



## Pulmonx Reports First Quarter 2021 Financial Results

May 4, 2021

REDWOOD CITY, Calif., May 04, 2021 (GLOBE NEWSWIRE) -- Pulmonx Corporation (Nasdaq: LUNG) ("Pulmonx" or the "Company"), a global leader in minimally invasive treatments for severe lung disease, today reported financial results for the first quarter ended March 31, 2021.

### Recent Highlights

- Reported worldwide revenue of \$9.2 million in the first quarter of 2021, a 7% increase over the same period last year
- Achieved gross margin of 71.5% in the first quarter of 2021 as compared to 65.6% in the same period last year
- Increased number of U.S. Zephyr Valve treating centers from 148 to 160
- Expanded U.S. sales management team from 6 to 9 regional directors while increasing total number of U.S. sales territory managers from 45 to 51
- Experienced a recovery in U.S. procedures in March as hospital constraints from the winter COVID-19 surge began to subside

"We are pleased with our first quarter performance and the resilience of our U.S. business which is showing substantial improvement as we progress through 2021. Procedures began recovering meaningfully in March, and we continue to make strides in expanding our team and our base of treatment centers. In Europe, the pandemic continues to evolve regionally, and we look forward to normalization later in the year," said Glen French, President & Chief Executive Officer. "I believe we are well-positioned for further commercial momentum as we drive toward becoming the global leader in minimally invasive treatments for severe lung disease."

### First Quarter 2021 Financial Results

Total worldwide revenue in the first quarter of 2021 was \$9.2 million, a 7% increase from \$8.6 million in the first quarter of 2020 and an increase of 2% on a constant currency basis. U.S. revenue was \$4.3 million, a 5% decrease compared to the first quarter of 2020. International revenue was \$5.0 million, a 20% increase compared to the first quarter of 2020, and a 10% increase on a constant currency basis. The decrease in U.S. revenue was due to the impact of the COVID-19 pandemic on our business in the first two months of the quarter, while the increase in international sales was driven by a relative recovery of procedures in select markets as compared to the start of the pandemic.

Gross profit in the first quarter of 2021 was \$6.6 million, compared to \$5.7 million for the first quarter of 2020. Gross margin for the first quarter of 2021 was 71.5%, up from 65.6% for the same period in 2020 when production output and overhead absorption were negatively impacted by the pandemic.

Operating expenses in the first quarter of 2021 were \$18.6 million, compared to \$11.8 million for the first quarter of 2020, representing an increase of 59%. The increase in operating expenses was primarily driven by an increase in stock-based compensation, personnel-related expenses to expand our commercial, research and development, and general and administrative functions, as well as expenses associated with operating as a public company.

Net loss in the first quarter of 2021 was \$12.0 million, or \$0.34 per share, compared to a net loss of \$7.2 million, or \$3.76 per share, for the same period in 2020.

Cash, cash equivalents, and marketable securities totaled \$221.6 million as of March 31, 2021.

### 2021 Financial Outlook

While COVID-19 continues to pose a risk of uncertainty to the Company's operating results and overall business, Pulmonx is updating full year 2021 revenue to be in the range of \$48 to \$50 million, which represents 47% to 53% of growth over the Company's full year 2020 revenue. This compares to prior 2021 revenue guidance of \$46 million to \$50 million.

Pulmonx expects total operating expenses for the full year 2021 to remain in the range of \$85 million to \$90 million inclusive of stock-based compensation.

### Webcast and Conference Call Details

Pulmonx will host a conference call today, May 4, 2021, at 1:30 p.m. PT / 4:30 p.m. ET to discuss its first quarter 2021 financial results. The dial-in numbers are (833) 614-1518 for domestic callers and (270) 823-1072 for international callers. The conference ID is 6696232. A live webcast of the conference call will be available on the Investor Relations section of the Company's website at <https://investors.pulmonx.com/>. The webcast will be archived on the website following the completion of the call.

### Use of Non-GAAP Financial Measures

Pulmonx has presented constant currency percentage change in revenues, a non-GAAP financial measure, in this press release. Constant currency calculations show reported current period revenues as if the foreign exchange rates remain the same as those in effect in the comparable prior year period. Pulmonx uses results on a constant currency basis as one measure to evaluate its performance. Pulmonx calculates constant currency by calculating current-year results using foreign currency exchange rates from the applicable comparable period in the prior year. Pulmonx generally refers to such amounts calculated on a constant currency basis as excluding the impact of foreign exchange or being on a constant currency basis. Reconciliation of this non-GAAP financial measure to the most comparable GAAP measure is set forth in the tables below.

Pulmonx believes the presentation of results on a constant currency basis in addition to reported results helps improve investors' ability to understand its operating results and evaluate its performance in comparison to prior periods. Pulmonx generally uses constant currency to facilitate management's financial and operational decision-making, including evaluation of Pulmonx's historical operating results. Non-GAAP financial measures reflect an additional way of viewing aspects of the Company's operations that, when viewed with GAAP results, may provide a more complete understanding of factors and trends affecting Pulmonx's business.

This non-GAAP financial measure should be considered supplemental to, and not a substitute for, financial information prepared in accordance with GAAP. Because non-GAAP financial measures exclude the effect of items that increase or decrease the company's reported results of operations, management strongly encourages investors to review, when they become available, the Company's consolidated financial statements and publicly filed reports in their entirety. The Company's definition of non-GAAP measures may differ from similarly titled measures used by others.

#### Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are based on management's current assumptions and expectations of future events and trends, which affect or may affect the Company's business, strategy, operations or financial performance, and actual results may differ materially from those expressed or implied in such statements due to numerous risks and uncertainties. Forward-looking statements may include information concerning the impact of the COVID-19 pandemic on the Company and its operations, a recovery in the number of procedures performed, the Company's possible or assumed future results of operations, including descriptions of the Company's revenues, gross margin, profitability, outlook for 2021 full year, commercial momentum, and overall business strategy. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Factors that could cause actual results to differ materially from those contemplated in this press release can be found in the Risk Factors section of Pulmonx's public filings with the Securities and Exchange Commission ("SEC"), including the Annual Report on Form 10-K filed with the SEC on March 15, 2021, available at [www.sec.gov](http://www.sec.gov). Because forward-looking statements are inherently subject to risks and uncertainties, you should not rely on these forward-looking statements as predictions of future events. All statements other than statements of historical fact are forward-looking statements. Except to the extent required by law, the Company undertakes no obligation to update or review any estimate, projection, or forward-looking statement. Actual results may differ from those set forth in this press release due to the risks and uncertainties inherent in the Company's business.

#### About Pulmonx Corporation

Pulmonx Corporation (Nasdaq: LUNG) is a global leader in minimally invasive treatments for severe lung disease. Pulmonx's Zephyr<sup>®</sup> Endobronchial Valve, Chartis<sup>®</sup> Pulmonary Assessment System and StratX<sup>®</sup> Lung Analysis Platform are designed to assess and treat patients with severe emphysema/COPD who despite medical management are still profoundly symptomatic. Pulmonx received FDA pre-market approval to commercialize the Zephyr Valve following its designation as a "breakthrough device." The Zephyr Valve is commercially available in more than 25 countries, with over 80,000 valves used to treat more than 20,000 patients. For more information on the Zephyr Valves, please visit [www.MyLungsMyLife.com](http://www.MyLungsMyLife.com). For more information on the company, please visit [www.Pulmonx.com](http://www.Pulmonx.com).

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**Pulmonx Corporation**  
**Condensed Consolidated Statements of Operations**  
**(in thousands, except share and per share data)**  
**(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Revenue	\$ 9,244	\$ 8,618
Cost of goods sold	2,633	2,968
Gross profit	6,611	5,650
Operating expenses		
Research and development	3,034	1,565
Selling, general and administrative	15,604	10,189
Total operating expenses	18,638	11,754
Loss from operations	(12,027)	(6,104)
Interest income	105	74
Interest expense	(217)	(899)
Other income (expense), net	161	(147)
Net loss before tax	(11,978)	(7,076)
Income tax expense	67	87
Net loss	\$ (12,045)	\$ (7,163)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.34)	\$ (3.76)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	35,370,760	1,906,715

**Pulmonx Corporation**  
**Condensed Consolidated Balance Sheets**  
(in thousands)  
(Unaudited)

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 209,283	\$ 231,561
Restricted cash	231	231
Short-term marketable securities	9,784	—
Accounts receivable, net	5,119	4,228
Inventory	11,916	10,741
Prepaid expenses and other current assets	3,011	3,228
Total current assets	<u>239,344</u>	<u>249,989</u>
Long-term marketable securities	2,498	—
Property and equipment, net	1,799	1,474
Goodwill	2,333	2,333
Intangible assets, net	370	400
Right of use assets	8,404	8,976
Other long-term assets	522	536
Total assets	<u>\$ 255,270</u>	<u>\$ 263,708</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Accounts payable	\$ 1,826	\$ 1,472
Accrued liabilities	9,756	8,651
Income taxes payable	120	94
Deferred revenue	75	71
Current lease liabilities	1,774	2,238
Term loan, current	472	—
Total current liabilities	<u>14,023</u>	<u>12,526</u>
Deferred tax liability	71	62
Long-term lease liabilities	7,700	7,618
Credit agreement	532	564
Term loan	16,329	16,804
Total liabilities	<u>38,655</u>	<u>37,574</u>
Stockholders' equity		
Common stock	36	36
Additional paid-in capital	469,948	467,147
Accumulated other comprehensive income	1,410	1,685
Accumulated deficit	(254,779)	(242,734)
Total stockholders' equity	<u>216,615</u>	<u>226,134</u>
Total liabilities and stockholders' equity	<u>\$ 255,270</u>	<u>\$ 263,708</u>

**Pulmonx Corporation**  
**Reconciliation of Reported Revenue % Change to Constant Currency Revenue % Change**  
(in thousands)  
(Unaudited)

	<u>Three months ended March 31,</u>			<u>FX Impact</u> <u>%</u>	<u>Constant</u> <u>Currency %</u> <u>Change</u>
	<u>2021</u>	<u>2020</u>	<u>% Change</u>		
United States	\$ 4,289	\$ 4,491	(4.5)%	—%	(4.5)%
International	4,955	4,127	20.1%	(10.3)%	9.8%
Total	\$ 9,244	\$ 8,618	7.3%	(4.9)%	2.4%