



Pressure BioSciences, Inc. (OTCQB: PBIO, Target Price: \$1.75)

Pressure BioSciences, Inc. (OTCQB: PBIO), is an innovative life sciences tools company based near Boston, MA. PBIO is focused on the development and commercialization of proprietary laboratory instrumentation and associated consumables based on Pressure Cycling Technology (“PCT”) – an innovative technology platform that utilizes alternating cycles of hydrostatic pressure between ambient and ultra-high levels to safely and reproducibly control biomolecular interactions. Developed with proprietary technology that is supported by a robust portfolio of 15 patents, the PCT platform offers what is potentially a game-changing approach to the \$6bn life sciences sample preparation market.

Investment Highlights

PBIO reported 1Q17 results on May 16, 2017, with highlights as follows:

- 1Q17 revenues grew by 8% YoY to reach \$551,357, versus \$510,487 in 1Q16. The results place the company on a nice trajectory to build on 2016 revenues of \$2.0mn.
- PBIO continued to see growth in products and services, which rose by 16% in 1Q17, with instrument sales being a particular area of strength. Grant revenues were down in the period.
- PBIO reported EPS of (\$0.18), versus (\$0.26) in 1Q16. Operating loss and Net loss both narrowed versus 1Q16.

Solid growth in 1Q17 expected to continue

PBIO began 2017 with nice growth in 1Q17, with revenues up 8% YoY at \$551,357. Business was particularly strong in the company’s products and services segment, which demonstrated 16% annual growth led by strong instrument sales. Sales of consumable products also increased by 43% from a smaller base. Grant revenues decreased in the quarter, though in our view, products and services represent the more telling view of the traction in the business. On its call with investors, PBIO management stated that it expected sales growth throughout the year as it expands distribution and selling partnerships, including the recently announced partnership with EKG Sales Associates; the company also expects an increase in grant revenues later in the year.

Barocyler 2320EXTREME granted CE Marking

We were pleased to see that PBIO achieved its CE Marking for its Barocyler 2320EXTREME instrument system faster than originally expected. The CE Marking is a significant milestone as it allows the Barocyler to be sold in Europe. The development clearly expands the sales potential for PBIO, supporting a view that sales should expand throughout the year.

Key corporate development announcements

PBIO recently announced the return of Joseph L. Damasio, Jr. to the company. Damasio now serves as VP of Finance and CFO, bringing significant experience to an essential role for the company. PBIO also reiterated its plans to apply for a Nasdaq listing, with a goal of completing its uplist by the end of 2Q17. The company will likely have

to execute a reverse split and refinance its capital structure in order complete this move.

Price target unchanged at this time

PBIO reported 1Q17 results that were largely within our expectations. The company has announced that it is pursuing an uplisting to the Nasdaq, with a goal of completing the process by the end of 2Q17. We expect this move will require a transaction that will bring in much needed capital, but also affect shares outstanding, in order to meet minimum share price and shareholder’s equity thresholds for a national listing.

Stock Details (5/21/17)

| | |
|-----------------------|------------------------------|
| OTCQB: | PBIO |
| Sector / Industry | Healthcare / Medical Devices |
| Price target | \$1.75 |
| Recent share price | \$0.22 |
| Basic Shares o/s (mn) | 32.6 |
| Market cap (in \$mn) | 7.2 |
| 52-week high/low | 0.50 - 0.15 |

Source: Thomson Reuters, SeeThruEquity Research

Key Financial (\$mn, unless specified)

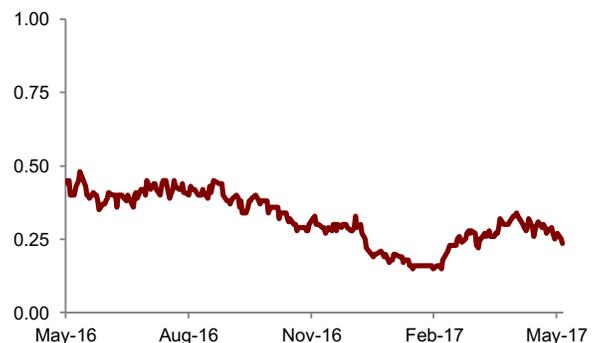
| | FY15 | FY16 | FY17E |
|------------|--------|--------|--------|
| Revenues | 1.8 | 2.0 | 2.7 |
| EBITDA | (3.5) | (3.7) | (3.3) |
| EBIT | (3.6) | (3.7) | (3.3) |
| Net Income | (7.4) | (2.7) | (4.8) |
| EPS (\$) | (0.36) | (0.10) | (0.14) |

Source: SeeThruEquity Research

Key Ratios

| | FY15 | FY16 | FY17E |
|----------------------|---------|---------|---------|
| Gross margin (%) | 66.1 | 57.8 | 61.5 |
| Operating Margin (%) | (198.3) | (189.0) | (123.7) |
| EBITDA margin (%) | (196.9) | (188.1) | (123.0) |
| Net margin (%) | (413.8) | (137.0) | (179.3) |
| P/Revenue (x) | 4.0 | 3.7 | 2.7 |
| EV/Revenue (x) | 8.1 | 7.4 | 5.4 |

Stock Performance (LTM)



Source: Thomson Reuters

RECENT FINANCIAL SUMMARY

Figure 1. Income Statement Summary

| Figures in \$ unless specified | 1Q17 | 1Q16 | 2016 | 2015 |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Total Revenue | 551,357 | 510,478 | 1,976,487 | 1,797,691 |
| YoY growth | 8.0% | | 9.9% | |
| Products & Services | 525,998 | 454,350 | 1,794,749 | 1,409,991 |
| YoY growth | 15.8% | | 27.3% | |
| Grant Revenue | 25,359 | 56,128 | 181,738 | 387,700 |
| YoY growth | -54.8% | | -53.1% | |
| Cost of Products | 235,997 | 221,699 | 834,012 | 609,054 |
| Gross Profit | 315,360 | 288,779 | 1,142,475 | 1,188,637 |
| Gross Margin | 57.2% | 56.6% | 57.8% | 66.1% |
| Research & Development | 263,456 | 335,270 | 1,183,011 | 1,105,295 |
| YoY growth | -21.4% | | 7.0% | |
| Selling & Marketing | 213,009 | 191,236 | 872,365 | 745,574 |
| YoY growth | 11.4% | | 17.0% | |
| General & Administrative | 837,998 | 808,218 | 2,822,752 | 2,902,950 |
| YoY growth | 3.7% | | -2.8% | |
| Total Operating Expenses | 1,314,463 | 1,334,724 | 4,878,128 | 4,753,819 |
| YoY growth | -1.5% | | 2.6% | |
| Operating Income | -999,103 | -1,045,945 | -3,735,653 | -3,565,182 |
| Operating Margin | -181.2% | -204.9% | -189.0% | -198.3% |
| Other Items | -4,595,412 | -4,904,446 | 1,028,669 | -3,850,116 |
| Net Income | -5,594,515 | -5,950,391 | -2,706,984 | -7,415,298 |
| Conv Pref Stock | 0 | 0 | 0 | -23,194 |
| Net income to common /(loss) | -5,594,515 | -5,950,391 | -2,706,984 | -7,438,492 |
| GAAP EPS | -0.18 | -0.26 | -0.10 | -0.36 |
| Shares Outstanding in period | 31,223,061 | 23,198,360 | 27,339,362 | 20,726,205 |

ADDITIONAL NOTES

PBIO extends strong growth trend into 2Q16; issues positive outlook

- Revenue climbs in 1Q17:** On May 16, 2017, PBIO reported 1Q17 results, which showed a rise in revenues and a reduction in operating loss and per share losses versus the year ago period.
- 1Q17 revenues grew by 8% YoY to reach \$551,357, versus \$510,487 in 1Q16. The results place the company on a nice trajectory to build on 2016 revenues of approximately \$2.0mn.
- Operating losses were (\$999,103), versus (\$1,045,945) in 1Q16, due to higher revenues and modestly lower operating expenses. EPS came in at a loss of (\$0.18) per share, versus a loss of (\$0.26) per share in the year-ago period, primarily due to the impact of more shares outstanding. PBIO's net income is heavily affected by non-operating items related to prior financing activities, which we are hopeful will be cleaned up as the company moves to uplist to the Nasdaq or another national exchange.
- Positive Outlook:** We were impressed by the upbeat outlook from PBIO on its quarterly results call with investors. Although management did not provide specific guidance in its earnings release, the company did state that it expects to grow throughout 2017, due to increased traction from sales and marketing efforts, as well as grant revenues which should be higher than 1Q17 levels in future quarters.
- Products & Services Drive Sales.** As illustrated in the following table, the strong performance in 1Q17 was driven by PBIO's products and services revenues. Instrument sales of \$396,095 rose by 19% YoY due to the performance of the company's next generation Barocycler 2320EXTREME.

- PBIO also reported a sharp increase in sales of consumables, which were up 43% from a small base to reach \$63,264. Both consumables and instrument sales are key items to watch for the company as it seeks to expand its sales footprint. New instrument sales likely reflect initial customer orders, and consumables provided insight into the rate of use of the instruments that are in customers' hands. Finally, it is worth noting that consumables have relatively higher margins than instrument sales. Although grant revenues, which also serve as a non-dilutive means of funding research and development, decreased to \$25,359 from \$56,128, PBIO management indicated that this revenue area should rise later in the year.

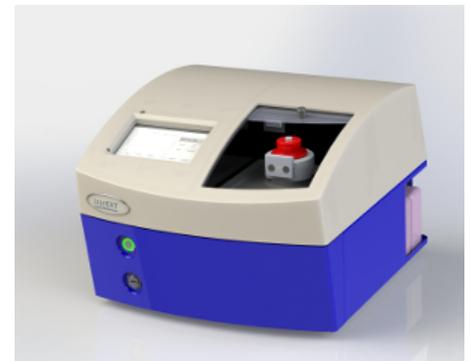
| Fiscal Period | 1Q17 | % Mix | 1Q16 | % Mix | YoY Change |
|------------------|---------|-------|---------|-------|------------|
| Instruments | 396,095 | 78% | 332,016 | 80% | 19% |
| Consumables | 63,264 | 12% | 44,234 | 11% | 43% |
| Services & Other | 129,903 | 25% | 122,334 | 30% | 6% |
| Grant Revenues | 25,359 | 5% | 56,128 | 14% | -55% |
| Total Revenue | 510,963 | 100% | 413,104 | 100% | 24% |

Source: Company data, SeeThruEquity Research

- **Balance Sheet review:** We continue to be both enthusiastic about what appears to be growing product traction at PBIO, and attentive to the company's balance sheet, which represents a key risk, as has been noted throughout our coverage. Until PBIO is able to reach a scale at which it can generate recurring free cash flow from its operations, the company will require new capital to fund its growth initiatives and ongoing operations. PBIO ended 1Q17 with cash on hand of \$0.12mn and we calculate total debt at the end of the quarter of \$7.5mn.

PBIO receives CE Marking for Barocycler 2320EXTREME

- In February, PBIO announced that it had achieved CE Marking for the Barocycler 2320EXTREME. The Barocycler 2320EXTREME is the company's next-generation PCT-based sample preparation instrument. According to a March press release by PBIO, it was named the "Best New Instrument for Sample Preparation 2017" by *Corporate America News* as part of the publication's 2017 North American Excellence Awards.
- We were pleased to see that PBIO achieved the CE Marking for its Barocycler 2320EXTREME instrument system faster than originally expected. The CE Marking is a significant milestone as it allows the Barocycler to be sold in 31 countries comprising the European Economic Area. The development clearly expands the sales potential for PBIO, supporting a view that sales should expand throughout the year.
- The Barocycler 2320EXTREME is designed primarily for use in mass spectrometry protein sample preparation, including PCT-SWATH (which combines PBIO's PCT platform with partner SCIEX's SWATH mass spectrometry).



PBIO hires CFO; reiterates goal of applying for a national exchange listing this summer

- **PBIO management reiterates goal of uplisting to the Nasdaq CM.** We were pleased to see that PBIO management reiterated its corporate development goal of listing shares on a national exchange, likely the Nasdaq CM. The company is targeting the end of 2Q17 for completing its uplist, and we expect more detailed news on this goal in coming weeks.



- As we have noted in prior coverage, to achieve this goal, the company would have to meet the listing requirements, which would likely include several steps, including a financing and/or the conversion of debt to common equity in order to meet the shareholder's equity requirement, as well as a potential reverse split, assuming shares remain at recently quoted prices.
- Assuming PBIO is successful in this endeavor, we would see an up-listing as a major achievement for management, and note that it should considerably raise the company's profile among institutional investors and potential customers.
- PBIO will be aided in this endeavor by the recent hiring of Joseph L. Damasio, Jr., who has returned to the company and now serves as VP of Finance and CFO. Damasio Jr. brings significant experience to an essential role for PBIO as it seeks to raise its institutional profile and apply for a Nasdaq CM.

Price target unchanged at this time; will review following corporate actions

- We have been impressed by the strong start to the year and positive outlook issued by PBIO, which has been marked by growth in product sales – an area we believe is far more telling as to the underlying demand for its products than grant revenues.
- PBIO's strategy appears to be taking hold in the market, and we see several key events on the horizon that could set the stage for a significant 2017 for the company. These include meeting guidance for continued growth, sales execution in Europe following the CE Marking, and in the US with its partner EKG Sales Associates and the two new sales representatives they have recently hired, as well as a potential listing on the Nasdaq CM. We also expect to learn more about how the company's deal with industry leader SCIEX is progressing, as this has the potential to be a significant catalyst for future sales.
- **No change to target at this time.** PBIO has announced that it is pursuing an uplisting to the Nasdaq, with a goal of filing its application by the end of 2Q17. We expect this move will require a transaction that will raise much needed capital as it affects shares and debt outstanding, in order to meet minimum share price and shareholder's equity thresholds for a national listing. Consequently we will conduct a valuation and price target review after these actions are completed.



Management Team

Mr. Richard Schumacher, Chief Executive Officer, President, Director

Mr. Richard T. Schumacher founded Pressure BioSciences and has served as a director of Pressure BioSciences since the formation of its legacy business, Boston Biomedica, Inc., in 1978. He has served as CEO of Pressure BioSciences since April 2004 and President since September, 2004. He previously served as CEO and Chairman of the Board of Boston Biomedica from 1992 to February, 2003 and as President from 1986 to August 1999. Mr. Schumacher served as the Director of Infectious Disease Services for Clinical Sciences Laboratory, a New England-based medical reference laboratory, from 1986 to 1988. From 1972 to 1985, Mr. Schumacher was employed by the Center for Blood Research, a nonprofit medical research institute associated with Harvard Medical School.

Mr. Schumacher received a BS in Zoology from the University of New Hampshire.

Mr. Joseph L. Damasio Jr, Chief Financial Officer

Mr. Joseph L. Damasio Jr. joined the Pressure BioSciences as its Vice President of Finance and Chief Financial Officer in April 10, 2017. Mr. Damasio has over 20 years of finance and accounting experience, most recently as Finance Director at Nelipak Packaging, a private equity backed medical packaging manufacturer with over \$100M in global annual sales. Before joining Nelipak, Mr. Damasio held various financial positions at CP Bourg, IQE KC, and Kopin Corporation. Prior to Kopin, Mr. Damasio was employed by Pressure BioSciences, Inc., first as Accounting Manager (2007), then as Controller (2008), and finally as Vice President of Finance and Administration (2011). Prior to joining PBI, Mr. Damasio was a senior accountant at BearingPoint, Inc. (formerly KPMG Consulting) and an auditor at PriceWaterhouseCoopers, LLP. Mr. Damasio began his financial career with NEN Life Science Products Inc., a subsidiary of PerkinElmer Inc.

Mr. Damasio earned a bachelor's degree in accounting, with honors, from the University of Massachusetts. He holds an MBA and MSF from Boston College and is a Certified Public Accountant in Massachusetts.

Dr. Edmund Ting, Senior Vice President, Engineering

Dr. Edmund Ting joined Pressure BioSciences as Senior Vice President of Engineering in April, 2006. Prior to joining the company, Dr. Ting served as the Chief Research Officer of Avure Technologies, a leading worldwide manufacturer of high pressure hydrostatic processing equipment for the food and materials processing industry, Flow International Corporation, a world leader in the ultrahigh pressure waterjet cutting technology market, and the parent company of Avure Technologies. Dr. Ting last held the position of VP of Engineering Research and Development at Flow International Corporation. Dr. Ting was also a research scientist and a group leader at Grumman Aerospace Corporation.

Dr. Ting earned a BS degree in mechanical engineering from Northeastern University and a Sc.D. in materials science and engineering from the Massachusetts Institute of Technology.

Dr. Nathan P. Lawrence, Ph.D, Vice President, Marketing and Business Development

Dr. Nathan P. Lawrence joined Pressure BioSciences Inc. in August, 2005, serving as Director of Research and Development until his promotion to Vice President of Marketing and Business Development in April, 2006. Dr. Lawrence was responsible for the development of protocols based on Pressure Cycling Technology (PCT). From 2004 through 2005, Dr. Lawrence worked for 454 Life Sciences in product development and prior to 454 Life Sciences, Dr. Lawrence was Director of PCT Research and Development for Boston Biomedica, Inc. He was responsible for the development of PCT, as well as the development of nucleic acid-based diagnostic assays. Prior to joining Boston Biomedica, Inc., Dr. Lawrence held several positions with increasing responsibility in Research and Development and manufacturing at Becton Dickinson and Gene Trak Systems.

Dr. Lawrence holds a BA from the University of Miami, an M.S. from Southern Connecticut State University, and a Ph.D. from Yale University.

Dr. Alexander Lazarev, Ph.D, Vice President, Research and Development

Dr. Alexander Lazarev, Ph.D. joined Pressure BioSciences in April, 2006 as Director of Research and Development and was promoted to Vice President of Research and Development in March, 2007. Prior to joining Pressure BioSciences, Dr. Lazarev worked as a Visiting Scientist at the Barnett Institute of Chemical and Biological Analysis at Northeastern University, and served as a Director of New Technology Development at Proteome Systems, Inc., where he was involved in research and development of innovative proteomic analysis applications. Dr. Lazarev previously held senior research positions at Genomic Solutions, Inc. and PhytoChem Technologies, Inc. Most of Dr. Lazarev's scientific career has been dedicated to development of methods and applications for biochemical analysis. Dr. Lazarev has been elected as an Executive Board member of the MASSEP.org, a non-profit scientific discussion forum dedicated to the promotion and improvement of chromatography and other analytical technologies.

Dr. Lazarev earned his undergraduate and graduate degrees at the University of Kazan, Russian Federation.

About Pressure BioSciences, Inc.

Pressure BioSciences, Inc. ("PBI") (OTCQB : PBIO) develops, markets, and sells proprietary laboratory instrumentation and associated consumables to the estimated \$6 billion life sciences sample preparation market. Our products are based on the unique properties of both constant (i.e., static) and alternating (i.e., pressure cycling technology, or PCT) hydrostatic pressure. PCT is a patented enabling technology platform that uses alternating cycles of hydrostatic pressure between ambient and ultra-high levels to safely and reproducibly control bio-molecular interactions. To date, we have installed over 250 PCT systems in approximately 160 sites worldwide. There are over 100 publications citing the advantages of the PCT platform over competitive methods, many from key opinion leaders. Our primary development and sales efforts are in the biomarker discovery, drug discovery and design, and forensics areas. Customers also use our products in other areas, such as bio-therapeutics characterization, soil & plant biology, vaccine development, and counter-bioterror applications.

Analyst Coverage Disclaimer

Pressure BioSciences is furnishing this research report solely for convenience. Any opinions, judgments, estimates, or forecasts regarding Pressure BioSciences' historical or predicted performance or operations made by SeeThruEquity, LLC are theirs alone and do not represent opinions, judgments, estimates, or forecasts of Pressure BioSciences or its management. By furnishing this research report, Pressure BioSciences does not endorse, adopt, or concur with such information, conclusions, or recommendations.



Contact

Ajay Tandon
SeeThruEquity
www.seethruequity.com
(646) 495-0939
info@seethruequity.com

Disclosure

This research report has been prepared and distributed by SeeThruEquity, LLC (“SeeThruEquity”) for informational purposes only and does not constitute an offer, solicitation or recommendation to acquire or dispose of any investment or to engage in any transaction. This report is based solely on publicly-available information about the company featured in this report which SeeThruEquity considers reliable, but SeeThruEquity does not represent it is accurate or complete, and it should not be relied upon as such. All information contained in this report is subject to change without notice. This report does not constitute a personal trading recommendation or take into account the particular investment objectives, financial situation or needs of an individual reader of this report, and does not provide all of the key elements for any reader to make an investment decision. Readers should consider whether any information in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. This report contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, many of which are beyond the company’s control. Actual results could differ materially and adversely from those anticipated in such forward-looking statements as a result of certain industry, economic, regulatory or other factors.

SeeThruEquity is not a FINRA registered broker-dealer or investment adviser and does not provide investment banking services. SeeThruEquity does not accept or receive fees or other compensation for preparing its research reports. SeeThruEquity has not been retained or hired by the company featured herein or by any other party to prepare this report.

In some but not in all instances, SeeThruEquity and/or its officers, directors or affiliates may receive compensation from companies featured in its reports for non report-related services which may include charges for presenting at SeeThruEquity investor conferences, distributing press releases and performing certain other ancillary services. The company featured in this report paid SeeThruEquity its standard fee described below for distributing a press release on this report. Such compensation is received on the basis of a fixed fee and made without regard to the opinions and conclusions in its research reports. The fee to present at SeeThruEquity conferences is no more than seven thousand dollars, and the fee for distributing press releases is no more than fifteen hundred dollars. The fees for performing certain other ancillary services vary depending on the company and service provided but generally do not exceed five thousand dollars. In no event is a company on which SeeThruEquity has issued a report required to engage it with respect to these non report-related services. SeeThruEquity and/or its affiliates may have a long equity position with respect to a non-controlling interest in the publicly traded shares of companies featured in its reports, and follows customary internal trading restrictions pending the release of its reports.

SeeThruEquity’s professionals may provide verbal or written market commentary that reflects opinions that are contrary to the opinions expressed in this report. This report and any such commentary belong to SeeThruEquity and are not attributable to the company featured in its reports or other communications. The price and value of a company’s shares referred to in this report may fluctuate. Past performance by one company is not indicative of future results by that company or of any other company covered by a report prepared by SeeThruEquity. This report is being disseminated primarily electronically and, in some cases, in printed form. An electronic report is made simultaneously available to all recipients. The information contained in this report is not incorporated into the contents of our website and should be read independently thereof. Please refer to the Disclosures section of our website for additional details.

Copyright 2011-2017 SeeThruEquity, LLC. No part of this material may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of SeeThruEquity, LLC.