

## Vermillion Reports First Quarter 2017 Results

### Description

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Conference Call at 8:30 a.m. ET Today

**AUSTIN, Texas — May 11, 2017 — Vermillion, Inc. (NASDAQ: [VRML](#))**, a bio-analytical solutions company focused on gynecologic disease, reported on its financial results for the first quarter ended March 31, 2017.

[Valerie Palmieri](#), President and CEO of Vermillion, Inc., stated, “The first quarter was a milestone as the first time we have seen quarter-over-quarter and year-over-year growth in territories in which we have sales representation. We were pleased to see consistent momentum in field sales progress and managed care contracts as we continue our march in 2017 to expand payer coverage and adoption of our OVA1 test.”

#### Recent Corporate Developments:

- Achieved quarter-over-quarter and year-over-year test growth per day of 8% and 23%, respectively, in territories covered by our field sales force.
- **Announced the foundational publication for our planned OVA1 plus 2.0 informatic product titled, “Evaluation of a Validated Biomarker Test in Combination with a Symptom Index to Predict Ovarian Malignancy.”**
- **In a 2016 study performed with 218 patients who presented with [pelvic masses](#), the combination of a symptom index (SI) and OVA1 showed a sensitivity to detect primary ovarian malignancy of 100%, detecting both early and late stage cancers better than either SI or OVA1 alone. Additionally, the negative predictive value of SI and OVA1 combined was also 100%, indicating that all women that tested negative for both tests were certain not to have a primary ovarian malignancy.**
- Signed an in-network, contracted agreement with Humana Military (administrator of the TriCare contract in the South Region), which serves about 2.5 million beneficiaries in the states of Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Oklahoma, South Carolina, Tennessee, Texas (excluding El Paso) and Fort Campbell, Kentucky.
- Attained Certified Provider Status with all TriCare regions, resulting in a combined additional 9.4 million covered lives with positive OVA1 coverage (including the aforementioned TriCare South’s 2.5 million beneficiaries).

#### Q1 2017 Financial Results

Total revenue increased 44% in the first quarter of 2017 compared to the prior year quarter. Total revenue in the first quarter of 2017 was \$726,000 compared to \$505,000 in the same year-ago quarter. The first quarter 2017 revenue included \$678,000 from product sales of OVA1 by ASPIRA LABS and \$48,000 of

service revenue from ASPiRA IVD. All prior year revenue was from product sales of OVA1 as ASPiRA IVD began operations in June 2016, and thus there was no comparable service revenue in the first quarter of the prior year. Product revenue increased 34% in the first quarter of 2017 compared to the prior year quarter.

There were 2,293 OVA1 tests performed during the first quarter of 2017 compared to the 2,265 OVA1 tests performed in the prior year quarter. However, revenue on a per test performed basis increased to \$296 in the first quarter of 2017 compared to \$223 in the first quarter of 2016, representing a 33% increase. This number compared to \$281 in the fourth quarter of 2016, which was normalized for a one-time item of approximately \$45,000 or \$20 per test attributed to the resolution of billing issues with Novitas (our Medicare contractor).

Cost of product revenue for the first quarter of 2017 totaled \$422,000 representing a 20% decrease from the prior year quarter due to lower consulting and personnel costs. In the first quarter of 2017, cost of service revenue totaled \$305,000 for ASPiRA IVD services.

Total operating expenses in the first quarter of 2017 decreased to \$2.7 million compared to \$4.9 million in the same year-ago quarter, representing a decrease of 46%. The decrease was due primarily to commercial operating efficiencies as well as lower research and development costs following expiration of our collaboration agreement with The Johns Hopkins University School of Medicine and the clearance of Overa in March 2016.

Net loss for the first quarter of 2017 was \$2.7 million or \$(0.05) per share, as compared to a net loss of \$4.9 million or \$(0.09) per share in the same year-ago quarter.

As of March 31, 2017, cash and equivalents totaled \$7.9 million, including the \$5.1 million in net proceeds from our private placement of common stock and warrants in February 2017. The company utilized \$2.6 million in cash in the first quarter of 2017. We plan for cash utilization to continue to decrease in the second quarter of 2017 with a goal of reducing our cash utilization to under \$2.0 million per quarter over the balance of 2017.

### **Conference Call and Webcast**

Vermillion's President and CEO Valerie Palmieri will host a call today to discuss results followed by a question and answer period.

#### **Thursday, May 11th @ 8:30am Eastern Time**

Domestic: 888-596-2629

International: 913-312-0678

Conference ID: 3158379

Webcast: <http://public.viavid.com/index.php?id=123993>

Replays, available through May 25<sup>th</sup>:

Domestic: 844-512-2921

International: 412-317-6671

Replay PIN: 3158379

Please call the conference telephone number five minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Vermillion at (203) 993-8300.

This release should be read in conjunction with the consolidated financial statements and notes thereto

included in Vermillion’s most recent reports on Form 10-K and Form 10-Q. Copies are available through the SEC’s Electronic Data Gathering Analysis and Retrieval system (EDGAR) at [www.sec.gov](http://www.sec.gov).

**Vermillion, Inc.**

**Consolidated Balance Sheets**

(Amounts in Thousands, Except Share and Par Value Amounts)

(Unaudited)

**March 31,**

**2017**

**Assets**

Current assets:

Cash and cash equivalents

\$

Accounts receivable

Prepaid expenses and other current assets

Inventories

Total current assets

Property and equipment, net

Total assets

\$

**Liabilities and Stockholders’ Equity**

Current liabilities:

Accounts payable

\$

Accrued liabilities

Short-term debt

Other current liabilities

Total current liabilities

Non-current liabilities:

Long-term debt

Other non-current liabilities

Total liabilities

Commitments and contingencies

Stockholders' equity:

Common stock, par value \$0.001 per share, 150,000,000 shares authorized at March 31, 2017 and December 31, 2016; 56,089,245 and 52,328,492 shares issued and outstanding at March 31, 2017 and December 31, 2016, respectively

Additional paid-in capital

Accumulated deficit

Total stockholders' equity

Total liabilities and stockholders' equity \$

## Vermillion, Inc.

### Consolidated Statements of Operations

(Amounts in Thousands, Except Share and Per Share Amounts)

(Unaudited)

	Three Months Ended March 31,	
	2017	2016
Revenue:		
Product	\$ 678	\$ 505
Service	48	—
Total revenue	726	505

Cost of revenue <sup>(1)</sup> :		
Product	422	528
Service	305	—
Total cost of revenue	727	528
Gross profit (loss)	(1)	(23)
Operating expenses:		
Research and development <sup>(2)</sup>	225	934
Sales and marketing <sup>(3)</sup>	1,023	2,280
General and administrative <sup>(4)</sup>	1,407	1,659
Total operating expenses	2,655	4,873
Loss from operations	(2,656)	(4,896)
Interest income (expense), net	(12)	3
Other income (expense), net	(5)	(4)
Net loss	\$ (2,673)	\$ (4,897)
Net loss per share – basic and diluted	\$ (0.05)	\$ (0.09)
Weighted average common shares used to compute basic and diluted net loss per common share	54,123,038	52,113,137
Non-cash stock-based compensation expense included in cost of revenue and operating expenses:		
(1) Cost of revenue	\$ 39	\$ 24
(2) Research and development	3	31
(3) Sales and marketing	37	42
(4) General and administrative	215	126