



Pulmonx Reports Second Quarter 2024 Financial Results

July 31, 2024

REDWOOD CITY, Calif., July 31, 2024 (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 second quarter of 2024 ended June 30, 2024.

Recent Highlights

- Achieved record worldwide revenue of \$20.8 million in the second quarter of 2024, a 21% increase over the same period last year and an increase of 21% on a constant currency basis
- Delivered \$13.9 million in U.S. revenue in the second quarter of 2024, representing 26% year-over-year growth
- Realized gross margin of 74% in the second quarter of 2024
- Added 17 new Zephyr[®] Valve U.S. treatment centers in the second quarter of 2024
- Treated first U.S. patients with the AeriSeal[®] System in CONVERT II pivotal clinical trial
- Eight scientific abstracts accepted for presentation at several upcoming key industry conferences

"Our record quarterly results reflect the continued traction of our commercial strategy, particularly in the United States where we continue to expand our presence by opening new accounts, preparing to launch new pilot programs to optimize patient workflows, and building local awareness of our Zephyr Valves," said Steve Williamson, President, and Chief Executive Officer. "Our strategy is demonstrating positive momentum, giving us confidence in our ability to deliver our projected growth through the balance of the year and beyond."

Second Quarter 2024 Financial Results

Total worldwide revenue in the second quarter of 2024 was \$20.8 million, a 21% increase from \$17.2 million in the second quarter of 2023. U.S. revenue was \$13.9 million, a 26% increase from the second quarter of 2023. International revenue was \$6.9 million, a 12% increase compared to the second quarter of 2023. The growth in revenue reflects continued commercial momentum and adoption of Zephyr Valve procedures.

Gross profit in the second quarter of 2024 was \$15.3 million, compared to \$12.7 million for the second quarter of 2023. Gross margin for the second quarter of 2024 was 74%, compared to 74% for the same period in 2023.

Operating expenses in the second quarter of 2024 were \$30.9 million, compared to \$29.2 million for the second quarter of 2023, representing an increase of 6%. The increase in operating expenses was primarily attributable to a one-time, non-cash charge of \$1.7 million to impair internally developed software following a strategic decision to adopt a more efficient solution.

Net loss in the second quarter of 2024 was \$15.3 million, or \$0.39 per share, compared to a net loss of \$16.2 million, or \$0.43 per share, for the same period in 2023.

Adjusted EBITDA loss in the second quarter of 2024 was \$7.6 million compared to \$10.3 million for the same period in 2023.

Cash, cash equivalents, and marketable securities totaled \$114.5 million as of June 30, 2024.

2024 Financial Outlook

Pulmonx continues to expect revenue for the full year 2024 to be in the range of \$81 million to \$84 million.

The Company continues to expect gross margin for the full year 2024 to fall within the range of 74% to 75%.

Pulmonx continues to expect total operating expenses for the full year 2024 to fall within the range of \$127 million to \$129 million, inclusive of approximately \$25 million of non-cash stock-based compensation.

Webcast and Conference Call Details

Pulmonx will host a conference call today, July 31, 2024, at 1:30 p.m. PT / 4:30 p.m. ET to discuss its second quarter financial results. 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

To supplement Pulmonx's condensed consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP, Pulmonx provides certain non-GAAP financial measures in this release as supplemental financial metrics. 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.

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. 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.

The Company defines Adjusted EBITDA as earnings before interest income or expense, taxes, depreciation and amortization and stock-based compensation and may also exclude certain non-recurring, irregular or one-time items not reflective of our ongoing core business operations, such as impairment charges. Management believes in order to properly understand short-term and long-term financial trends, investors may wish to consider the impact of these excluded items in addition to GAAP measures. Further, management uses adjusted EBITDA for strategic and annual operating planning. We believe these non-GAAP financial measures are useful as a supplement in evaluating our ongoing operational performance and enhancing an overall understanding of our past financial performance.

Reconciliation of these non-GAAP financial measures to the most comparable GAAP measures is set forth in the tables below.

The non-GAAP financial measures used by Pulmonx 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 our 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. These forward-looking statements include, but are not limited to, statements regarding our commercial strategy to grow the adoption of our Zephyr Valve treatment and expand our global treatable market, our expectations regarding account activity and productivity, our possible or assumed future results of operations, including long-term outlook, descriptions of our revenues, total operating expenses, gross margin, profitability, guidance for full year 2024, commercial momentum, physician engagement and awareness of the benefits of the Zephyr Valve, 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 Quarterly Report on Form 10-Q filed with the SEC on May 3, 2024, 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, we undertake 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 our business.

About Pulmonx Corporation

Pulmonx Corporation (Nasdaq: LUNG) is a global leader in minimally invasive treatments for chronic obstructive pulmonary disease (COPD).

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, is included in global treatment guidelines and is widely considered a standard of care treatment option for improving breathing, activity and quality of life in patients with severe emphysema. For more information on the Zephyr Valves and the company, please visit www.Pulmonx.com.

Pulmonx[®], AeriSeal[®], Chartis[®], StratX[®], and Zephyr[®] are registered trademarks of Pulmonx Corporation.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue	\$ 20,783	\$ 17,194	\$ 39,637	\$ 31,729
Cost of goods sold	5,476	4,460	10,252	8,406
Gross profit	15,307	12,734	29,385	23,323
Operating expenses				
Research and development	5,615	5,710	9,825	9,963
Selling, general and administrative	25,314	23,463	49,718	46,199
Total operating expenses	30,929	29,173	59,543	56,162
Loss from operations	(15,622)	(16,439)	(30,158)	(32,839)
Interest income	1,306	1,410	2,747	2,537
Interest expense	(891)	(864)	(1,774)	(1,435)
Other (loss) income, net	(35)	(162)	380	(54)

Net loss before tax	(15,242)	(16,055)	(28,805)	(31,791)
Income tax expense	84	140	270	264
Net loss	<u>\$ (15,326)</u>	<u>\$ (16,195)</u>	<u>\$ (29,075)</u>	<u>\$ (32,055)</u>
Net loss per share attributable to common stockholders, basic and diluted	<u>\$ (0.39)</u>	<u>\$ (0.43)</u>	<u>\$ (0.75)</u>	<u>\$ (0.85)</u>
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	<u>38,943,066</u>	<u>37,818,256</u>	<u>38,789,548</u>	<u>37,696,001</u>

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 63,464	\$ 83,547
Restricted cash	257	237
Short-term marketable securities	51,081	33,555
Accounts receivable, net	11,080	12,105
Inventory	16,980	16,743
Prepaid expenses and other current assets	3,297	4,235
Total current assets	<u>146,159</u>	<u>150,422</u>
Long-term marketable securities	—	14,390
Long-term inventory	2,300	2,580
Property and equipment, net	2,830	4,028
Goodwill	2,333	2,333
Intangible assets, net	—	31
Right of use assets	18,490	3,406
Other long-term assets	515	591
Total assets	<u>\$ 172,627</u>	<u>\$ 177,781</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 3,181	\$ 1,497
Accrued liabilities	11,783	16,234
Income taxes payable	66	93
Deferred revenue	107	104
Short-term debt	93	2,155
Current lease liabilities	1,071	3,074
Total current liabilities	<u>16,301</u>	<u>23,157</u>
Deferred tax liability	118	114
Long-term lease liabilities	17,914	1,106
Long-term debt	37,110	35,089
Total liabilities	<u>71,443</u>	<u>59,466</u>
Stockholders' equity		
Common stock	39	39
Additional paid-in capital	539,408	526,797
Accumulated other comprehensive income	1,973	2,640
Accumulated deficit	(440,236)	(411,161)
Total stockholders' equity	<u>101,184</u>	<u>118,315</u>
Total liabilities and stockholders' equity	<u>\$ 172,627</u>	<u>\$ 177,781</u>

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

(Unaudited)

Three Months Ended June 30,

	<u>2024</u>	<u>2023</u>	<u>% Change</u>	<u>FX Impact %</u>	<u>Constant Currency % Change</u>
United States	\$ 13,881	\$ 11,022	25.9%	—%	25.9%
International	6,902	6,172	11.8%	(0.4)%	12.2%
Total	\$ 20,783	\$ 17,194	20.9%	(0.1)%	21.0%

Six Months Ended June 30,

	<u>2024</u>	<u>2023</u>	<u>% Change</u>	<u>FX Impact %</u>	<u>Constant Currency % Change</u>
United States	\$ 26,750	\$ 20,359	31.4%	—%	31.4%
International	12,887	11,370	13.3%	0.7%	12.6%
Total	\$ 39,637	\$ 31,729	24.9%	0.2%	24.7%

Pulmonx Corporation
Reconciliation of Net Loss to Non-GAAP Adjusted EBITDA
(in thousands)
(Unaudited)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
GAAP Net loss	\$ (15,326)	\$ (16,195)	\$ (29,075)	\$ (32,055)
Depreciation and amortization	400	409	823	846
Stock-based compensation	5,920	5,862	11,593	10,500
Impairment of capitalized software development costs	1,717	—	1,717	—
Interest (income)/expense, net	(415)	(546)	(973)	(1,102)
Provision for income taxes	84	140	270	264
Adjusted EBITDA	<u>\$ (7,620)</u>	<u>\$ (10,330)</u>	<u>\$ (15,645)</u>	<u>\$ (21,547)</u>