compared to the three months ended March 31, 2016.

Our general and administrative expenses for the three months ended March 31, 2017 were $1,499,552 and for the three months ended March 31, 2016 were $517,739. The increased expense of $981,813 for the period is principally due to higher compensation costs of $80,702, increased stock-based compensation expense of $242,452, which includes $51,389 of stock-based compensation expense related to the stock option modifications at March 31, 2017 related to the stock option grant previously awarded to the Company's former Chief Financial Officer, increased outside professional services of $549,283, increased facility and office related costs of $20,108 related to our leased corporate office space, and board of directors fees of $72,500, offset by lower travel related costs of $10,804. The increase in Other operating costs includes higher premiums for directors and officers insurance as a public company.

The increase in outside professional services during the three months ended March 31, 2017 of $549,283 is principally comprised of higher consulting and professional fees of $103,079 (which includes consulting fees incurred of $75,000 under the HCP /Advisors consulting agreement and $60,000 related to the HCFP /Strategy Advisors, which are affiliated with certain of our officers and directors - see “Contractual Obligations” below for further details on these agreements); along with increased investor relations and marketing costs of $180,337, increased accounting, legal, printing, and stockholder related costs of $247,427 associated with SEC reporting and public company requirements, increased regulatory consulting costs of $26,116, offset by lower legal fees and costs related to intellectual property matters of $7,676. During the three months ended March 31, 2016, the Company incurred $75,000 of fees under the HCP /Advisors consulting agreement, but did not incur any costs under the HCFP /Strategy Advisors and Swartwood Hesse agreements. Additionally, during the three months ended March 31, 2016, the Company had lower comparable costs for investor relations and compliance with SEC reporting and public company requirements, as the Company did not fully transition to a public reporting entity until our IPO in April 2016.

Additionally, we issued stock options which resulted in the recognition of stock-based compensation expense in the three months ended March 31, 2017 in the amount of $242,452, which includes $51,389 of stock-based compensation expense related to the stock option modifications at March 31, 2017 related to the stock option grant previously awarded to the Company's former CFO. There was no stock-based compensation expense in the three months ended March 31, 2016, as the stock options were granted in April 2016. The board of director compensation expense was $72,500 for the three months paid to non-executive members of the board. There was no board of directors compensation expense in the three months ended March 31, 2016, as such compensation commenced upon the completion of our IPO on April 28, 2016.

Research and development expenses

The following table summarizes our research and development expenses incurred during the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	$ Change	% Change
Compensation and related personnel costs	$ 77,133	$ —	$ 77,133	100%
Stock-based compensation	30,228	—	30,228	100%
Outside professional services	549,352	179,141	370,211	207%
Patent license fees	—	—	—	—
Regulatory filing fees	—	—	—	—
Total research and development expenses	$ 656,713	$ 179,141	$ 477,572	267%

In general, the increased research and development expenses incurred during the three months ended March 31, 2017 are due to the increased activities in support of advancing the Company's products toward FDA submittals as compared with limited and early research and development efforts on just certain of the products during the three months ended March 31, 2016.

Research and development expenses incurred for the three months ended March 31, 2017 were $656,713 and for the three months ended March 31, 2016 were $179,141. The increase in costs of $477,572 during the period was principally due to the Company being engaged in the development of all of its products while during the three months ended March 31, 2016 we incurred limited research and development expenses on just certain our products.

We incurred $77,133 of compensation expense classified as research and development cost, principally related to the services provided by our Chief Medical Officer (CMO). There was no compensation expense for the prior year period as the CMO's employment commenced in July 2016. Additionally, we issued stock options which resulted in the recognition of stock-based compensation expense classified as research and development expense in the amount of $30,228 during the three months ended March 31, 2017. Research and development spending through outside service providers increased by $370,211 during the three months ended March 31, 2017 when compared to the same period in 2016.

Other Income and Expense

Loss Related to issuance of Preferred Stock Units

The issuance of the Preferred Stock Units resulted in the recognition of a $3,124,285 loss, resulting from the aggregate fair value of the Series A Warrant liability and the Series A Convertible Preferred Stock conversion option embedded derivative liability being in excess of the Preferred Stock Units issuance gross proceeds, with such excess amounting to $2,735,657, along with offering costs of $388,628 which were also recognized as a current period expense, summarized as follows:

	Preferred Stock Units Issue Dates (Aggregate)
Preferred Stock Units issuance gross proceeds	$ 2,537,012
Less: Series A Warrants initial fair value	(4,050,706)
Less: Conversion option embedded derivative liability initial fair value	(1,221,963)
Excess of fair value over gross proceeds	(2,735,657)
Offering costs	(388,628)
Loss on issuance of Preferred Stock Units	$ (3,124,285)

Change in fair value of series A Warrant liability

The Series A Warrants are accounted for as derivative liabilities as the warrants provide for modification of the warrant exercise price in the event subsequent sales of common stock at a lower price per share than the then-current warrant exercise price. The Series A Warrants are initially measured at fair value at the time of issuance and subsequently remeasured at fair value at each quarterly balance sheet reporting date, with changes in fair value recognized as other income or expense in the unaudited condensed consolidated statement of operations. A reconciliation of the Series A Warrants liability is a follows:

Series A Warrants Liability	March 31, 2017
Balance at December 31, 2016	$ —
Initial fair value on dates of issuance	4,050,706
Change in fair value	(786,397)
Balance at March 31, 2017	$ 3,264,309

The following table summarizes the estimated fair values of the Series A Warrants as of the dates indicated along with weighted average assumptions utilized in each calculation.

	March 31, 2017	Issue Dates Aggregated Weighted Average
Series A Warrants outstanding	422,838	422,838
Fair value per warrant	$ 7.72	$ 9.58
Calculated aggregate fair value	$ 3,264,309	$ 4,050,706
Value of common stock	$ 5.00	$ 5.73
Exercise price	$ 8.00	$ 8.00
Expected term (years)	7.1	7.2
Risk free rate	2.2%	2.3%
Volatility	48%	47%
Dividend yield	0%	0%

The fair value of the Series A warrants was determined using a Monte Carlo simulation. The valuation of the Series A Warrants is subjective and is affected by changes in inputs to the valuation model including the value of the Company's common stock, and assumptions regarding the likelihood and timing of dilutive transactions; the estimated volatility in the value of the Company’s equity instruments; risk-free rates based on U.S. Treasury security yields; and the Company’s dividend yield. Changes in these assumptions can materially affect the fair value estimate.

Change in fair value of Series A Convertible Preferred Stock conversion option embedded derivative liability

The Series A Convertible Preferred Stock conversion option is accounted for as a bifurcated embedded derivative liability, initially measured at fair value at the time of issuance and subsequently remeasured at fair value at each quarterly balance sheet reporting date, with changes in fair value recognized as other income or expense in the unaudited condensed consolidated statement of operations. A reconciliation of the Series A Convertible Preferred Stock conversion option embedded derivative liability is a follows:

Series A Preferred Stock Conversion Option Embedded Derivative Liability	March 31, 2017
Balance at December 31, 2016	$ —
Initial fair value on dates of issuance	1,221,963
Change in fair value	(224,065)
Balance at March 31, 2017	$ 997,898

The following table summarizes the estimated fair values of the Series A Convertible Preferred Stock conversion option embedded derivative liability as of the dates indicated along with assumptions utilized in each calculation.

	March 31, 2017	Issue Dates Aggregated Weighted Average
Fair value per conversion option	$ 2.36	$ 2.89
Series A Convertible Preferred Stock outstanding	422,838	422,838
Calculated aggregate fair value	$ 997,898	$ 1,221,963
Value of common stock	$ 5.00	$ 5.73
Expected term (years)	7.1	7.2
Volatility	48%	47%
Risk-free interest rate	2.2%	2.3%
Dividend yield	0%	0%

The fair value of the Series A Convertible Preferred Stock conversion option embedded derivative liability was determined using a Monte Carlo simulation. The valuation of the Series A Convertible Preferred Stock conversion option embedded derivative liability is subjective and is affected by changes in inputs to the valuation model including the value of the Company's common stock, and the assumptions regarding the likelihood and timing of dilutive transactions; the estimated volatility in the value of the Company’s equity instruments; risk-free rates based on U.S. Treasury security yields; and the Company’s dividend yield. Changes in these assumptions can materially affect the fair value estimate.

Non-GAAP Financial Measures

The factors described above resulted in net loss attributable to common stockholders of $4,270,088 during the three months ended March 31, 2017, as compared to net loss attributable to common stockholders of $696,880 for the three months ended March 31, 2016.

To supplement our condensed consolidated financial statements presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") within this 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 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-GAPP Adjustment Loss are not recognized terms under U.S. GAAP.

The 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 condensed consolidated 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.

These 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 Preferred Stock Units and 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 report is as follows:

	Three Months Ended March 31,		
	2017	2016	$ Change
Net loss attributable to common stockholders	$ (4,296,528)	$ (696,880)	$ (3,599,648)
Series A Convertible Preferred Stock dividends	26,440	—	26,440
Net loss - as reported	(4,270,088)	(696,880)	(3,573,208)
Adjustments			
Depreciation expense(1)	1,702	132	1,570
Interest expense	—	—	—
Income tax provision	—	—	—
EBITDA	(4,268,386)	(696,748)	(3,571,638)
Stock-based compensation expense(2)	272,680	—	272,680
Loss on the issuance of Preferred Stock Units(3)	3,124,285	—	3,124,285
Change in fair value of Series A Warrants(4)	(786,397)	—	(786,397)
Change in fair value of derivative liability(5)	(224,065)	—	(224,065)
Non-GAAP adjusted loss	$ (1,881,883)	$ (696,748)	$ (1,185,135)

(1) Included in general and administrative expenses in the condensed consolidated statement of operations.

(2) Stock-based compensation expense of $242,452, which includes $51,389 of stock-based compensation expense related to the stock option modifications at March 31, 2017 related to the stock option grant previously awarded to the Company's former Chief Financial Officer, is included in general administrative expenses; and, $30,228 is included in research and development expenses, in the condensed consolidated statement of operations. There was no stock-based compensation expense in the three months ended March 31, 2016, as the stock options were granted in April 2016.

(3) The issuance of the Preferred Stock Units resulted in the recognition of a $3,124,285 current period charge, resulting from the aggregate fair value of the Series A Warrants and the derivative liability being in excess of the Preferred Stock Units issuance gross proceeds, with such excess amounting to $2,735,657, along with offering costs of $388,628 also recognized as a current period expense in the unaudited condensed consolidated statement of operations. The Preferred Stock Units were issued in the three months ended March 31, 2017, and therefore there was no comparable amount in the prior year period.

(4) The Series A Warrants are initially measured at fair value at the time of issuance and subsequently remeasured at fair value at each quarterly balance sheet reporting date, with changes in fair value recognized as other income or expense in the condensed consolidated statement of operations. The Preferred Stock Units were issued in the three months ended March 31, 2017, and therefore there was no comparable amount in the prior year period.

(5) The Series A Convertible Preferred Stock conversion option is accounted for as a bifurcated embedded derivative liability, initially measured at fair value at the time of issuance and subsequently remeasured at fair value at each reporting period, with changes in fair value recognized as other income or expense in the unaudited condensed consolidated statement of operations. The Preferred Stock Units were issued in the three months ended March 31, 2017, and therefore there was no comparable amount in the prior year period.

Liquidity and Capital Resources

We are an early stage and emerging growth company and have not generated any revenues to date. As such, we are subject to all of the risks associated with early stage and emerging growth companies. Since inception, the Company has incurred losses and negative cash flows from operating activities. We do not expect to generate positive cash flows from operating activities in the near future until such time, if at all, the Company completes the development process of its products, including regulatory approvals, and thereafter, begins to commercialize and achieve substantial acceptance in the marketplace for the first of a series of products in its medical device portfolio. These factors raise substantial doubt of the Company's ability to continue as a going concern.

Since June 26, 2014 (inception), we have financed our operations principally through an aggregate of approximately $8.4 million of equity financing, including: approximately $2.1 million of net proceeds from private offerings of our common stock and warrants issued prior to our IPO; approximately $4.2 million of net cash proceeds resulting from our IPO on April 28, 2016; and, approximately $2.1 million of net proceeds from the Preferred Stock Units private placement in 2017.

We have incurred net losses of $4,270,088 and $696,880 for the three months ended March 31, 2017 and 2016, respectively. The net cash flows used in operating activities was $1,825,107 and $518,688 during the three months ended March 31, 2017 and 2016, respectively. At March 31, 2017, we had an accumulated deficit of $11,971,923, negative working capital of $73,867, including cash of $905,656, (excluding the Series A Warrants and derivative liability). We anticipate incurring operating losses in the near future and may incur operating losses for the next several years as we complete the development of our products and file for and request regulatory approvals to market our products.

Our Board of Directors has authorized the issuance of up to a total of 1.25 million Preferred Stock Units, including authorizing 500,000 units on January 21, 2017 and 750,000 units on May 10, 2017. On January 26, 2017, we entered into a Securities Purchase Agreement pursuant to which we may issue up to an aggregate of $3,000,000 (subject to increase) of Preferred Stock Units at a price of $6.00 per Preferred Stock Unit, in a private placement transaction. The Preferred Stock Unit consists of one share of Series A Convertible Preferred Stock and one Series A Warrant. Each share of Series A Convertible Preferred Stock is convertible into a number of shares of common stock equal to the stated value of $6,00 per share divided by the initial conversion price of $6.00, subject to adjustment. Each Series A Warrant is exercisable for one share of common stock at an initial exercise price of $8.00 per share, subject to adjustment. Further, through April 30, 2024, each Series A Warrant may also be exchanged, at the option of the holder, into four Series X Warrants, each of which is exercisable for one share of common stock at $6.00 per share, with such Series X Warrant exercise price not subject-to further adjustment. The Series A Convertible Preferred Stock and Series A Warrants are immediately separable upon their issuance. The Series A Convertible Preferred Stock is not convertible and Series A Warrants are not exercisable, prior to the time stockholder approval has been obtained under Nasdaq Stock Market Rule 5635(d). The Series X Warrants are exercisable commencing on the first trading day following the later of (i) the date stockholder approval has been obtained under Nasdaq Stock Market Rule 5635(d) or (ii) October 31, 2018, and ending on April 30, 2024, or earlier upon redemption. Stockholder approval is scheduled to be effective on May 21, 2017.

At the initial closing on January 26, 2017, and at subsequent closings on January 31, 2017 and March 8, 2017, a total of 422,838 Preferred Stock Units were issued for aggregate gross proceeds of approximately $2.5 million and net proceeds of approximately $2.1 million, after payment of offering costs, including, placement agent fees, escrow agent fees, and legal fees. The Preferred Stock Units private placement will remain open for subsequent closings, if any, in which the remaining authorized Preferred Stock Units may be issued.

We estimate, absent any additional sources of cash, we have insufficient resources to fund our operations for the foreseeable future. Our ability to fund our operations is dependent upon management's plans, which include raising additional capital, obtaining regulatory approvals for our products currently under development, commercializing and generating revenues from products currently under development, and continuing to control expenses. We have engaged financial advisory firms to assist us with our financing efforts, including issuing additional securities under the Preferred Stock Unit private placement. However, there is no assurance we will be successful in these efforts, including the sale of additional Preferred Stock Units.

A failure to raise sufficient capital, obtain regulatory approvals for our products, generate sufficient product revenues, or control expenditures, among other factors, will adversely impact our ability to meet our financial obligations as they become due and payable and to achieve our intended business objectives and therefore raises substantial doubt of our ability to continue as a going concern within one year after the date the unaudited condensed consolidated financial statements are issued.

Our unaudited condensed consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business. The unaudited condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities should we be unable to continue as a going concern.

Cash flows and liquidity

The following table sets forth the primary sources and uses of cash flows for each period set forth below:

	Three Months Ended March 31, 2017	2016
Net cash flows (used in) or provided by:		
Operating activities	$ (1,825,107)	$ (518,688)
Investing activities	(5,301)	(12,528)
Financing activities	2,150,384	—
Net increase (decrease) in cash	319,976	(531,216)
Cash, beginning of period	585,680	767,268
Cash, end of period	$ 905,656	$ 236,052

Net cash flows used in operating activities

The net cash flows used in operating activities amounted to $1,825,107 for the three months ended March 31, 2017 and consisted of a net loss of $4,270,088, adjusted for the $3,124,285 loss related to the issuance of preferred stock units, $786,397 resulting from the change in fair value of the Series A Warrants, and $224,065 resulting from the change in fair value of the Series A Convertible Preferred Stock conversion option embedded derivative liability, along with depreciation of $1,702, stock based compensation of $272,680, and a net increase of $56,776 in operating assets and liabilities. The significant items in the change in operating assets and liabilities include a net increase in accounts payable and accrued expenses of $68,129, a $13,647 decrease in prepaid expenses and other current assets, offset by an increase of $25,000 in prepaid fees to a related party.

During the three months ended March 31, 2016, net cash flows used in operating activities amounted to $518,688 and consisted of a net loss of $696,880, adjusted for depreciation of $132 and a net increase in operating assets and liabilities of $178,060. The significant items in the net change in operating assets and liabilities included increases in accounts payable and accrued expenses of $260,149, offset by an increase of $57,089 in prepaid expenses and other current assets, and an increase of $25,000 in prepaid fees to a related party.

Net cash flows used in investing activities

Net cash flows used in investing activities related to the purchases of computer and research equipment, totaling $5,301 and $12,528 in the three months ended March 31, 2017 and 2016, respectively.

Net cash flows provided by financing activities

Net cash flows provided by financing activities amounted to $2,150,384 for the three months ended March 31, 2017, including $2,537,012 resulting from the issuance of Preferred Stock Units, offset by $388,628 of offering costs, and $2,000 from the exercise of warrants for cash.

Series A Convertible Preferred Stock Dividends

The Series A Convertible Preferred Stock provides for dividends at an 8% annual rate, compounded quarterly, accumulate, and are payable in arrears upon being declared by our Board of Directors. The Series A Convertible Preferred Stock dividends from April 1, 2017 through April 1, 2021 are payable-in-kind ("PIK") in additional shares of Series A Convertible Preferred Stock. The dividends may be settled, after April 1, 2021, at the our option, through any combination of the issuance of additional Series A Convertible Preferred Stock, common shares, and /or cash payment. As of March 31, 2017, Series A Convertible Preferred Stock dividends totaling $26,440 or a payment-in-kind of 4,422 shares of Series A Convertible Preferred Stock, were earned, accumulated, and in arrears, as our Board of Directors has not declared such dividends payable. Accordingly, we have not recognized a Series A Convertible Preferred Stock dividend payable liability as of March 31, 2017, and will not recognize such dividend payable liability until such dividends are declared by our Board of Directors.

Critical Accounting Policies and Significant Judgments and Estimates

This discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States of America, or U.S. GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. In accordance with U.S. GAAP, we base our estimates on historical experience and on various other assumptions we believe are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are described in more detail in the notes to our financial statements appearing elsewhere in this Quarterly Report on Form 10-Q, we believe the following accounting policies to be critical to the judgments and estimates used in the preparation of our financial statements.

Research and Development Expense

Research and development expenditures are charged to research and development expense as incurred. Research and development costs include costs related to our various outside professional service providers and suppliers, engineering studies, supplies, outsourced testing and consulting as well as rental costs for access to certain facilities at one of our contract research suppliers.

Stock Based Compensation

The Company issues stock-based awards to employees, members of its board of directors, and non-employees. Stock-based awards to employees and members of its board of directors are accounted for in accordance with FASB ASC Topic 718, Stock Compensation, and stock based awards to non-employees are accounted for in accordance with FASB ASC Topic 505-50, Equity-Based Payments to Non-Employees.

The Company measures the compensation expense of stock-based awards granted to employees and members of its board of directors using the grant-date fair value of the award and recognizes compensation expense for stock-based awards on straight-line basis over the requisite service period, which is generally the vesting period of the respective stock option award.

The Company measures the expense of stock-based awards granted to non-employees on a vesting date basis, fixing the fair value of vested non-employee stock options as of the their respective vesting date, The fair value of vested non-employee stock options is not subject-to-change at subsequent reporting dates. The estimated fair value of the unvested non-employee stock options are remeasured to then current fair value at each subsequent reporting date. The expense of non-employee stock options is recognized on a straight-line basis over the service period, which is generally the vesting period of the respective non-employee stock option award.

Fair Value Measurements

Fair value is defined as the price which would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier fair value hierarchy which prioritizes the inputs used in the valuation methodologies, as follows:

Level 1 Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets which are not active, or other inputs observable or can be corroborated by observable market data.

Level 3 Valuations based on unobservable inputs reflecting the Company's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

At March 31, 2017 and December 31, 2016, the carrying values of cash, accounts payable, and accrued expenses, approximate their respective fair value due to the short-term nature of these instruments. At March 31, 2017, the carrying values of the warrant and the derivative liability are measured at fair value in accordance with FASB ASC Topic 820, *Fair Value Measurement.* At December 31, 2016 the Company does not have any assets or liabilities required to be measured at fair value in accordance with FASB ASC Topic 820, *Fair Value Measurement.*

Warrant Liability and Embedded Derivative Liability

The Company evaluates its financial instruments to determine if those instruments or any potential embedded components of those instruments qualify as derivatives that need to be separately accounted for in accordance with FASB ASC Topic 815, *Derivatives and Hedging* . Embedded derivatives satisfying certain criteria are recorded at fair value at issuance and marked-to-market at each quarterly balance sheet reporting date with the change in the fair value recorded as income or expense. In addition, upon the occurrence of an event that requires the derivative liability to be reclassified to equity, the derivative liability is revalued to fair value at that date.

The Company accounts for warrants as either equity instruments or derivative liabilities depending on the specific terms of the warrant agreement. Warrants that allow for cash settlement or provide for certain modifications of the warrant exercise price are accounted for as derivative liabilities. The Company uses level 3 inputs to value warrants classified as liabilities, as they have down-round provisions which allow the exercise price to be adjusted as a result of certain future financing transactions. The estimated fair values of the warrant liabilities with down-round protection were determined using a Monte Carlo simulation which takes into account the probabilities of certain events occurring over the life of the warrants. The fair value of the derivative liability is remeasured at each reporting period, with any decrease or increase in the estimated fair value being recorded in other income (expense).

Income Taxes

The Company accounts for income taxes using the asset and liability method. Current tax liabilities or receivables are recognized for the amount of taxes estimated to be payable or refundable for the current year. Deferred tax assets and liabilities are recognized for estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, along with net operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Changes in deferred tax assets and liabilities are recorded in the provision for income taxes.

The Company assesses the likelihood its deferred tax assets will be recovered from future taxable income, and to the extent it deems reasonable, based on available evidence, it is more-likely-than-not all or a portion of the deferred tax assets will not be realized, a valuation allowance reserve is established through a charge to income tax expense. To-date, the Company has recognized a full valuation allowance on its deferred tax assets.

Going Concern

The provisions of FASB ASC Topic 205-40,*Presentation of Financial Statements - Going Concern*(ASC Topic 205-40) requires management to assess an entity's ability to continue as a going concern within one year of the date of the financial statements are issued. In each reporting period (including interim periods), an entity is required to assess conditions known and reasonably knowable as of the financial statement issuance date to determine whether it is probable an entity will not meet its financial obligations within one year from the financial statement issuance date. Substantial doubt about an entity's ability to continue as a going concern exists when conditions and events, considered in the aggregate, indicate it is probable the entity will be unable to meet its financial obligations as they become due within one year after the date the financial statements are issued. We have incorporated specific disclosures within our financial statements stating there is substantial doubt regarding the Company’s ability to continue as a going concern within one year from the financial statement issuance date. See Liquidity and Capital Resources above for a discussion of our liquidity and going concern status.

The Company's consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities should the Company be unable to continue as a going concern.

Recently Issued Accounting Standards

In January 2017, the FASB issued ASU 2017-01, which amends the guidance of FASB Accounting Standards Codification Topic 805, Business Combinations (ASC 805) adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (disposals) of assets or businesses. The objective of ASU 2017-01 is to narrow the definition of what qualifies as a business under Topic 805 and to provide guidance for streamlining the analysis required to assess whether a transaction involves the acquisition (disposal) of a business. ASU 2017-01 provides a screen to assess when a set of assets and processes do not qualify as a business under Topic 805, reducing the number of transactions that need to be considered as possible business acquisitions. ASU 2017-01 also narrows the definition of output under Topic 805 to make it consistent with the description of outputs under Topic 606. The guidance of ASU 2017-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years and early adoption is permitted under certain circumstances. The Company is evaluating the impact of this guidance on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, which amended the guidance of FASB Accounting Standards Codification Topic 230, Statement of Cash Flows (ASC 230) on the classification of certain cash receipts and payments. The primary purpose of ASU 2016-15 is to reduce the diversity in practice which has resulted from a lack of consistent principles on this topic. The amendments of ASU 2016-15 add or clarify guidance on eight specific cash flow issues, including debt prepayment or debt extinguishment costs, settlement of zero-coupon debt instruments, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, distributions received from equity method investees, beneficial interests in securitization transactions, and separately identifiable cash flows and application of the predominance principle. The guidance of ASU 2016-15 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company is evaluating the impact of this guidance on its consolidated financial statements.

In April 2016, the FASB issued ASU 2016-10,*Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*("ASU 2016-10"). The amendments in ASU 2016-10 clarify the following two aspects of Topic 606: (a) identifying performance obligations; and (b) the licensing implementation guidance. The amendments do not change the core principle of the guidance in Topic 606. The effective date and transition requirements for the amendments are the same as the effective date and transition requirements in Topic 606. The guidance is effective for the Company beginning January 1, 2018, although early adoption is permitted beginning January 1, 2017. The Company is currently evaluating the impact of this guidance on its consolidated financial position, results of operations and cash flows.

In March 2016, the FASB issued ASU 2016-08,*Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations*("ASU 2016-08"). The amendments are intended to improve the operability and understandability of the implementation guidance on principal versus agent considerations by amending certain existing illustrative examples and adding additional illustrative examples to assist in the application of the guidance. The effective date and transition requirements for the amendments are the same as the effective date and transition requirements in Topic 606. The guidance is effective for the Company beginning January 1, 2018, although early adoption is permitted beginning January 1, 2017. The Company is currently evaluating the impact of this guidance on its consolidated financial position, results of operations and cash flows.

In February 2016, the FASB issued ASU No. 2016-02,*Leases* (Topic 842) ("ASU 2016-02"), which establishes a right-of-use (ROU) model requiring a lessee to recognize a ROU asset and a lease liability for all leases with terms greater-than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods with those fiscal years. A modified retrospective transition approach is required for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently evaluating the impact of this guidance on its consolidated financial position, results of operations, and cash flows.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606) and subsequently issued additional updates amending the guidance contained in Topic 606 thereby affecting the guidance contained in ASU 2014-09. ASU 2014-09 and the subsequent Topic 606 updates will supersede and replace nearly all existing U.S. GAAP revenue recognition guidance. The core principle of ASU 2014-09 is to recognize revenue when promised goods or services are transferred to customers in an amount equal to the consideration to which the entity expects to be entitled for those goods and services. ASU 2014-09 defines a five step process to achieve this core principle, and in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. The standard is effective for annual periods beginning after December 15, 2017, including interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting the standard recognized at the date of adoption (which includes additional footnote disclosures). The Company is evaluating the guidance in ASU 2014-09 and the subsequent Topic 606 updates and has not yet determined what, if any, effect this guidance will have on its results of operations or financial condition.

Contractual Obligations

The Company leases office space for its corporate office, which initially provided for two consecutive six month terms beginning on February 1, 2016, rent payments of $9,500 per month and the option to cancel the lease agreement at the end of the initial six-month term at the election of the Company. Subsequently, the lease agreement was amended to add additional office space at an additional rate of $4,400 per month, and extended the lease term through May 31, 2017. In March 2017, the office space was reduced, resulting in a $650 per month reduction in monthly lease payment. The lease agreement includes a 5% increase in monthly rent effective on each twelve month anniversary. After the May 31, 2017 lease term expiration, the lease term is on a month-to-month basis, which may be cancelled by the Company with three months written notice. At this time, the Company intends to lease the office space on a month-to-month basis after the May 31, 2017 lease term expiration. Total rent expense incurred under the corporate office space lease arrangement was $42,126 and $19,000 for the three months ended March 31, 2017 and 2016, respectively. At March 31, 2017, the Company's future minimum lease payments totaled $27,450 for the period April 1, 2017 to the May 31, 2017 lease expiration date; and, the future minimum lease payments totaled an additional $140,123 payable for the period June 1, 2017 to March 31, 2018, with respect to the lease arrangement on a month-to-month basis.

Effective October 2015, the Company entered into a three-year management services agreement through October 2018 with HCP/Advisors LLC, an affiliate of a director of the Company. Pursuant to the HCP/Advisors LLC agreement, such entity has agreed to provide the Company with certain management services, including without limitation identifying potential corporate opportunities, general business development, corporate development, corporate governance, marketing strategy, strategic development and planning, coordination with service providers, and other advisory services as may be mutually agreed upon. The Company has agreed to pay HCP/Advisors LLC an initial monthly fee of $35,000 commencing as of November 1, 2015, and thereafter, a monthly fee of $25,000 through October 31, 2018. Under this agreement, the Company incurred fees of $75,000 in each of the three months ended March 31, 2017 and 2016, respectively.

Effective September 2016, the Company entered into a consulting agreement with HCFP /Strategy Advisors LLC, an affiliate of certain directors and officers of the Company (the "HCFP Strategic Advisory Agreement"). Under the HCFP Strategic Advisory Agreement, HCFP /Strategy Advisors had been engaged for an initial term of five months through February 14, 2017, to provide various strategic advisory services, including: to provide strategic business planning, to identify and assist with potential sources of financing arrangements, to promote the Company to various potential investors, and to provide strategic advisory services as reasonably requested by the Company. The HCFP Strategic Advisory Agreement provided for an initial total fee of $110,000, with $30,000 paid upon execution of the agreement and four payments of $20,000 per month from October 2016 to January 2017. Subsequently, on February 17, 2017, the Company and HCFP /Strategy Advisors LLC executed an extension of the HCFP Strategic Advisory Agreement effective as of February 15, 2017, extending the services through May 14, 2017 and obligating the Company to fund three payments of $20,000 per month from February 2017 to April 2017. The Company incurred expense of $60,000 in the three months ended March 31, 2017 under the HCFP Strategic Advisory Agreement.

Effective September 2016, the Company also entered into a consulting agreement with Swartwood Hesse, Inc., an affiliate of HCFP /Strategy Advisors (which, as noted above, is an affiliate of certain directors and officers of the Company) (the "Swartwood Hesse Financial Advisory Agreement"). Under the Swartwood Hesse Financial Advisory Agreement, Swartwood Hesse Inc. has been engaged for an initial term of five months to provide advisory services regarding potential financing arrangements, to assist the Company with its investors relations, and to provide other financial advisory services as reasonably requested by the Company. The Swartwood Hesse Financial Advisory Agreement provides for total fee payments to Swartwood Hesse of $15,000, which was paid upon execution of the agreement. The Company may incur additional fees for investment banking services under a separate written agreement to be executed between the Company and Swartwood Hesse, Inc. The Company incurred expense of $15,000 in the year ended December 31, 2016 under the Swartwood Hesse Financial Advisory Agreement.

In January 2017, the Company entered into an agreement with Xzerta Trading LLC d/b/a HCFP /Capital Markets ("HCFP /Capital Markets"), an affiliate of certain directors and officers of the Company, wherein HCFP /Capital Markets was engaged to be the Company's exclusive placement agent in an offering of securities ("the HCFP /Capital Markets Placement Agent Agreement"), including the Preferred Stock Units private placement transaction. Under the HCFP /Capital Markets Placement Agent Agreement, HCFP /Capital Markets is paid a fee of 7.0% of the gross proceeds realized in the securities offering, plus reimbursement of certain out-of-pocket costs. The term of the HCFP /Capital Markets Placement Agent Agreement is from the January 2017 execution date to the later of June 30, 2017, or the completion or termination of any other potential transactions in conjunction with the Preferred Stock Units private placement transaction. The Company incurred $177,576 of fees paid to HCFP /Capital Markets in connection with the issuances of Preferred Stock Units in the three months ended March 31, 2017.

Effective November 1, 2014, the Company entered into an employment agreement with its CEO (the “CEO Employment Agreement”) for a five-year term with an initial base salary of $240,000 per year, from November 1, 2014 to October 31, 2015. The base salary of $240,000 from November 1, 2014 to October 31, 2015 along with a $124,583 bonus payment was payable to the CEO only upon and subject to the consummation of the Company's IPO. As of December 31, 2015, the Company determined the likelihood of the IPO was probable and, therefore, a liability of $364,583 was recognized at December 31, 2015. In May 2016, as a result of the closing of the Company’s IPO on April 28, 2016, the accrued salary and bonus compensation payable at December 31, 2015 was paid to the CEO. Effective November 1, 2015, the base salary was increased to $295,000 per year. The CEO Employment Agreement provides for a guaranteed bonus equal to 50% of base salary, beginning on January 1 of each year effective January 1, 2016. Additionally, the CEO will also be eligible to earn discretional annual performance bonuses upon meeting certain objectives as determined by the Board of Directors. Effective as of December 31, 2016, the CEO agreed to waive his right to the guaranteed bonus for the year ended December 31, 2016.

Effective March 20, 2017, the Company entered into a two-year employment agreement with its (new) Chief Financial Officer with a base salary of $285,000 per year. The Chief Financial Officer will be eligible to earn discretionary annual performance bonuses upon meeting certain objectives as determined by the Board of Directors.

Effective July 1, 2016, the Company entered into a five-year employment agreement with its Chief Medical Officer with a base salary of $285,000 per year, plus an initial payment of $50,000. The Chief Medical Officer will be eligible to earn discretionary annual performance bonuses upon meeting certain objectives as determined by the Board of Directors.

On March 20, 2017, Richard F. Fitzgerald resigned as our (former) Chief Financial Officer and the Company and Mr. Fitzgerald entered into a separation agreement, under which Mr. Fitzgerald executed a general release and waiver in favor of the Company. Mr. Fitzgerald remained a full-time employee through March 31, 2017. In connection with his employment termination, on March 31, 2017, the Company entered into a consulting agreement with Mr. Fitzgerald, providing for his engagement as an advisor at a fee of $10,000 per month for April, May, and June 2017, and the continuation of health insurance benefits from April 1, 2017 to June 30, 2017, as well as a single $2,200 payment on April 30, 2017 for temporary housing and travel expenses. The Company recognized an expense of $41,240 at March 31, 2017 as an accrued liability related to the termination benefits.

Effective October 1, 2016, the Company and Michael J. Glennon, Vice Chairman and a member of the Company's board of directors, entered into a consulting agreement (the "Glennon Consulting Agreement"), under which Mr. Glennon provides the Company with services and advice relating to the successful development and commercialization of medical device products, including interfacing with outsourced contract manufacturers, assisting with development of the supply chain and establishing commercialization channels with independent distributors and strategic corporate partners, and providing such other services as requested by the Company’s Chairman and CEO. As compensation for his services, Mr. Glennon was to be paid an initial payment of $37,500 upon execution of the consulting agreement and a monthly retainer of $12,500 for each month thereafter. Effective as of December 31, 2016, Mr. Glennon and the Company entered into an agreement whereby Mr. Glennon waived his right to compensation under the Glennon Consulting Agreement for the year ended December 31, 2016. Additionally, effective as of March 31, 2017, Mr. Glennon and the Company entered into a second agreement whereby Mr. Glennon waived his right to compensation under the Glennon Consulting Agreement for the period January 1, 2017 through June 30, 2017. The Glennon Consulting Agreement may be terminated by either party upon 30 days’ prior written notice, except either party may terminate the Glennon Consulting Agreement immediately for cause (which includes an uncured material breach of the agreement). The Glennon Consulting Agreement also will terminate immediately if the parties agree to the employment of Mr. Glennon on a full-time basis.

JOBS Act

We are an emerging growth company (EGC), as defined in the JOBS Act and are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, only two years of audited financial statements in addition to any required unaudited interim financial statements with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy or information statements, and not being required to adopt certain new and revised accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected to avail ourselves of the extended time for the adoption of new or revised accounting standards, and, therefore, will not be subject to the same new or revised accounting standards as public companies that are not emerging growth companies.

Off-Balance sheet arrangements

We do not have any off-balance sheet arrangements, as defined by applicable SEC regulations.

Effect of Inflation and Changes in Prices

We do not expect inflation and changes in prices will have a material effect on our operations.

Item 3. Quantitative and qualitative disclosures about market risk

Not applicable to smaller reporting companies.

Item 4. Controls and procedures

Evaluation of disclosure controls and procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2017, the end of the period covered by this Quarterly Report on Form 10-Q.

Based on our evaluation, we believe our disclosure controls and procedures as of the date of our Quarterly Report on Form 10-Q have been designed and are functioning effectively to provide reasonable assurance the information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. We believe a controls system, no matter how well designed and operated, cannot provide absolute assurance the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance all control issues and instances of fraud, if any, within a company have been detected.

Our independent registered public accounting firm has not performed an evaluation of our internal control over financial reporting during any period in accordance with the provisions of the Sarbanes-Oxley Act. As a result, it is possible, had our independent registered public accounting firm performed an evaluation of our internal control over financial reporting in accordance with the provisions of the Sarbanes-Oxley Act, material weaknesses and significant control deficiencies may have been identified. However, for as long as we remain an "emerging growth company" as defined in the JOBS Act, we intend to take advantage of the exemption permitting us not to comply with the requirement that our independent registered public accounting firm provide an attestation on the effectiveness of our internal control over financial reporting.

Changes in internal control over financial reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities

None

Item 6. Exhibits

The exhibits filed as part of this Quarterly Report on Form 10-Q are set forth on the Exhibit Index, which is incorporated herein by reference.

EXHIBIT INDEX

Exhibit No.	Description
3.1	Form of Certificate of Designation of Preferences, Rights and Limitations of Series A Convertible Preferred Stock(1)
4.1	Form of Series A Warrant (1)
4.2	Form of Series X Warrant (1)
10.1	Registration Rights Agreement (1)
10.2	Employment Agreement between PAVmed Inc. and Dennis M. McGrath
10.3	Indemnification Agreement between PAVmed Inc. and Dennis M. McGrath
10.4	Stock Option Agreement between PAVmed Inc. and Dennis M. McGrath
10.5	Separation Agreement between PAVmed Inc. and Richard F. Fitzgerald
10.6	Consulting Agreement between PAVmed Inc. and Richard F. Fitzgerald
10.7	Amendment No. 1 to Stock Option Agreement between PAVmed Inc. and Richard F. Fitzgerald
10.8	Amendment to Consulting Agreement between PAVmed Inc. and Michael J. Glennon
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial and Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial and Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

(1) Incorporated by reference to the Registrant’s Current Report on Form 8-K filed on February 1, 2017.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	PAVmed Inc.	
Date: May 22, 2017	By:	/s/ Dennis M. McGrath
		Dennis M. McGrath, Chief Financial Officer
		(Principal Financial and Accounting Officer)

Exhibit 10.2

EMPLOYMENT AGREEMENT

AGREEMENT dated as of March 20, 2017 between Dennis M. McGrath, residing at 2 Colonial Court, Medford, NJ 08055 ("Executive"), and PAVmed Inc., a Delaware corporation having its principal office at One Grand Central Place, Suite 4600, New York, New York 10165 ("Company").

WHEREAS, the Company desires to employ Executive, and Executive desires to be employed by the Company, on the terms and conditions herein set forth;

IT IS AGREED:

1. Employment, Duties and Acceptance.

1.1 General. The Company hereby agrees to employ the Executive as its Executive Vice President and Chief Financial Officer. All of Executive's powers and authority in any capacity shall at all times be subject to the direction and control of the Company's Chief Executive Officer and Board of Directors ("Board"). The Board may assign to Executive such management and supervisory responsibilities and executive duties for the Company or any subsidiary of the Company, including serving as an executive officer and/or director of any subsidiary, as are consistent with Executive's status as Executive Vice President and Chief Financial Officer. At the earliest time that his appointment will not result in the Company having less than a majority of independent directors (as defined under the listing standards of The Nasdaq Stock Market LLC), the Company shall appoint Executive as a director.

1.2 Full-Time Position. Executive accepts such employment and agrees to devote his best efforts and full time to promote the business and affairs of the Company and its affiliated entities and shall be engaged in other business activities only to the extent that such activities do not materially interfere or conflict with his obligations to the Company hereunder. Nothing herein, other than Section 5.4 below, shall be construed as preventing Executive from making and supervising personal investments, or serving on civic, philanthropic, educational, or charitable boards or committees, or with the prior written consent of the Board, in its sole discretion, on corporate boards so long as such activities are permitted under the Company's Code of Conduct and employment practices. Executive acknowledges and agrees that Schedule 1.2 attached hereto represents a complete list of corporate boards on which the Executive serves as of the effective date of this agreement. Notwithstanding any provision of this Section to the contrary, in no event shall the Executive invest in any business competitive with the Company or that would otherwise violate the provisions of Section 5.4 below.

1.3 Location. Executive will perform his duties in New York, New York. Executive shall undertake such occasional travel, within or outside the United States, as is reasonably necessary in the interests of the Company.

2. Term. The term of Executive's employment hereunder shall commence on March 20, 2017 ("Commencement Date") and terminate on the two year anniversary of the Commencement Date ("Term") unless terminated earlier as provided in this Agreement, or unless extended by mutual written agreement of the Company and Executive. Unless the Company and Executive have otherwise agreed in writing, if Executive continues to work for the Company after the expiration of the Term, his employment thereafter shall be under the same terms and conditions provided for in this Agreement, except that his employment will be on an "at will" basis and the provisions of Sections 4.4 and 4.6(c) shall no longer be in effect.

3. Compensation and Benefits.

3.1 Salary. The Company shall pay to Executive a salary ("Base Salary") at the annual rate of $285,000. Executive's compensation shall be paid in equal, periodic installments in accordance with the Company's normal payroll procedures. The Executive's base salary shall be reviewed periodically by the Board or Committee (as defined below) pursuant to the Board or Committee's normal performance review policies for senior level executives.

3.2 Bonus. In addition to the Base Salary, Executive shall be eligible to receive a discretionary performance bonus ("Bonus") with a target of fifty percent (50%) of the Executive's Base Salary as of December 31st of the preceding year based on Executive's and the Company's performance over the preceding year. The payment and amount of any Bonus shall be in the sole discretion of the Board or the Compensation Committee of the Board (the "Committee").

3.3 Stock Options. Upon the Commencement Date, the Company shall grant Executive an option ("Option") to purchase 250,000 shares of the Company's Common Stock under the Company's 2014 Long-Term Incentive Plan ("Plan"). The Option shall have an exercise price equal to the "Fair Market Value" (as defined in the Plan) of the Company's Common Stock on such date and shall vest over three years in twelve equal quarterly installments.

3.4 Benefits. Executive shall be entitled to such medical, life, disability and other benefits as are generally afforded to other executives of the Company, subject to applicable waiting periods and other conditions, as well as participation in all other company-wide employee benefits, including a defined contribution pension plan and 401(k) plan, as may be made available generally to executive employees from time to time.

3.5 Vacation. Executive shall be entitled to twenty (20) days of paid vacation in each year during the Term and to a reasonable number of other days off for religious and personal reasons in accordance with customary Company policy.

3.6 Expenses. The Company shall pay or reimburse Executive for all transportation, hotel and other expenses reasonably incurred by Executive on business trips and for all other ordinary and reasonable out-of-pocket expenses actually incurred by him in the conduct of the business of the Company, including expenses relating to his laptop, cell phone or other similar devices, against itemized vouchers submitted with respect to any such expenses and approved in accordance with customary procedures.

3.7 Housing. The Company and Executive anticipate that Executive will relocate his primary work residence to the Greater New York City area prior to the completion of the Term. The Company shall pay Executive an aggregate of up to $2,250 per month to cover temporary housing (including hotel or apartment rental) and travel expenses for a period of up to 12 months from the Commencement Date.

4. Termination.

4.1 Death. If Executive dies during the Term, Executive's employment hereunder shall terminate and the Company shall pay to Executive's estate the amount set forth in Section 4.6(a).

4.2 Disability. The Company, by written notice to Executive, may terminate Executive's employment hereunder if Executive shall fail because of illness or incapacity to render services of the character contemplated by this Agreement for one hundred eighty (180) days. Upon such termination, the Company shall pay to Executive the amount set forth in Section 4.6(a).

4.3 By Company for "Cause" or By the Executive Without "Good Reason". The Company, by written notice to Executive, may terminate Executive's employment hereunder for "Cause." As used herein, "Cause" shall mean: (a) the refusal or failure by Executive to carry out any lawful direction of the Board which are of a material nature and consistent with his status as Executive Vice President and Chief Financial Officer (or whichever positions Executive holds at such time), or the refusal or failure by Executive to perform a material part of Executive's duties hereunder; (b) the commission by Executive of a material breach of any of the provisions of this Agreement; (c) fraud or dishonest action by Executive in his relations with the Company or any of its subsidiaries or affiliates ("dishonest" for these purposes shall mean Executive's knowingly or recklessly making of a material misstatement or omission for his personal benefit); or (d) the conviction of Executive of a felony under federal or state law. Notwithstanding the foregoing, no "Cause" for termination shall be deemed to exist with respect to Executive's acts described in clauses (a) or (b) above, unless the Company shall have given written notice to Executive within a period not to exceed ten (10) calendar days of the initial existence of the occurrence, specifying the "Cause" with reasonable particularity and, within thirty (30) calendar days after such notice, Executive shall not have cured or eliminated the problem or thing giving rise to such "Cause;" provided, however, no more than two cure periods need be provided during any twelve-month period. Upon such termination, the Company shall pay to Executive the amount set forth in Section 4.6(b). The Company shall also pay such amount to Executive upon his termination of employment without "Good Reason" (as defined below), which Executive shall have the right to do on at least thirty (30) days written notice to the Company.

4.4 By Executive for "Good Reason". The Executive, by written notice to the Company, may terminate Executive's employment hereunder if a "Good Reason" exists. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following circumstances without the Executive's prior written consent: (a) a substantial and material adverse change in the nature of Executive's title, duties or responsibilities with the Company (other than as a director of the Company) that represents a demotion from his title, duties or responsibilities as in effect immediately prior to such change (such change, a "Demotion"); (b) material breach of this Agreement by the Company; (c) a failure by the Company to make any payment to Executive when due, unless the payment is not material and is being contested by the Company, in good faith; (d) a change of the principal office or work place assigned to the Executive to a location more than 35 miles distant from its location immediately prior to such change; (e) a material reduction of the Executive's Base Salary or bonus opportunity, unless pursuant to a reduction in such items applicable proportionally to all senior management and board members; or (f) a liquidation, bankruptcy or receivership of the Company. Notwithstanding the foregoing, no "Good Reason" shall be deemed to exist with respect to the Company's acts described in clauses (a), (b), (c), (d) or (e) above, unless Executive shall have given written notice to the Company within a period not to exceed thirty (30) calendar days of the initial existence of the occurrence, specifying the "Good Reason" with reasonable particularity and, within thirty (30) calendar days after such notice, the Company shall not have cured or eliminated the problem or thing giving rise to such "Good Reason"; provided, however, that no more than two cure periods shall be provided during any twelve-month period of a breach of clauses (a), (b), (c), (d), or (e) above. Upon such termination, the Company shall pay to Executive the amount set forth in Section 4.6(c).

4.5 By Company Without "Cause". The Company may terminate Executive's employment hereunder without "Cause" by giving at least thirty (30) days written notice to Executive. Upon such termination, the Company shall pay to Executive the amount set forth in Section 4.6(c).

4.6 Compensation Upon Termination. In the event that Executive's employment hereunder is terminated, the Company shall pay to Executive the following compensation:

(a) Payment Upon Death or Disability. In the event that Executive's employment is terminated pursuant to Sections 4.1 or 4.2, the Company shall no longer be under any obligation to Executive or his legal representatives pursuant to this Agreement except for: (i) the Base Salary due Executive pursuant to Section 3.1 hereof through the date of termination; (ii) any Bonus which would have become payable under Section 3.2 for the year in which the employment was terminated prorated by multiplying the full amount of the Bonus by a fraction, the numerator of which is the number of "full calendar months" worked by Executive during the year of termination and the denominator of which is 12 (a "full calendar month" is a month in which the Executive worked at least two weeks); (iii) all earned and previously approved but unpaid Bonuses for any year prior to the year of termination; (iv) all valid expense reimbursements, and (v) all accrued but unused vacation pay.

(b) Payment Upon Termination by the Company For "Cause" or by the Executive Without Good Reason. In the event that the Company terminates Executive's employment hereunder pursuant to Section 4.3, the Company shall have no further obligations to the Executive hereunder, except for: (i) the Base Salary due Executive pursuant to Section 3.1 hereof through the date of termination (ii) all valid expense reimbursements and (ii) all unused vacation pay through the date of termination required by law to be paid.

(c) Payment Upon Termination by Company Without Cause or by Executive for Good Reason. In the event that Executive's employment is terminated pursuant to Sections 4.4 or 4.5, the Company shall have no further obligations to Executive hereunder except for: (i) the Base Salary (at the rate in effect immediately before Executive's termination or resignation, as applicable) due Executive pursuant to Section 3.1 hereof for six (6) months from the date of termination or until the end of the Term, whichever is earlier, payable in accordance with Section 3.1; (ii) any Bonus which would have become payable under Section 3.2 for the year in which the employment was terminated prorated by multiplying the full amount of the Bonus by a fraction, the numerator of which is the number of "full calendar months" worked by Executive during the year of termination and the denominator of which is 12 (a "full calendar month" is a month in which the Executive worked at least two weeks); (iii) the Base Salary due Executive pursuant to Section 3.1 hereof through the date of termination; (iv) all valid expense reimbursements; (v) to the extent the Executive timely elects to receive continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall pay or reimburse the Executive, on a monthly basis, an amount equal to the full monthly premium for such coverage, from the date of termination until the date six (6) months following the date of termination (the COBRA health care continuation coverage period under Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code") shall run concurrently with the foregoing period); and (vi) all accrued but unused vacation pay, subject, in the case of clause (i) and (ii), to Executive's compliance with Section 5 and to Executive's execution of a release of claims in favor of the Company, its affiliates and their respective officers and directors in a form provided by the Company and such release becoming effective,.

(d) Executive shall have no duty to mitigate awards paid or payable to him pursuant to this Agreement, and any compensation paid or payable to Executive from sources other than the Company will not offset or terminate the Company's obligation to pay to Executive the full amounts pursuant to this Agreement.

5. Protection of Confidential Information; Non-Competition.

5.1 Acknowledgment. Executive acknowledges that:

(a) As a result of his employment with the Company, Executive will obtain secret and confidential information concerning the business of the Company and its subsidiaries (referred to collectively in this Section 5 as the "Company"), including, without limitation, financial information, proprietary rights, trade secrets and "know-how," customers and sources ("Confidential Information").

(b) The Company will suffer substantial damage which will be difficult to compute if, during the period of his employment with the Company or thereafter, Executive should enter a business competitive with the Company or divulge Confidential Information.

(c) The provisions of this Agreement are reasonable and necessary for the protection of the business of the Company.

5.2 Confidentiality. Executive agrees that he will not at any time, during the Term or thereafter, divulge to any person or entity any Confidential Information obtained or learned by him as a result of his employment with the Company, except (i) in the course of performing his duties hereunder, (ii) with the Company's prior written consent; (iii) to the extent that any such information is in the public domain other than as a result of Executive's breach of any of his obligations hereunder; or (iv) where required to be disclosed by law, regulation, stock exchange rule, court order, subpoena or other government process. If Executive shall be required to make disclosure pursuant to the provisions of clause (iv) of the preceding sentence, Executive promptly, but in no event more than 48 hours after learning of such subpoena, court order, or other government process, shall notify, confirmed by mail, the Company and, at the Company's expense, Executive shall: (a) take all reasonably necessary and lawful steps required by the Company to defend against the enforcement of such subpoena, court order or other government process, and (b) permit the Company to intervene and participate with counsel of its choice in any proceeding relating to the enforcement thereof.

5.3 Documents. Upon termination of his employment with the Company, Executive will promptly deliver to the Company all memoranda, notes, records, reports, manuals, drawings, blueprints and other documents (and all copies thereof) relating to the business of the Company and all property associated therewith, which he may then possess or have under his control; provided, however, that Executive shall be entitled to retain copies of such documents reasonably necessary to document his financial relationship with the Company.

5.4 Non-competition. During the Term and for a period of two (2) years thereafter, Executive, without the prior written permission of the Company, shall not, anywhere in the world, (i) be employed by, or render any services to, any person, firm or corporation engaged in the medical device industry (or any other business) which is directly in competition with any "material" business conducted by the Company or any of its subsidiaries at the time of termination (as used herein "material" means a business which generated at least 10% of the Company's consolidated revenues for the last full fiscal year for which audited financial statements are available) ("Competitive Business"); (ii) engage in any Competitive Business for his or its own account; (iii) be associated with or interested in any Competitive Business as an individual, partner, shareholder, creditor, director, officer, principal, agent, employee, trustee, consultant, advisor or in any other relationship or capacity; (iv) employ or retain, or have or cause any other person or entity to employ or retain, any person who was employed or retained by the Company while Executive was employed by the Company (other than Executive's personal secretary and assistant); or (v) solicit, interfere with, or endeavor to entice away from the Company, for the benefit of a Competitive Business, any of its customers or other persons with whom the Company has a contractual relationship. Notwithstanding the foregoing, nothing in this Agreement shall preclude Executive from investing his personal assets in any manner he chooses, provided, however, that Executive may not, during the period referred to in this Section 5.4, own more than 4.9% of the equity securities of any Competitive Business.

5.5 Injunctive Relief. If Executive commits a breach, or threatens to commit a breach, of any of the provisions of Sections 5.2 or 5.4, the Company shall have the right and remedy to seek to have the provisions of this Agreement specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed by Executive that the services being rendered hereunder to the Company are of a special, unique and extraordinary character and that any such breach or threatened breach will cause irreparable injury to the Company and that money damages will not provide an adequate remedy to the Company. The rights and remedies enumerated in this Section 5.5 shall be in addition to, and not in lieu of, any other rights and remedies available to the Company under law or equity. In connection with any legal action or proceeding arising out of or relating to this Agreement, the prevailing party in such action or proceeding shall be entitled to be reimbursed by the other party for the reasonable attorneys' fees and costs incurred by the prevailing party.

5.6 Modification. If any provision of Sections 5.2 or 5.4 is held to be unenforceable because of the scope, duration or area of its applicability, the tribunal making such determination shall have the power to modify such scope, duration, or area, or all of them, and such provision or provisions shall then be applicable in such modified form.

5.7 Survival. The provisions of this Section 5 shall survive the termination of employment under this Agreement for any reason, except in the events that Executive's employment is terminated by the Company without "Cause," or if Executive terminates this Agreement with "Good Reason," in either of which events, clauses (i), (ii) and (iii) of Section 5.4 shall be null and void and of no further force or effect. The non-renewal of this Agreement at the end of the Term shall not be deemed to be a termination by the Company without "Cause".

6. Miscellaneous Provisions.

6.1 Notices. All notices provided for in this Agreement shall be in writing, and shall be deemed to have been duly given when (i) delivered personally to the party to receive the same, or (ii) when mailed first class postage prepaid, by certified mail, return receipt requested, addressed to the party to receive the same at his or its address set forth below, or such other address as the party to receive the same shall have specified by written notice given in the manner provided for in this Section 6.1, or sent via email or facsimile.

If to Executive:

Dennis M. McGrath
2 Colonial Court
Medford, NJ 08055
Email: dennis.mcgrathcpa@gmail.com
Facsimile: (609)-953-9303

With a copy in either case to:

Pavia & Harcourt LLP
590 Madison Avenue
New York, New York 10022
Attn: Adam D. Mitzner, Esq.
Facsimile: 212-969-2900

If to the Company:

PAVmed Inc.
One Grand Central Place, Suite 4600
New York, New York 10165
Attn: Lishan Aklog, M.D.
Email: la@pavmed.com
Facsimile: (212) 634-7403

With a copy in either case to:

Graubard Miller
The Chrysler Building
405 Lexington Ave, 11th Floor
New York, NY 10170
Attn: David Alan Miller; Jeffrey M. Gallant
Email: dmiller@graubard.com; jgallant@graubard.com
Facsimile: (212) 818-8881

6.2 Entire Agreement; Waiver. This Agreement, the Option and the separate indemnification agreement being entered simultaneously herewith sets forth the entire agreement of the parties relating to the employment of Executive and is intended to supersede all prior negotiations, understandings and agreements. No provisions of this Agreement may be waived or changed except by a writing by the party against whom such waiver or change is sought to be enforced. The failure of any party to require performance of any provision hereof or thereof shall in no manner affect the right at a later time to enforce such provision.

6.3 Governing Law. All questions with respect to the construction of this Agreement, and the rights and obligations of the parties hereunder, shall be determined in accordance with the law of the State of New York applicable to agreements made and to be performed entirely in New York.

6.4 Binding Effect; Nonassignability. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Company. This Agreement shall not be assignable by Executive, but shall inure to the benefit of and be binding upon Executive's heirs and legal representatives.

6.5 Severability. Should any provision of this Agreement become legally unenforceable, no other provision of this Agreement shall be affected, and this Agreement shall continue as if the Agreement had been executed absent the unenforceable provision.

6.6 Section 409A. This Agreement is intended to comply with the provisions of Section 409A of the Internal Revenue Code ("Section 409A"). To the extent that any payments and/or benefits provided hereunder are not considered compliant with Section 409A, the parties agree that the Company shall take all actions necessary to make such payments and/or benefits become compliant.

6.7 Preparation of Agreement. This Agreement has been prepared by Graubard Miller ("GM") solely as counsel to the Company. GM is not acting as legal counsel nor providing any legal representation or consultative services to Executive in connection with the Agreement and the Company has advised Executive to seek the advice of other counsel in connection with the negotiation and preparation of this Agreement.

7. Arbitration; Expenses. In the event of any dispute under the provisions of this Agreement, other than a dispute in which the primary relief sought is an equitable remedy such as an injunction, the parties shall be required to have the dispute, controversy or claim settled by arbitration in the non-moving parties jurisdiction in accordance with the Employment Arbitration Rules and Mediation Procedures then in effect of the American Arbitration Association, before an arbitrator agreed to by both parties. If the parties cannot agree upon the choice of arbitrator,

the Company and the Executive will each choose an arbitrator. The two arbitrators will then select a third arbitrator who will serve as the actual arbitrator for the dispute, controversy or claim. Any award entered by the arbitrator shall be final, binding and nonappealable and judgment may be entered thereon by either party in accordance with applicable law in any court of competent jurisdiction. This arbitration provision shall be specifically enforceable. The arbitrator shall have no authority to modify any provision of this Agreement or to award a remedy for a dispute involving this Agreement other than a benefit specifically provided under or by virtue of the Agreement. Each party shall be responsible for its own expenses relating to the conduct of the arbitration (including reasonable attorneys' fees and expenses) and shall share the fees of the American Arbitration Association.

8. Attorneys' Fees. Except as provided in Section 7 above, in any action at law or in equity to enforce or construe any provisions or rights under this Agreement, the unsuccessful party or parties to such litigation, as determined by the courts pursuant to a final judgment or decree, shall pay the successful party or parties all costs, expenses, and reasonable attorneys' fees incurred by such successful party or parties (including, without limitation, such costs, expenses, and fees on any appeals), and if such successful party or parties shall recover judgment in any such action or proceedings, such costs, expenses, and attorneys' fees shall be included as part of such judgment.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

PAVMED INC.

By: /s/ Lishan Aklog
Name: LISHAN AKLOG
Title: Chairman & CEO

/s/ Dennis M. McGrath
DENNIS M. MCGRATH

Schedule 1.2. Schedule of Consultancy, Advisory, or Board of Directors

PhotoMedex, Inc. (Nasdaq: PHMD)
DarioHealth Corp. (Nasdaq: DRIO – formerly LabStyle Innovations)
Cagent Vascular, LLC – Wayne, Pa.
Palvella Therapeutics, LLC – Wayne, Pa.
Taylor University Board of Visitors – Upland, Ind.
Manor College Board of Trustees, Jenkintown, Pa.
Noninvasive Medical Technologies, Inc. – Las Vegas, Nev.

Exhibit 10.3

INDEMNIFICATION AGREEMENT

This Agreement, made and entered into as of the 20th day of March, 2017 ("Agreement"), by and between PAVmed Inc., a Delaware corporation ("Corporation"), and Dennis M. McGrath ("Indemnitee"):

WHEREAS, highly competent persons recently have become more reluctant to serve as directors, officers, or in other capacities of publicly held corporations and other corporations that have non-employee investors among their stockholders or conduct operations in regulated industries unless they are provided with better protection from the risk of claims and actions against them arising out of their services to and activities on behalf of such corporation; and

WHEREAS, the adoption of The Sarbanes-Oxley Act of 2002 and other laws, rules and regulations being promulgated have increased the potential for liability of officers and directors; and

WHEREAS, the Corporation has determined that the inability to attract and retain such persons is detrimental to the best interests of the Corporation's stockholders and that such persons should be assured that they will have better protection in the future; and

WHEREAS, it is reasonable, prudent and necessary for the Corporation to obligate itself contractually to indemnify such persons to the fullest extent permitted by applicable law so that such persons will serve or continue to serve the Corporation free from undue concern that they will not be adequately indemnified; and

WHEREAS, this Agreement is a supplement to and in furtherance of the Certificate of Incorporation and Bylaws of the Corporation, each as may be amended from time to time, and any resolutions adopted pursuant thereto and shall neither be deemed to be a substitute therefor nor diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee is willing to continue to serve and to take on additional service for or on behalf of the Corporation on the condition that he or she be indemnified according to the terms of this Agreement;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Corporation and Indemnitee do hereby covenant and agree as follows:

1. Definitions. For purposes of this Agreement:

1.1 "Change in Control" means a change in control of the Corporation occurring after the date hereof of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended ("Act"), whether or not the Corporation is then subject to such reporting requirement provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred if after the date hereof (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Act), other than a person who is an officer or director of the Corporation on March 20, 2017 (and any of such person's affiliates), is or becomes "beneficial owner" (as defined in Rule 13d-3 under the Act) directly or indirectly, of securities of the Corporation representing 50% or more of the combined voting power of the then outstanding securities of the Corporation without the prior approval of at least two-thirds of the members of the Board in office immediately prior to such person attaining such percentage interest; (ii) the Corporation is a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board of Directors ("Board") in office immediately prior to such transaction or event constitute less than a majority of the Board thereafter; (iii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by the Corporation's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board; (iv) a sale or other disposition of all or substantially all of the assets of the Company; or (v) a liquidation or dissolution of the Company.

1.2 "Corporate Status" means the status of a person who is or was a director, officer, employee, agent or fiduciary of the Corporation or of any subsidiary of the Corporation or any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the request of the Corporation.

1.3 "Disinterested Director" means a director of the Corporation who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

1.4 "Expenses" means all reasonable attorneys' fees, retainers, court costs (including trial and appeals), transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, appealing, preparing to appeal, investigating, or being or preparing to be a witness in a Proceeding.

1.5 "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Corporation or Indemnitee in any other matter material to either such party, or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" does not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Corporation or Indemnitee in an action to determine Indemnitee's rights under this Agreement. Except as provided in the first sentence of Section 9.3 hereof, Independent Counsel shall be selected by (a) the Disinterested Directors or (b) a committee of the Board consisting of two or more Disinterested Directors or if (a) and (b) above are not possible, then by a majority of the full Board.

1.6 "Proceeding" means any action, suit, arbitration, alternate dispute resolution mechanism, investigation, administrative hearing or any other proceeding, whether civil, criminal, administrative or investigative, except one initiated by an Indemnitee pursuant to Section 11 of this Agreement to enforce his rights under this Agreement.

2. Services by Indemnitee.

Indemnitee agrees to continue to serve as a director, officer or employee of the Corporation or one or more of its subsidiaries. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law).

3. Indemnification - General.

The Corporation shall indemnify, and advance Expenses to, Indemnitee as provided in this Agreement to the fullest extent permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may thereafter from time to time permit. The rights of Indemnitee provided under the preceding sentence shall include, but not be limited to, the rights set forth in the other Sections of this Agreement.

4. Proceedings Other Than Proceedings by or in the Right of the Corporation.

Indemnitee shall be entitled to the rights of indemnification provided in this Section if, by reason of his Corporate Status, he was or is threatened to be made, a party to any threatened, pending or completed Proceeding, other than a Proceeding by or in the right of the Corporation. Pursuant to this Section, Indemnitee shall be indemnified against Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with any such Proceeding or any claim, issue or matter therein, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal Proceeding, had no reasonable cause to believe his conduct was unlawful.

5. Proceedings by or in the Right of the Corporation.

Indemnitee shall be entitled to the rights of indemnification provided in this Section if, by reason of his Corporate Status, he is, was or is threatened to be made, a party to any threatened, pending or completed Proceeding brought by or in the right of the Corporation to procure a judgment in its favor. Pursuant to this Section, Indemnitee shall be indemnified against Expenses and amounts paid in settlement (such settlement amounts not to exceed, in the judgment of the Board, the estimated expense of litigating the Proceeding to conclusion) actually and reasonably incurred by him or on his behalf in connection with any such Proceeding if he or she acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation. Notwithstanding the foregoing, no indemnification against such Expenses or amounts paid in settlement shall be made in respect of any claim, issue or matter in any such Proceeding as to which Indemnitee has been adjudged to be liable to the Corporation if applicable law prohibits such indemnification unless the court in which such Proceeding shall have been brought, was brought or is pending, shall determine that indemnification against Expenses or amounts paid in settlement may nevertheless be made by the Corporation.

6. Indemnification for Expenses of Party Who is Wholly or Partly Successful.

Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, he or she shall be indemnified against all Expenses (and, when eligible hereunder, amounts paid in settlement) actually and reasonably incurred by him or on his behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Corporation shall indemnify Indemnitee against all Expenses (and, when eligible hereunder, amounts paid in settlement) actually and reasonably incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section, the term “successful, on the merits or otherwise,” includes, but is not limited to, (i) any termination, withdrawal, or dismissal (with or without prejudice) of any Proceeding against the Indemnitee without any express finding of liability or guilt against him, and (ii) the expiration of 90 days after the making of any claim or threat of a Proceeding without the institution of the same and without any promise or payment made to induce a settlement.

7. Indemnification for Expenses as a Witness.

Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a witness in any Proceeding, he shall be indemnified against all Expenses actually and reasonably incurred by him on his behalf in connection therewith.

8. Advancement of Expenses and Other Amounts.

The Corporation shall advance all Expenses, judgments, penalties, fines and, when eligible hereunder, amounts paid in settlement, incurred by or on behalf of Indemnitee in connection with any Proceeding within thirty (30) days after the receipt by the Corporation of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding.

Such statement or statements shall reasonably evidence the Expenses, judgments, penalties, fines and amounts paid in settlement, incurred by Indemnitee and shall include or be preceded or accompanied by an agreement by or on behalf of Indemnitee to repay any Expenses, judgments, penalties, fines and amounts paid in settlement advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified against such Expenses, judgments, penalties, fines and, when eligible hereunder, amounts paid in settlement.

9. Procedure for Determination of Entitlement to Indemnification.

9.1 To obtain indemnification under this Agreement in connection with any Proceeding, and for the duration thereof, Indemnitee shall submit to the Corporation a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary of the Corporation shall, promptly upon receipt of any such request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

9.2 Upon written request by Indemnitee for indemnification pursuant to Section 9.1 hereof, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in such case: (i) if a Change in Control shall have occurred, by Independent Counsel (unless Indemnitee shall request that such determination be made by the Board or the stockholders, in which case in the manner provided for in clauses (ii) or (iii) of this Section 9.2) in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; (ii) if a Change of Control shall not have occurred, (A) by the Board by a majority vote of a quorum consisting of Disinterested Directors, or (B) if a quorum of the Board consisting of Disinterested Directors is not obtainable, by a majority of a committee of the Board consisting of two or more Disinterested Directors, or (C) by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee, or (D) by the stockholders of the Corporation, by a majority vote of a quorum consisting of stockholders who are not parties to the proceeding, or if no such quorum is obtainable, by a majority vote of stockholders who are not parties to such proceeding; or (iii) as provided in Section 10.2 of this Agreement. If it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Corporation (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Corporation hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

9.3 If a Change of Control shall have occurred, Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board), and Indemnitee shall give written notice to the Corporation advising it of the identity of Independent Counsel so selected. In either event, Indemnitee or the Corporation, as the case may be, may, within seven days after such written notice of selection shall have been given, deliver to the Corporation or to Indemnitee, as the case may be, a written objection to such selection. Such objection may be asserted only on the ground that Independent Counsel so selected does not meet the requirements of “Independent Counsel” as defined in Section 1 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. If such written objection is made, Independent Counsel so selected may not serve as Independent Counsel unless and until a court has determined that such objection is without merit. If, within 20 days after submission by Indemnitee of a written request for indemnification pursuant to Section 9.1 hereof, no Independent Counsel shall have been selected and not objected to, either the Corporation or Indemnitee may petition the Court of Chancery of the State of Delaware or other court of competent jurisdiction, for resolution of any objection which has been made by the Corporation or Indemnitee to the other’s selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by such court or by such other person as such court shall designate, and the person with respect to whom an objection is so resolved or the person so appointed shall act as Independent Counsel under Section 9.2 hereof. The Corporation shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with its actions pursuant to this Agreement, and the Corporation shall pay all reasonable fees and expenses incident to the procedures of this Section 9.3, regardless of the manner in which such Independent Counsel was selected or appointed. Upon the due commencement date of any judicial proceeding pursuant to Section 11.1(iii) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

10. Presumptions and Effects of Certain Proceedings.

10.1 In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 9.1 of this Agreement, and the Corporation shall have the burden of proof to overcome that presumption by clear and convincing evidence in connection with the making by any person, persons or entity of any determination contrary to that presumption.

10.2 If the person, persons or entity empowered or selected under Section 9 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within thirty (30) days after receipt by the Corporation of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) prohibition of such indemnification under applicable law; provided, however, that such 30-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith require(s) such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, however, that the foregoing provisions of this Section 10.2 shall not apply (i) if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 9.2 of this Agreement and if (A) within 15 days after receipt by the Corporation of the request for such determination the Board has resolved to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within 75 days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within 15 days after such receipt for the purpose of making such determination, such meeting is held for such purpose within 60 days after having been so called and such determination is made thereat, or (ii) if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 9.2 of this Agreement. In connection with each meeting at which a stockholder determination will be made, the Corporation shall solicit proxies that expressly include a proposal to indemnify or reimburse the Indemnitee. The Corporation shall afford the Indemnitee ample opportunity to present evidence of the facts upon which the Indemnitee relies for indemnification in any Corporation proxy statement relating to such shareholder determination. Subject to the fiduciary duties of its members under applicable law, the Board will not recommend against indemnification or reimbursement in any proxy statement relating to the proposal to indemnify or reimburse the Indemnitee.

10.3 The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

10.4 Reliance as Safe Harbor. For purposes of this Agreement, the Indemnitee shall be deemed to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal Proceeding, to have had no reasonable cause to believe his conduct was unlawful, if his action is based on (i) the records or books of account of the Corporation, or another enterprise, including financial statements, (ii) information supplied to him by the officers of the Corporation or another enterprise in the course of their duties, (iii) the advice of legal counsel for the Corporation or another enterprise, or of an independent certified public accountant or an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which the Indemnitee is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee or agent. The provisions of this Section shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth herein. Whether or not the foregoing provisions of this Section 10.4 are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal Proceeding, to have had no reasonable cause to believe Indemnitee's conduct was unlawful. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

11. Remedies of Indemnitee.

11.1 In the event that (i) a determination is made pursuant to Section 9 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 8 of this Agreement, (iii) the determination of indemnification is to be made by Independent Counsel pursuant to Section 9.2 of this Agreement and such determination shall not have been made and delivered in a written opinion within 30 days after receipt by the Corporation of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 7 of this Agreement within thirty (30) days after receipt by the Corporation of a written request therefor, or (v) payment of indemnification is not made within thirty (30) days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 9 or 10 of this Agreement, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of his entitlement to such indemnification or advancement of Expenses, judgments, penalties, fines or, when eligible hereunder, amounts paid in settlement. The Corporation shall not oppose Indemnitee's right to seek any such adjudication.

11.2 In the event that a determination shall have been made pursuant to Section 9 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section shall be conducted in all respects as a de novo trial on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination.

11.3 If a determination shall have been made or deemed to have been made pursuant to Section 9 or 10 of this Agreement that Indemnitee is entitled to indemnification, the Corporation shall be bound by such determination in any judicial proceeding commenced pursuant to this Section, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) prohibition of such indemnification under applicable law.

11.4 The Corporation shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Corporation is bound by all the provisions of this Agreement.

11.5 In the event that Indemnitee, pursuant to this Section, seeks a judicial adjudication of his or her rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against, any and all expenses (of the kinds described in the definition of Expenses) actually and reasonably incurred by him or her in such judicial adjudication, but only if he or she prevails therein. If it shall be determined in such judicial adjudication that Indemnitee is entitled to receive less than all of the indemnification or advancement of expenses sought, the expenses incurred by Indemnitee in connection with such judicial adjudication shall be appropriately prorated.

12. Procedure Regarding Indemnification.

With respect to any Proceedings, the Indemnitee, prior to taking any action with respect to such Proceeding, shall consult with the Corporation as to the procedure to be followed in defending, settling, or compromising the Proceeding and may not consent to any settlement or compromise of the Proceeding without the written consent of the Corporation (which consent may not be unreasonably withheld or delayed). The Corporation shall be entitled to participate in defending, settling or compromising any Proceeding and to assume the defense of such Proceeding with counsel of its choice and shall assume such defense if requested by the Indemnitee. Notwithstanding the election by, or obligation of, the Corporation to assume the defense of a Proceeding, the Indemnitee shall have the right to participate in the defense of such Proceeding and to employ counsel of Indemnitee's choice, but the fees and expenses of such counsel shall be at the expense of the Indemnitee unless (i) the employment of such counsel has been authorized in writing by the Company, or (ii) the Indemnitee has reasonably concluded that there may be defenses available to him or her which are different from or additional to those available to the Corporation (in which latter case the Corporation shall not have the right to direct the defense of such Proceeding on behalf of the Indemnitee), in either of which events the fees and expenses of not more than one additional firm of attorneys selected by the Indemnitee shall be borne by the Corporation. If the Corporation assumes the defense of a Proceeding, then counsel for the Corporation and Indemnitee shall keep Indemnitee reasonably informed of the status of the Proceeding and promptly send to Indemnitee copies of all documents filed or produced in the Proceeding, and the Corporation shall not compromise or settle any such Proceeding without the written consent of the Indemnitee (which consent may not be unreasonably withheld or delayed) if the relief provided shall be other than monetary damages and shall promptly notify the Indemnitee of any settlement and the amount thereof.

13. Non-Exclusivity; Survival of Rights; Insurance; Subrogation; Contribution.

13.1 The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the certificate of incorporation or by-laws of the Corporation, each as may be amended from time to time, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or any provision hereof shall be effective as to any Indemnitee with respect to any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal.

13.2 To the extent that the Corporation maintains an insurance policy or policies providing liability insurance for directors, officers, employees, agents or fiduciaries of the Corporation or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person serves at the request of the Corporation, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee, agent or fiduciary under such policy or policies.

13.3 In the event of any payment under this Agreement, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are reasonably necessary to enable the Corporation to bring suit to enforce such rights.

13.4 The Corporation shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

13.5 (a) If a determination is made that Indemnitee is not entitled to indemnification, after Indemnitee submits a written request therefor, under this Agreement, then in respect of any threatened, pending or completed Proceeding in which the Corporation is jointly liability with the Indemnitee (or would be if joined in such Proceeding), the Corporation shall contribute to the amount of Expenses, judgments, fines and amounts paid in settlement by the Indemnitee in such proportion as is appropriate to reflect (i) the relative benefits received by the Corporation on the one hand and the Indemnitee on the other hand from the transaction from which Proceeding arose, and (ii) the relative fault of the Corporation on the one hand and of the Indemnitee on the other hand in connection with the events that resulted in such Expenses, judgments, fines or amounts paid in settlement, as well as any other relevant equitable considerations. The relative fault of the Corporation on the one hand and of the Indemnitee on the other hand shall be determined by reference to, among other things, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such Expenses, judgments, fines or amounts paid in settlement. The Corporation agrees that it would not be just and equitable if contribution pursuant to this

Section were determined by pro rata allocation or any other method of allocation that does not take into account the foregoing equitable considerations.

(b) The determination as to the amount of the contribution, if any, shall be made by:

(i) a court of competent jurisdiction upon the applicable of both the Indemnitee and the Corporation (if the Proceeding had been brought in, and final determination had been rendered by such court);

(ii) the Board by a majority vote of a quorum consisting of Disinterested Directors; or

(iii) Independent Counsel, if a quorum is not obtainable for purpose of (ii) above, or, even if obtainable, a quorum of Disinterested Directors so directs.

14. Duration of Agreement.

This Agreement shall continue until and terminate upon the later of: (a) ten (10) years after the date that Indemnitee shall have ceased to serve as a director and/or officer of the Corporation, or (b) the final termination of all pending Proceedings in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses, judgments, penalties, fines or amounts paid in settlement hereunder and or any proceeding commenced by Indemnitee pursuant to Section 11 of this Agreement. This Agreement shall be binding upon the Corporation and its successors and assigns and shall inure to the benefit of Indemnitee and his spouse, heirs, executors, personal representatives and administrators.

15. Severability.

If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

16. Entire Agreement.

This Agreement constitutes the entire agreement between the Corporation and the Indemnitee with respect to the subject matter hereof and supercedes all prior agreements, understanding, negotiations and discussion, both written and oral, between the parties hereto with respect to such subject matter (the "Prior Agreements"); provided, however, that if this Agreement shall ever be held void or unenforceable for any reasons whatsoever, and is not reformed pursuant to Section 15 hereof, then (i) this Agreement shall not be deemed to have superceded any Prior Agreements; (ii) all of such Prior Agreements shall be deemed to be in full force and effect notwithstanding the execution of this Agreement; and (iii) the Indemnitee shall be entitled to maximum indemnification benefits provided under any Prior Agreements, as well as those provided under applicable law, the certificate of incorporation or by-laws of the Corporation, a vote of stockholders or resolution of directors.

17. Exception to Right of Indemnification or Advancement of Expenses.

Except as provided in Section 11.5, Indemnitee shall not be entitled to indemnification or advancement of Expenses under this Agreement with respect to any Proceeding, or any claim therein, brought or made by him against the Corporation.

18. Covenant Not to Sue; Limitation of Actions; Release of Claims.

No legal action shall be brought and no cause of action shall be asserted by or on behalf of the Corporation (or any of its subsidiaries) against the Indemnitee, his spouse, heirs, executors, personal representatives or administrators after the expiration of two (2) years from the date of accrual of such cause of action and any claim or cause of action of the Corporation (or any of its subsidiaries) shall be extinguished and deemed released unless asserted by the filing of a legal action within such two (2) year period; provided, however, that if any shorter period of limitation is otherwise applicable to any such cause of action, such shorter period shall govern.

19. Identical Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement.

20. Headings.

The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

21. Modification and Waiver.

No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

22. Notice by Indemnitee.

Indemnitee agrees promptly to notify the Corporation in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating any Proceeding or matter which may be subject to indemnification or advancement of Expenses, judgments, penalties, fines or amounts paid in settlement covered hereunder.

23. Notices.

All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom such notice or other communication shall have been directed, or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

If to Indemnitee, to the address set forth on the signature page.

If to the Corporation, to:

PAVmed Inc.
One Grand Central Place, Suite 4600
New York, New York 10165
Attention: Chief Executive Officer

or to such other address or such other person as Indemnitee or the Corporation shall designate in writing in accordance with this Section, except that notices regarding changes in notices shall be effective only upon receipt.

24. Governing Law.

The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware applicable to contracts made and performed in that state without giving effect to the principles of conflicts of laws.

25. Miscellaneous.

Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

PAVMED INC.

By: /s/ Lishan Aklog
Name: LISHAN AKLOG
Title: Chairman & CEO

INDEMNITEE

/s/ Dennis M. McGrath

Address for Notice:

Dennis McGrath
2 Colonial Ct Medford, NJ 08055
Phone: 609-432-6861
E-mail: dennis.mcgrath@gmail.com

Exhibit 10.4

STOCK OPTION AGREEMENT

THIS STOCK OPTION AGREEMENT is made as of the 20th day of March, 2017 (the "Grant Date") by and between PAVmed Inc., a Delaware corporation (the "Company"), and Dennis M. McGrath ("Grantee").

WHEREAS, in accordance with that certain Employment Agreement ("Employment Agreement"), dated as of March 20, 2017, between the Company and the Grantee, the Board of Directors of the Company (the "Board") authorized the grant to the Grantee of an option (the "Option") to purchase an aggregate of 250,000 shares of the authorized but unissued common stock of the Company, $.001 par value ("Common Stock"), conditioned upon the Grantee's acceptance thereof upon the terms and conditions set forth in this Agreement and, notwithstanding that the Option is not issued under the Plan, subject to the terms of the Company's 2014 Long-Term Incentive Equity Plan (the "Plan") (capitalized terms used herein and not otherwise defined have the meanings set forth in the Plan); and

WHEREAS, the Grantee desires to acquire the Option on the terms and conditions set forth in this Agreement and, notwithstanding that the Option is not issued under the Plan, subject to the terms of the Plan;

IT IS AGREED:

1. Grant of Stock Option. The Company hereby grants to the Grantee the right and option to purchase all or any part of an aggregate of 250,000 shares of the Common Stock (the "Option Shares") on the terms and conditions set forth herein and, notwithstanding that the Option is not issued under the Plan, subject to the provisions of the Plan, which shall be deemed incorporated herein by reference.

2. Non-Incentive Stock Option. The Option represented hereby is not intended to be an Option that qualifies as an "Incentive Stock Option" under Section 422 of the Internal Revenue Code of 1986, as amended.

3. Exercise Price. The exercise price (the "Exercise Price") of the Option is $5.95 per share which is the fair value at date of grant, subject to adjustment as hereinafter provided.

4. Exercisability. Subject to the terms and conditions of the Plan and this Agreement, this Option shall become exercisable as to one-twelfth (1/12) of the Option Shares on the last day of the fiscal quarter in which the Grant Date occurs, unless the Grant Date occurs more than forty-five (45) days after the commencement of such fiscal quarter, in which case the Option shall become exercisable as to one-twelfth (1/12) of the Option Shares on the last day of the next succeeding fiscal quarter, and shall become exercisable as to one-twelfth (1/12) of the Option Shares on the last day of each successive fiscal quarter for the following eleven (11) fiscal quarters. After a portion of the Option becomes exercisable, it shall remain exercisable except as otherwise provided herein, until the close of business on the day that is ten years from the Grant Date (the "Exercise Period").

5. Effect of Termination of Employment.

5.1. Termination Due to Death. If Grantee's employment by the Company terminates by reason of death, the portion of the Option, if any, that was exercisable as of the date of death may thereafter be exercised by the legal representative of the estate or by the legatee of the Grantee under the will of the Grantee, for a period of one year from the date of such death or until the expiration of the Exercise Period, whichever period is shorter. The portion of the Option, if any, that was not exercisable as of the date of death shall immediately terminate upon death.

5.2. Termination Due to Disability. If Grantee's employment by the Company terminates by reason of Disability, the portion of the Option, if any, that was exercisable as of the date of termination of employment may thereafter be exercised by the Grantee or legal representative for a period of one year from the date of such termination or until the expiration of the Exercise Period, whichever period is shorter. The portion of the Option, if any, that was not exercisable as of the date of Disability shall immediately terminate upon disability.

5.3. Termination Due to Retirement. If Grantee's employment by the Company terminates due to Normal Retirement, then the portion of the Option that was exercisable as of the date of termination of employment may be exercised for a period of one year from the date of such termination or until the expiration of the Exercise Period, whichever is shorter. The portion of the Option not yet exercisable on the date of termination of employment shall immediately expire.

5.4. Termination by the Company without Cause or by the Grantee without Good Reason. If Grantee's employment is terminated by the Company without "Cause" (as defined in the Employment Agreement) or by the Grantee without "Good Reason" (as defined in the Employment Agreement), then the portion of the Option that was exercisable as of the date of termination of employment may be exercised for a period of three months from the date of such termination or until the expiration of the Exercise Period, whichever is shorter. The portion of the Option not yet exercisable on the date of termination of employment shall immediately expire.

5.5. Termination by the Grantee with Good Reason. If Grantee's employment is terminated by the Grantee with Good Reason, then the Option immediately shall become exercisable as to all of the Option Shares and may be exercised for a period of three months from the date of such termination or until the expiration of the Exercise Period, whichever is shorter.

5.6. Change of Control. If a Change of Control (as defined in the Indemnification Agreement between the Company and the Grantee dated as of the date hereof) occurs at or prior to a termination of Grantee's employment, then the Option immediately shall become exercisable as to all the Option Shares and may be exercised until the expiration of the Exercise Period or such shorter period set forth in Sections 5.1 to 5.5 or 5.7.

5.7. Other Termination. If Grantee's employment is terminated for any reason other than (i) death, (ii) Disability, (iii) Normal Retirement, (iv) without Cause by the Company or without Good Reason by the Grantee or (v) with Good Reason by the Grantee, the Option shall expire on the date of termination of employment.

5.8. Competing With the Company. If Grantee's employment with the Company or a Subsidiary is terminated for any reason whatsoever and Grantee violates any of the provisions of Section 5 of the Employment Agreement as determined by judgment issued in a court of law, then the Board, in its sole discretion, may require the Grantee to return to the Company the economic value of any award that was realized or obtained by such Grantee at any time during the period beginning on the date that is 6 months prior to the date such Grantee's employment is terminated; provided, however, that if Grantee is a resident of the State of California, such right must be exercised by the Company for cash within six months after the date of termination of Grantee's service to the Company or within six months after exercise of the Option, whichever is later. In such event, Grantee agrees to remit to the Company, in cash, an amount equal to the difference between the Fair Market Value of the Option Shares on the date of termination (or the sales price of such Option Shares if the Option Shares were sold during such 6 month period) and the Exercise Price of such Option Shares.

6. Withholding Tax. Not later than the date as of which an amount first becomes includible in the gross income of the Grantee for Federal income tax purposes with respect to the Option, the Grantee shall pay to the Company, or make arrangements satisfactory to the Board regarding the payment of, any Federal, state and local taxes of any kind required by law to be withheld or paid with respect to such amount ("Withholding Tax"). The obligations of the Company under the Plan and pursuant to this Agreement shall be conditional upon such payment or arrangements with the Company and the Company shall, to the extent permitted by law, have the right to deduct any Withholding Taxes from any payment of any kind otherwise due to the Grantee from the Company.

7. Adjustments. In the event of any change in the shares of Common Stock of the Company as a whole occurring as the result of a common stock split, or reverse split, common stock dividend payable on shares of Common Stock, combination or exchange of shares, or other extraordinary or unusual event occurring after the grant of the Option, the terms of this Option shall be equitably adjusted. Any such adjustments will be made by the Board, whose determination will be final, binding and conclusive, provided such determination is made in good faith and the adjustment to the Exercise Price and the number of shares of Common Stock or other property issuable upon exercise of this Option appropriately reflects the change in the shares of Common Stock, and provided further that the aggregate purchase price payable for the Option Shares shall remain the same.

8. Method of Exercise.

8.1. Notice to the Company. The Option shall be exercised in whole or in part by written notice in substantially the form attached hereto as Exhibit A directed to the Company at its principal place of business accompanied by full payment as hereinafter provided of the exercise price for the number of Option Shares specified in the notice and of the Withholding Taxes, if any.

8.2. Delivery of Option Shares. The Company shall deliver a certificate for the Option Shares to the Grantee as soon as practicable after payment therefor.

8.3. Payment of Purchase Price.

8.3.1. Cash Payment. The Grantee shall make cash payments by wire transfer, certified or bank check or personal check, in each case payable to the order of the Company; the Company shall not be required to deliver certificates for Option Shares until the Company has confirmed the receipt of good and available funds in payment of the purchase price thereof.

8.3.2. Cashless Payment. Provided that prior approval of the Company has been obtained, the Grantee may use Common Stock of the Company owned by him to pay the purchase price for the Option Shares by delivery of stock certificates in negotiable form which are effective to transfer good and valid title thereto to the Company, free of any liens or encumbrances. Shares of Common Stock used for this purpose shall be valued at the Fair Market Value.

8.3.3. Payment of Withholding Tax. Any required Withholding Tax may be paid in cash or with Common Stock in accordance with Sections 8.3.1 and 8.3.2.

8.3.4. Exchange Act Compliance. Notwithstanding the foregoing, the Company shall have the right to reject payment in the form of Common Stock if in the opinion of counsel for the Company, (i) it could result in an event of "recapture" under Section 16(b) of the Securities Exchange Act of 1934; (ii) such shares of Common Stock may not be sold or transferred to the Company; or (iii) such transfer could create legal difficulties for the Company.

9. Transfer. Except as may be set forth in the next sentence of this Section, the Option shall not be transferable by the Grantee other than by will or by the laws of descent and distribution,

and the Option shall be exercisable, during the Grantee's lifetime, only by the Grantee (or, to the extent of legal incapacity or incompetency, the Grantee's guardian or legal representative). Notwithstanding the foregoing, the Grantee, with the approval of the Board, may transfer all or a portion of the Option (i) (A) by gift, for no consideration, or (B) pursuant to a domestic relations order, in either case, to or for the benefit of the Grantee's "Immediate Family" (as defined below), or (ii) to an entity in which the Grantee and/or members of Grantee's Immediate Family own more than fifty percent of the voting interest, in exchange for an interest in that entity, subject to such limits as the Board may establish, and the transferee shall remain subject to all the terms and conditions applicable to the Option prior to such transfer. The term "Immediate Family" shall mean any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, any person sharing the Grantee's household (other than a tenant or employee), a trust in which these persons have more than fifty percent beneficial interest, and a foundation in which these persons (or the Grantee) control the management of the assets.

10. Company Representations. The Company hereby represents and warrants to the Grantee that:

10.1. the Company, by appropriate and all required action, is duly authorized to enter into this Agreement and consummate all of the transactions contemplated hereunder; and

10.2. the Option Shares, when issued and delivered by the Company to the Grantee in accordance with the terms and conditions hereof, will be duly and validly issued and fully paid and non-assessable.

11. Grantee Representations. The Grantee hereby represents and warrants to the Company that:

11.1. he is acquiring the Option and shall acquire the Option Shares for his own account and not with a view towards the distribution thereof;

11.2. he has received a copy of the Plan as in effect as of the date of this Agreement;

11.3. he has received a copy of all reports and documents required to be filed by the Company with the Securities and Exchange Commission pursuant to the Exchange Act, within the last 24 months and all reports issued by the Company to its stockholders;

11.4. he understands that he is subject to the Company's Insider Trading Policy and has received a copy of such policy as of the date of this Agreement;

11.5. he understands that he must bear the economic risk of the investment in the Option Shares, which cannot be sold by him unless they are registered under the Securities Act of 1933 ("1933 Act") or an exemption therefrom is available thereunder and that the Company is under no obligation to register the Option Shares for sale under the 1933 Act;

11.6. in his position with the Company, he has had both the opportunity to ask questions and receive answers from the officers and directors of the Company and all persons acting on its behalf concerning the terms and conditions of the offer made hereunder and to obtain any additional information to the extent the Company possesses or may possess such information or can acquire it without unreasonable effort or expense necessary to verify the accuracy of the information obtained pursuant to Section 11.3 above;

11.7. he is aware that the Company shall place stop transfer orders with its transfer agent against the transfer of the Option Shares in the absence of registration under the 1933 Act or an exemption therefrom as provided herein; and

11.8. if, at the time of issuance of the Option Shares, the issuance of such shares have not been registered under the 1933 Act, the certificates evidencing the Option Shares shall bear the following legends:

"The shares represented by this certificate have been acquired for investment and have not been registered under the Securities Act of 1933. The shares may not be sold or transferred in the absence of such registration or an exemption therefrom under said Act."

"The shares represented by this certificate have been acquired pursuant to a Stock Option Agreement dated as of March 20, 2017, a copy of which is on file with the Company, and may not be transferred, pledged or disposed of except in accordance with the terms and conditions thereof."

12. Restriction on Transfer of Option Shares. Anything in this Agreement to the contrary notwithstanding, the Grantee hereby agrees that he shall not sell, transfer by any means or otherwise dispose of the Option Shares acquired by him unless (i) the Option Shares are registered under the 1933 Act, or in the event that they are not so registered, an exemption from the 1933 Act registration requirements is available thereunder and the Grantee has furnished the Company with notice of such proposed transfer and the Company's legal counsel, in its reasonable opinion, shall deem such proposed transfer to be so exempt, and (ii) such transfer is in compliance with the Company's Insider Trading Policy, as in effect at such time.

13. Miscellaneous.

13.1. Notices. All notices, requests, deliveries, payments, demands and other communications which are required or permitted to be given under this Agreement shall be in writing and shall be either delivered personally or sent by registered or certified mail, or by private courier to the parties at their respective addresses set forth herein, or to such other address as either party shall have specified by notice in writing to the other. Notice shall be deemed duly given hereunder when delivered or mailed as provided herein.

13.2. Conflicts with the Plan. In the event of a conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of the Plan shall in all respects be controlling.

13.3. Grantee and Stockholder Rights. The Grantee shall not have any of the rights of a stockholder with respect to the Option Shares until such shares have been issued after the due exercise of the Option. Nothing contained in this Agreement shall be deemed to confer upon Grantee any right to continued employment with the Company or any subsidiary thereof, nor shall it interfere in any way with the right of the Company to terminate Grantee in accordance with the provisions regarding such termination set forth in the Employment Agreement.

13.4. Waiver. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other or subsequent breach.

13.5. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. This Agreement may not be amended except by writing executed by the Grantee and the Company.

13.6. Binding Effect; Successors. This Agreement shall inure to the benefit of and be binding upon the parties hereto and, to the extent not prohibited herein, their respective heirs, successors, assigns and representatives. Nothing in this Agreement, expressed or implied, is intended to confer on any person other than the parties hereto and as provided above, their respective heirs, successors, assigns and representatives any rights, remedies, obligations or liabilities.

13.7. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (without regard to choice of law provisions).

13.8. Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Agreement.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the day and year first above:

PAVMED INC.

By: /s/ Lishan Aklog
Name:
Title:

GRANTEE:

/s/ Dennis M. McGrath

EXHIBIT A

FORM OF NOTICE OF EXERCISE OF OPTION

____
DATE

PAVMED INC.
525 Washington Blvd, Suite 2620
Jersey City, New Jersey 07310
Attention: General Counsel

Re: Purchase of Option Shares

Gentlemen:

In accordance with my Stock Option Agreement, dated as of March 20, 2017, with PAVmed Inc. ("Company"), under the Company's 2014 Long-Term Incentive Equity Plan, I hereby irrevocably elect to exercise the right to purchase _____________ shares of the Company's common stock, par value $.0001 per share ("Common Stock"), which are being purchased for investment and not for resale.

As payment for my shares, enclosed is (check and complete applicable boxes):

☐ a ☐personal check or ☐ certified check or ☐ bank check payable to the order of "PAVmed Inc." in the sum of $_____________;

☐ confirmation of wire transfer in the amount of $_____________; and/or

☐ with the consent of the Company, a certificate for _____________ shares of the Company's Common Stock, free and clear of any encumbrances, duly endorsed, having a Fair Market Value (as such term is defined in the 2014 Long-Term Incentive Equity Plan) of $_____________.

I hereby represent and warrant to, and agree with, the Company that:

(i) I am acquiring the Option Shares for my own account, for investment, and not with a view towards the distribution thereof;

(ii) I have received a copy of the Plan and all reports and documents required to be filed by the Company with the Commission pursuant to the Exchange Act within the last 24 months and all reports issued by the Company to its stockholders;

(iii) I understand that I must bear the economic risk of the investment in the Option Shares, which cannot be sold by me unless they are registered under the Securities Act of 1933 ("1933 Act") or an exemption therefrom is available thereunder and that the Company is under no obligation to register the Option Shares for sale under the 1933 Act;

(iv) I agree that I will not sell, transfer by any means or otherwise dispose of the Option Shares acquired by me hereby except in accordance with Company's policy, if any, regarding the sale and disposition of securities owned by employees and/or directors of the Company;

(v) in my position with the Company, I have had both the opportunity to ask questions and receive answers from the officers and directors of the Company and all persons acting on its behalf concerning the terms and conditions of the offer made hereunder and to obtain any additional information to the extent the Company possesses or may possess such information or can acquire it without unreasonable effort or expense necessary to verify the accuracy of the information obtained pursuant to clause (ii) above;

(vi) my rights with respect to the Option Shares shall, in all respects, be subject to the terms and conditions of the Company's 2014 Long-Term Incentive Equity Plan and the Agreement.

(vii) I am aware that the Company shall place stop transfer orders with its transfer agent against the transfer of the Option Shares in the absence of registration under the 1933 Act or an exemption therefrom as provided herein; and

(viii) if, at the time of issuance of the Option Shares, the issuance of such shares have not been registered under the 1933 Act, the certificates evidencing the Option Shares shall bear the following legends:

"The shares represented by this certificate have been acquired for investment and have not been registered under the Securities Act of 1933. The shares may not be sold or transferred in the absence of such registration or an exemption therefrom under said Act."

"The shares represented by this certificate have been acquired pursuant to a Stock Option Agreement dated as of March 20, 2017, a copy of which is on file with the Company, and may not be transferred, pledged or disposed of except in accordance with the terms and conditions thereof."

(ix) I am aware and understand that I may be subject to an Insider Trading Policy.

Kindly forward to me my certificate at your earliest convenience.

Very truly yours,

(Signature)	(Address)
(Print Name)	(Address)
(Social Security Number)	

Exhibit 10.5

SEPARATION AGREEMENT

THIS SEPARATION AGREEMENT (" **Agreement**") is made as of this 20th day of March, 2017 (the "**Execution Date**") and entered into by and between Richard F. Fitzgerald, a resident of the State of Pennsylvania ("**Employee**"), on the one hand, and PAVmed, Inc., a Delaware corporation (the "**Company**"), on the other hand. The Employee and the Company may be collectively referred to herein as the " **Parties**" or individually as "**Party**."

RECITALS

WHEREAS, the Parties mutually desire to provide for the termination of the Employee's employment with the Company and each of their respective subsidiaries and affiliates pursuant to the terms, conditions and agreements set forth herein;

WHEREAS, by and through this Agreement, the Parties desire to address fully, finally and forever all matters between them arising up to and through the Execution Date, including, but not limited to, any matters arising out of the Employee's employment with the Company and/or the termination of the foregoing;

NOW THEREFORE, in consideration of the agreements contained herein as well as other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each of the Parties agrees as follows:

1. **Termination of Employment**. The Employee appointment as Chief Financial Officer is terminated as of the date hereof. In addition, to the extent not previously terminated, the Employee hereby resigns from any and all offices and directorships he may hold with each of the Company and each of its subsidiaries and affiliates, effective as of date hereof, and agrees to take any other actions reasonably required to effectuate the foregoing. The Employee's employment with the Company is terminated effective as of March 31, 2017 (the "**Separation Date**"), and the Employee's employment with any other subsidiaries and affiliates of the Company or the Subsidiary is terminated effective as of such date.

2 . **Termination of Prior Agreements** . The Employment Agreement by and between the Company and the Employee, dated October 8, 2015 (the "**Employment Agreement**"), is hereby terminated, along with all rights, obligations and responsibilities of the parties thereunder. All other agreements between the Employee and any of the Company and its subsidiaries and affiliates, other than this Agreement, the Consulting Agreement (as defined below), the Option Agreement (as defined below) and the Confidentiality Agreement (as defined below), are hereby terminated in all respects. The Employee's employment with the Company for the period commencing on the date hereof and ending on the Separation Date shall be on an "at will" basis and the Employee shall be entitled to the compensation and benefits set forth in Sections 3.1, 3.4, 3.5, 3.6 and 3.7 of the Employment Agreement during such employment.

3 . **Payments and Continuation of Benefits**. The Parties agree that the Employee shall be entitled to receive the following, subject to the following terms and conditions:

(a) On or as soon as practicable after the Separation Date, the Company shall (i) pay to the Employee all unpaid salary accrued at his rate as of the date of this Agreement through the Separation Date, (ii) pay to the Employee all accrued but unused vacation pay through the Separation Date, and (iii) reimburse to the Employee all outstanding reimbursable expenses incurred by the Employee and submitted to, and approved by, the Company prior to the Separation Date in accordance with the Company's applicable policies and practices, to the extent not previously reimbursed.

(b) In consideration of and subject to and conditioned upon (i) the Employee's execution and non-revocation of the Release (as defined below) and (ii) the Employee's compliance with Section 4 below and the Confidentiality Agreement:

i. On the Separation Date, the Company and the Employee shall enter into a consulting agreement with the Employee in the form attached hereto as Exhibit A (the "**Consulting Agreement**").

ii. On the Separation Date, the Company and the Employee shall enter into an amendment to the Option Agreement, dated as of April 28, 2016, between the Company and the Employee (the "**Option Agreement**") in the form attached hereto as Exhibit B (the "**Amendment to the Option Agreement**"). References herein and in any document delivered in connection herewith to the "Option Agreement," from and after the time of execution of the Amendment to the Option Agreement, shall mean the Option Agreement as amended thereby.

iii. The Company shall provide continued enrollment of the Employee and, if enrolled as of the date hereof, his family (the "**Enrolled Persons**") from the Termination Date through the earliest to occur of (A) June 30, 2017, or (B) such time as Enrolled Persons become eligible for coverage under another "group health plan" (within the meaning of Internal Revenue Code Section 4980B) (in either case, the "**Continuation Period**"), at the same level of benefits (including deductibles and co-pays) and at Company's sole cost and expense, in the group health plans (the "**Benefit Plans**") in which the Employee was enrolled immediately prior to the Execution Date, as may be adjusted in a manner applicable to plan participants generally.

To the extent that any payments or benefits under this Section 3(b) would become due or payable to or on behalf of the Employee after the Separation Date and prior to the expiration of the revocation period applicable under the Release, such payments shall be delayed until (and subject to and conditioned upon) the expiration of such revocation period, and shall be paid as soon as practicable thereafter (assuming that the Release has not been revoked). Without limiting the foregoing, the Company shall not be obligated to pay the costs and expense of enrollment in the Benefit Plans during the revocation period, and to the extent Employee pays such premiums, the Company shall reimburse the Employee for such premiums promptly after expiration of the revocation period.

(c) Except as expressly provided in this Section 3, the Consulting Agreement, the Option Agreement and the Confidentiality Agreement, the Employee shall not be entitled to any additional payments or benefits in connection with his employment with the Company or any of its subsidiaries or affiliates, or the termination thereof or under or in connection with any contract, agreement or understanding between the Employee and any of the foregoing. Except as expressly provided herein, all employee benefits and perquisites provided or funded in whole or in part by the Company or any of its subsidiaries or affiliates shall cease as of the Separation Date.

4. **Non-Solicitation; Confidentiality**. As consideration for and to induce the Company to enter into this Agreement, the Consulting Agreement and the Amendment to the Option Agreement and to provide the other benefits under Section 3(b), the Employee hereby covenants and agrees that he will not, for a period commencing on the Execution Date and ending on the two year anniversary of the Separation Date, (a) employ or retain, or have or cause any other person or entity to employ or retain, any person who was employed or retained by the Company while the Employee was employed by the Company (other than the Employee's personal secretary and assistant); or (b) solicit, interfere with, or endeavor to entice away from the Company, for the benefit of a "Competitive Business", any of its customers or other persons with whom the Company has a contractual relationship. For purposes of this paragraph, a "Competitive Business" means any person, firm or corporation engaged in the medical device industry

with products similar to those under development by the Company. On the Separation Date, the Employee and the Company shall execute the confidentiality agreement in the form attached hereto as Exhibit C (“**Confidentiality Agreement**”).

5. **Remedies Upon Breach**. The Employee acknowledges that the Company and/or its subsidiaries and affiliates will suffer substantial damage which will be difficult to compute and that the remedies at law will be inadequate if the Employee should violate any of the covenants or other obligations contained in Section 5 hereof, and that the restrictions in Section 5 of this Agreement are reasonable and necessary for the protection of the legitimate business interests of the Company and its subsidiaries and affiliates. Accordingly, the Parties agree that the Company shall be entitled to the remedies of injunction and/or specific performance (in addition to any other remedies, at law or in equity, as may be available), and the Company shall not be required to post a bond in connection therewith.

6. **Indemnification**. Nothing herein shall impair or affect any indemnification rights provided in the Company’s certificate of incorporation or bylaws. After the date hereof, the Employee shall remain eligible for coverage as an officer of the Company under all director and officer insurance policies maintained by the Company as of the date hereof, for acts or omission occurring on or prior to the date hereof, subject, however, to the terms, conditions, exclusions and limitations of such policies.

7. **Release**. The Employee agrees that, as a condition to the Company’s obligations under Section 3(b) above, within the timeframe specified in the release of claims attached hereto as Exhibit D (the “**Release**”), but not before the Separation Date, the Employee shall execute, deliver to the Company and thereafter shall not revoke the Release.

8. **No Admission**. This Agreement shall not in any way be construed as an admission by the Company or any of its subsidiaries or affiliates of any liability whatsoever or as an admission by any of the foregoing of any acts of wrongdoing or discrimination against the Employee or any other persons. In fact, each of the foregoing entities specifically disclaims, on behalf of itself, its subsidiaries and affiliates, any liability to and wrongdoing or discrimination against the Employee or any other persons.

9. **Cooperation**. The Employee agrees to cooperate with the Company and its subsidiaries and affiliates with respect to all matters arising during or related to his employment about which he has personal knowledge because of his employment with the Company, including but not limited to all matters (formal or informal) in connection with any government investigation, internal investigations, litigation (potential or ongoing), administrative, regulatory, or other proceeding which currently exists, or which may have arisen prior to or arises following the signing of the Agreement. Such cooperation will include, but not be limited to, the Employee’s willingness to be interviewed by representatives of the Company or its subsidiaries or affiliates, and to participate in such proceedings by deposition or testimony. The Employee understands that the Company will reimburse him for his reasonable out-of-pocket expenses (including attorney’s fees and legal costs) incurred in connection with such cooperation.

10. **Binding Effect**. This Agreement shall be binding upon the Employee, his heirs, representatives, executors, administrators, successors, and assigns, and upon the Company and its successors, parents, subsidiaries, affiliated companies, and assigns. If either Party violates any provision of this Agreement, the other Party may present this Agreement to any court of competent jurisdiction for the purpose of obtaining legal and equitable relief.

11. **Governing Law**. This Agreement is deemed by the Parties to be made and entered into in the State of New York. It shall be interpreted, enforced, and governed under the laws of New York. Any action or proceeding arising under or with respect to this Agreement shall be brought in a federal or state court having jurisdiction located in the County of New York, State of New York.

12. **Severability**. If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to exceed the limitations permitted by applicable law, as determined by such court in such action, then the provisions will be deemed reformed to apply to the maximum limitations permitted by applicable law and the Parties hereby expressly acknowledge their desire that in such event such action be taken. Notwithstanding the foregoing, the Parties further agree that if any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and in no way shall be affected, impaired or invalidated.

13. **Section 409A of the Code**. If at any time the Company determines that any payment under this Agreement may be or become subject to the imposition of taxes under Internal Revenue Code Section 409A, the Company shall have the right, in its sole discretion and upon providing written notice to the Employee, to adopt such amendments to this Agreement or take such other actions (including amendments and actions with retroactive effect) as the Company determines are necessary or appropriate to (a) exempt the payments provided hereunder according to Internal Revenue Code Section 409A and/or preserve the intended tax treatment of such payments, or (b) comply with the requirements of Internal Revenue Code Section 409A. Any such amendments by the Company shall have no cumulative adverse financial impact upon the Employee. In no event whatsoever shall the Company or any of the other Releasees (as defined in the Release) be liable for any additional tax, interest or penalties that may be imposed on the Employee by Internal Revenue Code Section 409A or any damages for failing to comply with Code Section 409A.

14. **Withholding**. The Company shall withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

15. **Reliance**. The Employee hereby acknowledges that he has not relied on any information provided or statements made by the Company, or any of its agents, representatives, or attorneys that are not contained in this Agreement. In return for executing this Agreement, the Employee is receiving only the consideration described in this Agreement.

16. **Entire Agreement**. This Agreement, the Consulting Agreement, the Option Agreement and the Confidentiality Agreement contain the entire agreement between the Parties, and, except as otherwise provided herein, this Agreement, the Consulting Agreement, the Option Agreement and the Confidentiality Agreement supersede any other oral or written agreements or understandings between the Parties, including without limitation the Employment Agreement.

17. **Amendments**. All modifications and amendments to this Agreement must be made in writing and signed by the Parties.

18. **Waiver**. No delay or omission by the Parties in exercising any right under this Agreement shall operate as a waiver of that or any other right. A waiver or consent given by a Party on any one occasion shall be effective only in that instance and shall not be construed as a bar or waiver of any right on any other occasion.

19. **Captions**. The captions of the sections of this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any section of this Agreement.

20. **Proper Authorization; Due Execution**. The Company represents and warrants to the Employee that this Agreement has been approved by its Board of Directors and that the officer signing on its behalf below has been fully authorized to do so.

21. **Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together constitute one and the same instrument. The execution of this Agreement may be by actual or facsimile signature.

22. **Further Assurances**. From time to time, each of the Parties shall execute, acknowledge, and deliver any instruments or documents necessary to carry out the purposes of this Agreement.

23. **No Third-Party Beneficiaries**. Nothing in this Agreement, express or implied, shall confer on any person, other than the Parties to this Agreement, any right or remedy of any nature whatsoever.

24. **Non-Disparagement**. Each Party agrees that it will not, at any time, make any statement, publicly or privately, to any individual or entity, including, without limitation, clients, customers, employees, financial or credit institutions or news agencies, in any case, which could reasonably be expected to disparage, defame, libel or slander the other Party.

25. **Return of Property and Materials**. The Employee will, at the Company's request, promptly deliver to the Company all Company property and all memoranda, notes, records, reports, customer lists, manuals, drawings and other documents (and all copies thereof) relating to the business of the Company and its subsidiaries and affiliates and all property associated therewith, which the Employee may now possess or have under his control.

26. **No Future Employment**. The Employee agrees not to seek future employment with the Company or any of its subsidiaries or affiliates.

27. **Review and Approval**. The Parties hereto acknowledge that they have each had adequate and legally sufficient time to review and seek legal guidance concerning this Agreement. The Employee specifically has been advised to consult with an attorney concerning this Agreement. The Employee understands the rights that are waived by this Agreement, including rights under the Age Discrimination in Employment Act. Specifically, the Employee acknowledges that he has had at least 21 days to consider this Agreement. If the Employee chooses to execute this Agreement prior to the end of 21 days, it is solely his choice.

28. **Cancellation upon Written Notice**. The Employee may revoke his signature on this Agreement and the Release within seven days following his signing of this Agreement and the Release by sending notice to the Company, either by certified mail, return receipt requested, or overnight delivery so that the notice arrives before the expiration of the seven day revocation period. The Employee understands and agrees that if he revokes this Agreement or the Release within the seven days, the Company is not obligated to fulfill the obligations contained in this Agreement.

29. **Voluntary Execution and Waiver**. The Employee further represents and warrants that he freely negotiated the terms of this Agreement and that he enters into and executes it and the Release voluntarily. The Employee understands that this is a voluntary waiver of any claims under the laws and orders stated in the Release that relate in any way to his employment with, complaints about, compensation due, or separation from the Company.

30. **Whistleblower Provision**. No clause in the Agreement, including all provisions relating to confidentiality, shall be interpreted as restricting or prohibiting, in any way, the Employee's right to voluntarily communicate with the Securities and Exchange Commission or receiving monetary recovery or a whistleblower award from the Securities and Exchange Commission for related disclosures.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the dates set forth below.

PAVMED, INC.

By: /s/ Lishan Aklog Date: 3/20/17

Name: LISHAN AKLOG

Title: Chairman & CEO

/s/ Richard Fitzgerald Date: 3/20/2017

Richard Fitzgerald

[*Signature Page to Separation Agreement*]

EXHIBIT D

GENERAL RELEASE

For valuable consideration, the receipt and adequacy of which are hereby acknowledged, the undersigned does hereby release and forever discharge PAVmed, Inc., a Delaware corporation (the "**Company**"), and each of its affiliates and subsidiaries, and each of their present and former partners, associates, affiliates, subsidiaries, successors, heirs, assigns, agents, directors, officers, employees, shareholders, representatives, lawyers, lenders, insurers, and all persons acting by, through, under or in concert with them (collectively, the "**Releasees**"), of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, losses, costs, attorneys' fees or expenses, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter collectively called "**Claims**"), which the undersigned now has or may hereafter have against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof.

The Claims released herein include, without limiting the generality of the foregoing, any Claims in any way arising out of, based upon, or related to the undersigned's employment by the Releasees, or any of them, or the termination thereof; including, without limitation, any claim for wages, salary, commissions, bonuses, incentive payments, profit-sharing payments, expense reimbursements, leave, vacation, separation pay or other benefits; any claim for benefits under any stock option, restricted stock or other equity-based incentive plan of the Releasees, or any of them (or any related agreement to which any Releasee is a party); any alleged breach of any express or implied contract of employment; any alleged torts or other alleged legal restrictions on any Releasee's right to terminate the employment of the undersigned; and any alleged violation of any federal, state or local statute or ordinance including, without limitation, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Civil Rights Act of 1866, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Age Discrimination in Employment Act (including the Older Workers' Benefit Protection Act), the Equal Pay Act, the Family and Medical Leave Act, the Americans with Disabilities Act, the Fair Labor Standards Act, the Employee Retirement Income Security Act, the National Labor Relations Act, [insert other applicable federal or state law], each as amended, and any and all claims under the laws of any state, county, municipality, or other governmental subdivision of the United States or any state, including but not limited to the State of New York.

Notwithstanding the foregoing, this Release shall not operate to release any Claims which the undersigned may have to benefits under Section 3(b) of that certain Separation Agreement between the Company and the undersigned, to which this Release is attached (the "**Separation Agreement**"), or under the Consulting Agreement, the Option Agreement and the Confidentiality Agreement (each as defined in the Separation Agreement).

IN ACCORDANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990, THE UNDERSIGNED IS HEREBY ADVISED AS FOLLOWS:

(1) HE IS ADVISED TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THE SEPARATION AGREEMENT AND THIS RELEASE;

(2) HE HAS 21 DAYS FROM HIS RECEIPT OF THE SEPARATION AGREEMENT AND THIS RELEASE TO CONSIDER BOTH BEFORE SIGNING THEM; AND

(3) HE HAS 7 DAYS AFTER SIGNING THE SEPARATION AGREEMENT AND THIS RELEASE TO REVOKE HIS SIGNATURE, AND THE SEPARATION AGREEMENT AND THIS RELEASE WILL BECOME EFFECTIVE

UPON THE EXPIRATION OF THAT REVOCATION PERIOD PROVIDED HE DOES NOT EXERCISE HIS RIGHT TO REVOKE.

The undersigned represents and warrants that there has been no assignment or other transfer of any interest in any Claim which he may have against Releasees, or any of them, and the undersigned agrees to indemnify and hold the Releasees, and each of them, harmless from any Claims against the Releasees, or any of them, as the result of any such assignment or transfer or any rights or Claims under any such assignment or transfer. It is the intention of the parties that this indemnity does not require payment as a condition precedent to recovery by the Releasees against the undersigned under this indemnity.

The undersigned agrees that if he hereafter commences any suit arising out of, based upon, or relating to any of the Claims released hereunder or in any manner asserts against Releasees, or any of them, any of the Claims released hereunder, then the undersigned shall pay to Releasees, and each of them, in addition to any other damages caused to Releasees thereby, all attorneys' fees incurred by Releasees in defending or otherwise responding to said suit or Claim, to the fullest extent permitted by law.

The undersigned further understands and agrees that neither the payment of any sum of money nor the execution of the Separation Agreement or this Release shall constitute or be construed as an admission of any liability or wrongdoing whatsoever by the Releasees, or any of them, who have consistently taken the position that they have no liability whatsoever to the undersigned.

The undersigned acknowledges that different or additional facts may be discovered in addition to what is now known or believed to be true by him with respect to the matters released in the Separation Agreement or this Release, and the undersigned agrees that the Separation Agreement and this Release shall be and remain in effect in all respects as a complete and final release of the matters released, notwithstanding any different or additional facts.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the undersigned has executed this Release this 20[th] day of March, 2017.

/s/ Richard Fitzgerald
Richard Fitzgerald

Exhibit 10.6

EXHIBIT A

PAVMED INC.
One Grand Central Place, Suite 4600
New York, New York 10165

March 31, 2017

Richard Fitzgerald
330 Bair Road
Berwyn, Pennsylvania 19312

Dear Mr. Fitzgerald:

This letter agreement (this "**Agreement**") will confirm the terms and conditions of the consulting arrangement between PAVmed Inc. (the "**Company**") and you ("**Consultant**"):

1. Consultant is hereby engaged to act as a consultant to the Company. The term of the consultancy shall be the period from April 1, 2017 until June 30, 2017, inclusive, unless earlier terminated as provided herein.

(a) Either party may terminate the consultancy immediately upon written notice for cause. "**Cause**" shall include, but shall not be limited to, a material breach by a party of this Agreement or of any other agreement between the Company and the Consultant, which breach, if curable, is not cured within ten (10) days of written notice thereof from the other party.

(b) The consultancy shall terminate automatically if the Consultant revokes the "Release" as defined in that certain Separation Agreement, dated as of March 20, 2017, by and between the Company and the Consultant (the "**Separation Agreement**").

2. During the term of the consultancy, Consultant shall provide advice and assistance to the Company in connection with the Company's business, customers and operations and to cooperate with the Company with respect to matters relating to Consultant's former employment by the Company ("**Consulting Services**"). Consultant shall render the Consulting Services to the Company as reasonably requested by the Company's Chief Executive Officer and Chairman of the Board, and will participate in meetings or conferences as may be reasonably requested by him. In rendering the Consulting Services to the Company hereunder, Consultant will cooperate with the Company and its management, utilize professional skill and diligence to provide the expertise required in connection with such services and at all times comply with the Company's Code of Ethics, Insider Trading Policy and other corporate policies and procedures as in effect from time to time. The Company shall not be required to furnish Consultant with any equipment or facilities.

3. As compensation hereunder, the Company shall pay Consultant a fee of $10,000 per month (the "**Monthly Fee**"). In addition to the fees payable hereunder, the Company shall reimburse Consultant for all reasonable travel and out-of-pocket expenses incurred in connection with the services performed by Consultant pursuant to this Agreement, promptly after submission to the Company of appropriate evidence of such expenditures; <u>provided</u>, <u>however</u>, that any such expenses will require the Company's prior written consent. The Consultant shall render statements to the Company as of the last day of each month during the term (or as of the termination date, if different), covering the one month period ending as of such date (or portion thereof, if the consultancy is terminated prior to a month end), detailing the Monthly Fee (prorated based on the number of days, if the consultancy is terminated prior to a month end) and

the reimbursable expenses incurred hereunder during such period. Payment shall be made to Consultant within 15 days of receipt of any such statement. In the event of a dispute arises between the parties regarding any portion of an invoice, the Company shall pay all undisputed portions of the invoice, but may withhold payment of any portion disputed in good faith, without interest or penalties. The parties shall negotiate in good faith to resolve any such dispute.

4. All notices provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered if delivered personally, by email, facsimile or by nationally recognized overnight courier (for example and not by way of limitation: Federal Express, United Parcel Service, Airborne Express), with acknowledgement of receipt required, addressed to the party to receive the same at its address below, or such other address as the party to receive the same shall have specified by written notice given in the manner provided for in this Section 5:

If to Consultant, at the address set forth above.

If to the Company:

PAVMed Inc.
One Grand Central Place, Suite 4600
New York, New York 10165
Attn: Chief Executive Officer
Tel: 212-949-4319
Fax:
Email: la@pavmed.com

With a copy to:

Graubard Miller
The Chrysler Building
New York, New York 10174
Attn: David Alan Miller, Esq. / Jeffrey M. Gallant, Esq.
Tel: 212-818-8800
Fax: 212-818-8881
Email: dmiller@graubard.com / jgallant@graubard.com

5. Consultant hereby acknowledges that it will be performing services hereunder as an independent contractor and not as an employee or agent of the Company or any affiliate thereof. Further, Consultant shall have no authority to act for, represent or bind the Company or any affiliate thereof in any manner, except as may be expressly agreed to by the Company in writing from time to time.

6. This Agreement, the Separation Agreement and the surviving agreements referenced in Section 2 of the Separation Agreement constitute the entire agreement between the parties relating to the matters discussed herein and may be amended or modified only with the mutual written consent of the parties.

7. This Agreement shall terminate upon the termination of the consultancy, except for Sections 4 to 9 and the right to receive payment for fees and reimbursable expenses pursuant to Section 3 that were incurred prior to such termination.

8. Except as otherwise provided herein, the Company will indemnify, defend, and hold harmless Consultant, from and against any and all losses, costs, damages and expenses, (including without limitation legal fees and expenses but excluding consequential, incidental or exemplary damages such as loss of profits, business or goodwill) incurred in connection with any claims, proceedings or investigations arising out of or in connection with the performance of the services pursuant to this Agreement, except those resulting from the gross negligence, willful misconduct or breach of this Agreement by Consultant. Consultant will indemnify, defend, and hold harmless the Company, its employees, officers, and directors, from an against any and all losses, costs, damages and expenses, (including without limitation legal fees and expenses) incurred in connection with any claims, proceedings or investigations arising out of or in connection with this Agreement or the services provided hereunder that result from the gross negligence, willful misconduct or breach of this Agreement by Consultant. It is agreed that each party shall notify the other party immediately, to be followed by written notice, as soon as either party becomes aware of any claim(s) made, brought or instituted against them based upon or arising out of the performance of this Agreement. Any party liable to provide indemnification hereunder shall be entitled to control the defense and settlement of any claim on which it is liable. The parties shall reasonably cooperate in the investigation, defense and settlement of any claim.

9. This Agreement shall be governed by internal laws of the State of New York. No party may mount any objection to such forum being the only applicable jurisdiction. If a provision of this Agreement is held invalid under any applicable law, such invalidity shall not affect any other provision of this Agreement that can be given effect without the invalid provision. Further, all terms and conditions of this Agreement shall be deemed enforceable to the fullest extent permissible under applicable law, and when necessary, the court is requested to reform any and all terms or conditions to give them such effect. The Company and Consultant each hereby irrevocably submit to the exclusive jurisdiction of the state or federal courts located in New York, New York in connection with any suit, action or other proceeding arising out of or relating to this Agreement and the transactions contemplated hereby. The Company and Consultant also hereby agree not to assert, by way of motion, as a defense, or otherwise in any such suit, action or proceeding that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this agreement or the subject matter hereof may not be enforced by such courts.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the day and year first above written.

Very truly yours,

PAVMED INC.

By: /s/ Lishan Aklog
Name: Lishan Aklog, M.D.
Title: Chairman & CEO

AGREED AND ACCEPTED:

/s/ Richard Fitzgerald
Richard Fitzgerald

Exhibit 10.7

AMENDMENT NO. 1
TO
STOCK OPTION AGREEMENT

THIS AMENDMENT NO. 1 TO STOCK OPTION AGREEMENT (this "**Amendment**") is made as of the 31st day of March, 2017 by and between PAVmed Inc., a Delaware corporation (the "**Company**"), and Richard Fitzgerald ("**Grantee**").

WHEREAS, pursuant to the terms and conditions of the Company's 2014 Long-Term Incentive Equity Plan (the "**Plan**"), the Company granted to the Grantee an option (the "**Option**") to purchase an aggregate of 125,000 shares of the authorized but unissued common stock of the Company, $.001 par value ("**Common Stock**"), upon the terms and conditions set forth in that certain Stock Option Agreement (the "**Agreement**"), dated as of April 28, 2016, by and between the Company and Grantee, and subject to the terms of the Plan (capitalized terms used herein and not otherwise defined have the meanings set forth in the Plan); and

WHEREAS, the Company and Grantee desire to amend the Agreement on the terms and conditions set forth in this Amendment;

NOW THEREFORE, it is hereby agreed:

1. Amendments. Section 5.5 is amended by adding the following as new Section 5.5.3:

"5.5.3. Notwithstanding anything in this Agreement to the contrary, including anything in the rest of this Section 5, in connection with Grantee entering into that certain Separation Agreement (the "Separation Agreement"), dated as of March 20, 2017, by and between the Company and Grantee, (i) the portion of the Option that was exercisable as of the Separation Date (as defined in the Separation Agreement), and any portion of the Option that vests during the three (3) months following the Separation Date, once vested, may be exercised on or prior to the date that is three (3) years from the Grant Date, and (ii) the portion of the Option that will not become exercisable after three (3) months from the Separation Date shall immediately expire; provided, however, that the Option shall immediately expire in its entirety if Grantee fails to comply with Sections 4 and 5 of the Separation Agreement or the Company terminates the Consulting Agreement (as defined in the Separation Agreement) for "cause" as defined in the Consulting Agreement."

2. Miscellaneous. This Amendment shall become effective, and shall apply retroactively from the Separation Date (as defined in the Separation Agreement), as of the expiration of the revocation period provided under the Release (as defined in the Separation Agreement), if and only if the Release has not been revoked prior to such time. Except as expressly amended by this Amendment, each of the other terms and provisions of the Agreement shall continue in full force and effect. This Amendment shall be governed in all respects in accordance with the provisions of Section 13.7 of the Agreement. The Agreement, this Amendment, the Separation Agreement and the surviving agreements referenced in Section 2 of the Separation Agreement constitute the entire agreement between the parties with respect to the subject matter hereof. Any reference to the "Option" or the "Agreement" in the Agreement, or any other agreement, document, instrument or certificate entered into or delivered in connection therewith, shall hereinafter mean the Option or the Agreement, as applicable, as amended by this Amendment (or as the Option and Agreement may be further amended or modified after the date hereof in accordance with the terms thereof).

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed on the day and year first above written.

PAVMED INC.

By: /s/ Lishan Aklog
Name: Lishan Aklog, M.D.
Title: Chairman & CEO

GRANTEE:

/s/ Richard Fitzgerald
Richard Fitzgerald

Exhibit 10.8

PAVmed

PAVmed Inc.
One Grand Central
Place, Suite 4600
60 East 42nd Street
New York, NY 10170
212-949-4319
info@pavmed.com
www.pavmed.com

March 30, 2017

Michael Glennon
50 Loring Drive
Norwell, MA 02061

Dear Mr. Glennon:

This letter will serve to amend the Consulting Agreement ("Consulting Agreement"), dated as of October 12, 2016, between you and PAVmed Inc.

Regarding Section 3 of the Consulting Agreement, you have notified the Company of your election to permanently waive your right to receive all accrued and unpaid compensation due to you through and including June 30, 2017 for services rendered under the Consulting Agreement during the period January 1, 2017 to June 30, 2017 and the Company has accepted your election relative to this waiver of your consulting compensation.

Except as amended herein, all other provisions of the Consulting Agreement shall remain in full force and effect.

Please sign this letter in the place below to confirm your agreement.

Sincerely,

PAVMED INC.

By: /s/ Dennis M. McGrath
Name: Dennis M. McGrath
Title: EVP - Chief Financial Officer

AGREED TO:

/s/ Michael J. Glennon Digitally signed by Mike Glennon Date: 2017.05.08 15:48:36 -04'00'
Michael J. Glennon

Exhibit 31.1

CERTIFICATION BY PRINCIPAL EXECUTIVE OFFICER

I, Lishan Aklog, M.D., certify that:

1. I have reviewed this annual report on Form 10-K of PAVmed Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 22, 2017

By: /s/ Lishan Aklog, M.D.
Lishan Aklog, M.D., Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION BY PRINCIPAL FINANCIAL OFFICER

I, Dennis M. McGrath, certify that:

1. I have reviewed this annual report on Form 10-K of PAVmed Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 22, 2017

By: /s/ Dennis M. McGrath
Dennis M. McGrath, Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of PAVmed Inc. (the “Company”) for the quarter ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Lishan Aklog, M.D., Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 22, 2017

By: /s/ Lishan Aklog, M.D.
Lishan Aklog, M.D., Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of PAVmed Inc. (the “Company”) for the quarter ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Dennis M. McGrath, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 22, 2017	By:	/s/ Dennis M. McGrath
		Dennis M. McGrath, Chief Financial Officer
		(Principal Financial and Accounting Officer)