



Pulmonx Reports First Quarter 2022 Financial Results

May 3, 2022

REDWOOD CITY, Calif., May 03, 2022 (GLOBE NEWSWIRE) -- Pulmonx Corporation (Nasdaq: LUNG) ("Pulmonx" or the "Company"), a global leader in minimally invasive treatments for lung disease, today reported financial results for the first quarter ended March 31, 2022.

Recent Highlights

- Recorded worldwide revenue of \$10.8 million in the first quarter of 2022, a 17% increase over the same period last year and an increase of 20% on a constant currency basis
- Realized gross margin of 75% in the first quarter of 2022 as compared to 72% in the same period last year
- Added 16 new U.S. treatment centers for Zephyr Valves in the first quarter 2022, increasing total U.S. treatment centers to 230

"We are encouraged by our first quarter performance as we benefited from a strong recovery in procedure volumes and account activity in the back half of the period," said Glen French, President & Chief Executive Officer. "This recovery and the underlying demand for our Zephyr Valve treatment leave us confident in our team's ability to achieve our year-end goals."

First Quarter 2022 Financial Results

Total worldwide revenue in the first quarter of 2022 was \$10.8 million, a 17% increase from \$9.2 million in the first quarter of 2021 and an increase of 20% on a constant currency basis. U.S. revenue was \$6.0 million, a 40% increase from the first quarter of 2021. International revenue was \$4.8 million, a 4% decrease compared to the first quarter of 2021, and a 3% increase on a constant currency basis. The increase in U.S. revenue reflects continued commercial momentum and growth of Zephyr Valve procedure volumes, while the change in international revenue reflects headwinds from COVID and foreign currency exchange rates.

Gross profit in the first quarter of 2022 was \$8.1 million, compared to \$6.6 million for the first quarter of 2021. Gross margin for the first quarter of 2022 was 75%, up from 72% for the same period in 2021. The improvement in gross margin reflects benefits from production efficiencies.

Operating expenses in the first quarter of 2022 were \$23.8 million, compared to \$19.1 million for the first quarter of 2021, representing an increase of 24%. The increase in operating expenses was driven primarily by investments in our commercial and research and development functions, stock-based compensation, and expenses associated with the scaling of our general and administrative infrastructure.

Net loss in the first quarter of 2022 was \$15.8 million, or \$0.43 per share, compared to a net loss of \$12.5 million, or \$0.35 per share, for the same period in 2021.

Cash, cash equivalents, and marketable securities totaled \$176.5 million as of March 31, 2022.

2022 Financial Outlook

Pulmonx continues to expect revenue for the full year 2022 to be in the range of \$55 million to \$60 million.

The Company also continues to expect total operating expenses for the full year 2022 to fall within the range of \$100 million to \$105 million inclusive of stock-based compensation.

Webcast and Conference Call Details

Pulmonx will host a conference call today, May 3, 2022, at 1:30 p.m. PT / 4:30 p.m. ET to discuss its first quarter 2022 financial results. The dial-in numbers are (833) 614-1518 for domestic callers and (270) 823-1072 for international callers. The conference ID is 2575271. 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, and the Company's possible or assumed future results of operations, including descriptions of the Company's revenues, gross margin, profitability, and full year 2022, 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 1, 2022, available at 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® Endobronchial Valve, Chartis® Pulmonary Assessment System and StratX® 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 100,000 valves used to treat more than 25,000 patients. For more information on the Zephyr Valves and the company, please visit www.Pulmonx.com.

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

	Three Months Ended March 31,	
	2022	2021
Revenue	\$ 10,785	\$ 9,244
Cost of goods sold	2,674	2,633
Gross profit	8,111	6,611
Operating expenses		
Research and development	3,534	3,034
Selling, general and administrative	20,245	16,071
Total operating expenses	23,779	19,105
Loss from operations	(15,668)	(12,494)
Interest income	105	105
Interest expense	(198)	(217)
Other income (expense), net	-	161
Net loss before tax	(15,761)	(12,445)
Income tax expense	67	67
Net loss	\$ (15,828)	\$ (12,512)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.43)	\$ (0.35)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	36,805,366	35,370,760

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

	March 31, 2022	December 31, 2021
Assets		
Current assets		

Cash and cash equivalents	\$	129,168	\$	148,480
Restricted cash		231		231
Short-term marketable securities		40,914		31,561
Accounts receivable, net		6,810		6,562
Inventory		18,304		16,285
Prepaid expenses and other current assets		5,298		4,883
Total current assets		200,725		208,002
Long-term marketable securities		6,379		10,941
Property and equipment, net		4,918		4,814
Goodwill		2,333		2,333
Intangible assets, net		247		277
Right of use assets		7,518		8,075
Other long-term assets		729		731
Total assets	\$	222,849	\$	235,173
Liabilities and Stockholders' Equity				
Current liabilities				
Accounts payable	\$	2,803	\$	1,582
Accrued liabilities		10,872		13,366
Income taxes payable		143		147
Deferred revenue		132		163
Short-term debt		798		91
Current lease liabilities		2,967		2,201
Total current liabilities		17,715		17,550
Deferred tax liability		53		37
Long-term lease liabilities		6,128		6,844
Long-term debt		16,629		17,324
Other long-term liabilities		179		179
Total liabilities		40,704		41,934
Stockholders' equity				
Common stock		37		37
Additional paid-in capital		487,888		482,885
Accumulated other comprehensive income		1,443		1,712
Accumulated deficit		(307,223)		(291,395)
Total stockholders' equity		182,145		193,239
Total liabilities and stockholders' equity	\$	222,849	\$	235,173

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

	Three months ended March 31,		% Change	FX Impact %	Constant Currency % Change
	2022	2021			
United States	\$ 6,013	\$ 4,289	40.2%	-	40.2%
International	\$ 4,772	\$ 4,955	(3.7)%	(6.8)%	3.1%
Total	\$ 10,785	\$ 9,244	16.7%	(3.6)%	20.3%