



## CHF Solutions, Inc. Announces 17 Percent Increase in Revenues for First Quarter 2019 Over Previous Year and Provides Company Update

May 7, 2019

EDEN PRAIRIE, Minn., May 07, 2019 (GLOBE NEWSWIRE) -- CHF Solutions, Inc. (Nasdaq: CHFS) announced today its results for the first quarter ended March 31, 2019, which included the following highlights:

- Revenue for first quarter ended March 31, 2019 was \$1.2 million, an increase of 17 percent compared to the same period of the prior year. Gross margin percentages increased to 50 percent from 13 percent from the same period a year ago, after transition to in-house manufactured inventory.
- Continued progress towards obtaining regulatory clearance for an expanded label in pediatrics. Pre-submission meeting with the FDA scheduled for May 2019.
- Continued expansion into cardiovascular surgery and announced the launch of two new accounts with surgery focus.
- Exhibited at three cardiovascular surgery conferences: Society of Thoracic Surgeons in January 2019, International Conference of Heart and Lung Transplantation in March 2019, and the American Association for Thoracic Surgery conference in May 2019. Sponsored seminar led by renowned cardiothoracic surgeon, Dr. Daniel Beckles, MD, PhD.
- Announced the publication of an article in the *Journal of Medical Economics*, a peer reviewed journal that evaluated the cost saving benefits of the Aquadex FlexFlow® system in the hospital setting.
- Closed on an underwritten public offering of stock, for net proceeds of \$11.0 million. Ended quarter with \$11.5 million in cash and no debt.

"We began the year strong with continued double-digit increase in our revenues over the previous year and we believe we are well-poised to continue to grow in the quarters to come," said John Erb, chairman and CEO of CHF Solutions. "We will continue to develop and refine our strategic focus toward driving revenue, which is the key metric our employees, shareholders and potential investors use to measure performance."

### FINANCIALS

#### CHF SOLUTIONS, INC. AND SUBSIDIARIES

##### *Condensed Consolidated Statements of Operations and Comprehensive Loss* (Unaudited and in thousands, except per share amounts)

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Net sales</b>	\$ 1,215	\$ 1,037
<b>Costs and Expenses:</b>		
Cost of goods sold	612	901
Selling, general and administrative	4,018	4,011
Research and development	1,310	479
Total costs and expenses	5,940	5,391
Loss from operations	(4,725)	(4,354)
Loss before income taxes	(4,725)	(4,354)
Income tax expense	(2)	—
<b>Net loss</b>	<b>\$ (4,727)</b>	<b>\$ (4,354)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (11.47)</b>	<b>\$ (15.12)</b>
Weighted average shares outstanding – basic and diluted	805	288
<b>Other comprehensive income:</b>		
Foreign currency translation adjustments	\$ (2)	\$ 1
<b>Total comprehensive loss</b>	<b>\$ (4,729)</b>	<b>\$ (4,353)</b>

#### **CHF SOLUTIONS, INC. AND SUBSIDIARIES** *Condensed Consolidated Balance Sheets* (In thousands, except share and per share amounts)

**March 31,                      December 31,**

	2019 (unaudited)	2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 11,489	\$ 5,480
Accounts receivable	622	786
Inventory	1,790	1,658
Other current assets	350	203
<b>Total current assets</b>	<b>14,251</b>	<b>8,127</b>
Property, plant and equipment, net	518	536
Operating lease right-of-use asset	574	—
Other assets	20	113
<b>TOTAL ASSETS</b>	<b>\$ 15,363</b>	<b>\$ 8,776</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 1,202	\$ 1,133
Accrued compensation	831	1,498
Current portion of operating lease liability	171	—
Other current liabilities	228	209
<b>Total current liabilities</b>	<b>2,432</b>	<b>2,840</b>
Operating lease liability	403	-
<b>Total liabilities</b>	<b>2,835</b>	<b>2,840</b>
Commitments and contingencies	—	—
<b>Stockholders' equity</b>		
Series A junior participating preferred stock as of March 31, 2019 and December 31, 2018, par value \$0.0001 per share; authorized 30,000 shares, none outstanding	—	—
Series F convertible preferred stock as of March 31, 2019 and December 31, 2018, par value \$0.0001 per share; authorized 535 and 535 shares, respectively, issued and outstanding 535 and 535, respectively	—	—
Series G convertible preferred stock as of March 31, 2019 and December 31, 2018, par value \$0.0001 per share; authorized 810,142 and 0 shares, respectively, issued and outstanding 810,142 and 0, respectively	—	—
Preferred stock as of March 31, 2019 and December 31, 2018, par value \$0.0001 per share; authorized 39,159,323 and 39,969,465 shares, none outstanding	—	—
Common stock as of March 31, 2019 and December 31, 2018, par value \$0.0001 per share; authorized 100,000,000 shares, issued and outstanding 2,069,020 and 513,445, respectively	—	—
Additional paid-in capital	215,422	204,101
Accumulated other comprehensive income:		
Foreign currency translation adjustment	1,221	1,223
Accumulated deficit	(204,115)	) (199,388 )
<b>Total stockholders' equity</b>	<b>12,528</b>	<b>5,936</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 15,363</b>	<b>\$ 8,776</b>

**CHF SOLUTIONS, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Stockholders' Equity**  
(Unaudited, In thousands, except share amounts)

	Outstanding Shares of Common Stock	Common Stock	Additional Paid in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Stockholders' Equity
<b>Balance December 31, 2017</b>	<b>271,357</b>	<b>\$ —</b>	<b>\$ 197,367</b>	<b>\$ 1,227</b>	<b>\$(182,356)</b>	<b>) \$ 16,238</b>
Net loss	—	—	—	—	(4,354)	) (4,354)
Foreign currency translation adjustment	—	—	—	1	—	) 1
Stock-based compensation and stock awards, net	3	—	501	—	—	) 501
Conversion of preferred stock into common stock	32,365	—	—	—	—	) —
<b>Balance March 31, 2018</b>	<b>303,725</b>	<b>\$ —</b>	<b>\$ 197,868</b>	<b>\$ 1,228</b>	<b>\$(186,710)</b>	<b>) \$ 12,386</b>

	Outstanding Shares of Common Stock	Common Stock	Additional Paid in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Stockholders' Equity
<b>Balance December 31, 2018</b>	<b>513,445</b>	<b>\$ —</b>	<b>\$ 204,101</b>	<b>\$ 1,223</b>	<b>\$ (199,388)</b>	<b>) \$ 5,936</b>
Net loss	—	—	—	—	(4,727)	) (4,727)
Foreign currency translation adjustment	—	—	—	(2)	) —	(2)
Stock-based compensation, net	3	—	362	—	—	362
Issuance of common and preferred stock, net	455,178	—	10,959	—	—	10,959
Conversion of preferred stock into common stock	1,100,394	—	—	—	—	—
<b>Balance March 31, 2019</b>	<b>2,069,020</b>	<b>\$ —</b>	<b>\$ 215,422</b>	<b>\$ 1,221</b>	<b>\$ (204,115)</b>	<b>) \$ 12,528</b>

**CHF SOLUTIONS, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Cash Flows**  
(Unaudited and in thousands)

	Three months ended March 31,	
	2019	2018
<b>Operating Activities:</b>		
Net loss	\$ (4,727)	) \$ (4,354)
Adjustments to reconcile net loss to cash flows used in operating activities:		
Depreciation and amortization	59	54
Stock-based compensation expense, net	362	500
Changes in operating assets and liabilities:		
Accounts receivable	164	(113)
Inventory	(132)	) (937)
Other current assets	(147)	) 6
Other assets and liabilities	112	—
Accounts payable and accrued expenses	(598)	) (192)
<b>Net cash used in operating activities</b>	<b>(4,907)</b>	<b>) (5,036)</b>
<b>Investing Activities:</b>		
Purchases of property and equipment	(41)	) (57)
<b>Net cash used in investing activities</b>	<b>(41)</b>	<b>) (57)</b>
<b>Financing Activities:</b>		
Net proceeds from public stock offering, net	10,959	—
<b>Net cash provided by financing activities</b>	<b>10,959</b>	<b>—</b>
Effect of exchange rate changes on cash	(2)	) 2
Net increase (decrease) in cash and cash equivalents	6,009	(5,091)
Cash and cash equivalents - beginning of period	5,480	15,595
<b>Cash and cash equivalents - end of period</b>	<b>\$ 11,489</b>	<b>\$ 10,504</b>
<b>Supplemental cash flow information</b>		
Cash paid for income taxes	\$ —	\$ —

The Company will host a conference call and webcast at 9:00 AM ET today to discuss its financial results and provide an update on the Company's performance.

To access the live webcast, please visit the Investors page of the CHF Solutions website at <http://ir.chf-solutions.com> or access the webcast directly at <http://ir.chf-solutions.com/events>. Alternatively, you may access the live conference call by dialing (877) 303-9826 (U.S.) or (224) 357-2194 (international) and using conference ID: 7369669. An audio archive of the webcast will be available following the call on the Investor page at

<http://ir.chf-solutions.com/events>.

## **About CHF Solutions**

CHF Solutions, Inc. (NASDAQ:CHFS) is a medical device company focused on commercializing the Aquadex FlexFlow system for Aquapheresis therapy. The Aquadex FlexFlow system is indicated for temporary (up to eight hours) ultrafiltration treatment of patients with fluid overload who have failed diuretic therapy, and extended (longer than 8 hours) ultrafiltration treatment of patients with fluid overload who have failed diuretic therapy and require hospitalization. All treatments must be administered by a healthcare provider, under physician prescription, both of whom having received training in extracorporeal therapies. The company's mission is to predict, measure, and control patient fluid balance through science, collaboration, and innovative medical technology. CHF Solutions is a Delaware corporation headquartered in Minneapolis, Minnesota with wholly owned subsidiaries in Australia and Ireland. The company has been listed on the NASDAQ Capital Market since February 2012.

## **Forward-Looking Statements**

Certain statements in this release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including without limitation, statements regarding the Company's ability to grow revenue in future quarters. Forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to risks and uncertainties. Many factors could cause actual future events to differ materially from the forward-looking statements in this release, including, without limitation, those risk associated with our ability to execute on our commercialization strategy, the possibility that we may be unable to raise sufficient funds necessary for our anticipated operations, our post-market clinical data collection activities, benefits of our products to patients, our expectations with respect to product development and commercialization efforts, our ability to increase market and physician acceptance of our products, potentially competitive product offerings, intellectual property protection, our ability to integrate acquired businesses, our expectations regarding anticipated synergies with and benefits from acquired businesses, and other risks and uncertainties described in our filings with the SEC. Forward-looking statements speak only as of the date when made. CHF Solutions does not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## **CONTACTS:**

### **INVESTORS:**

Claudia Napal Drayton  
Chief Financial Officer  
CHF Solutions, Inc.  
952-345-4205  
[ir@chf-solutions.com](mailto:ir@chf-solutions.com)

-or-

Bret Shapiro  
Managing Partner  
CORE IR  
516-222-2560  
[brets@coreir.com](mailto:brets@coreir.com)  
[www.coreir.com](http://www.coreir.com)

### **MEDIA**

Jules Abraham  
JQA Partners, Inc.  
917-885-7378  
[jabraham@jqapartners.com](mailto:jabraham@jqapartners.com)

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Source: CHF Solutions, Inc.