

## Vermillion Reports Fourth Quarter 2019 Financial Results

### Description

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**AUSTIN, Texas — March 26, 2020** — Vermillion, Inc. (Nasdaq: VRML), a bio-analytical based women's health company focused on gynecologic disease, today reported its financial results for the fourth quarter and year ended December 31, 2019.

"We are very pleased with the overall business momentum we created in 2019 and the continued growth into 2020. We have also implemented strategies to help manage the impact on our business of the COVID-19 pandemic and actions taken to contain it," stated Valerie Palmieri, President and CEO of Vermillion. "Our team is focused on emerging from COVID-19 even stronger, with an increase in the use of virtual sales tools, as well as a deep product pipeline to address the entire patient life cycle, from endometriosis to ovarian cancer risk management. We remain committed to capitalizing on one of the fastest growing sectors today, women's health."

### Recent Corporate Highlights

#### Year over Year Results – Fourth Quarter 2019 versus Fourth Quarter 2018:

- Product volume increased 93% to 3,854 units up from 1,996 units in the fourth quarter of last year
- Product revenue increased 62% to \$1.3 million up from \$793 thousand in the fourth quarter of last year
- Total number of customers increased by 83% compared to the fourth quarter of last year
- New customers increased 61% compared to the fourth quarter of last year

#### Year over Year Results – Twelve Months of 2019 versus Twelve Months of 2018:

- Product volume increased 68% to 12,898 units up from 7,679 units in 2018
- Product revenue increased 59% to \$4.4 million up from \$2.8 million in 2018
- Total number of customers increased 56% compared to 2018
- New customers increased 56% compared to 2018

**Cigna Contract**

We have executed a preferred in-network contract agreement with CIGNA. This in-network agreement adds another 16M lives to our contracted plans, and includes not only OVA1, but also Overa and ovarian and carrier genetics testing panels. We are pleased with the final agreed prices, which will be effective April 1, 2020.

**Medicaid Coverage**

We have made considerable advancements in our state Medicaid coverage. We have added a total of 9 state Medicaid plans to our positive coverage list. Having this coverage in place is critical to managing underserved populations, as we believe OVA1 is the only technology available today that has adequate sensitivity for early stage Ovarian cancer detection in African American women.

**State of Connecticut Financing**

We recently concluded an amendment to our agreement with the State of Connecticut Department of Economic Community Development. We previously announced a \$4M loan from Connecticut, \$2M of which we received in 2016. We are eligible for the additional \$2M based on target revenue and, as of this new amendment, a revised target employment milestone. We expect to achieve the revised target employment levels in 2020.

**Fourth Quarter Financial Highlights:**

- Product revenue increased 62% to \$1.3 million for the fourth quarter 2019, compared to \$793 thousand for the same period in 2018. The increase is due to an increase in the number of our tests performed. The increase is driven by the launch of OVA1PLUS and an increase in the commercial team during 2019.
- The number of OVA1 tests performed increased 93% to 3,854 during the fourth quarter 2019 compared to 1,996 for the same period in 2018.
- Revenue on a per test performed basis was \$333 in the fourth quarter of 2019 compared to \$345 in the third quarter of 2019, and \$398 in Q4 of 2018, driven by patient pay in specific geographies.
- Gross profit on OVA1 product revenue was \$619 thousand (a 48% profit margin) for the fourth quarter 2019 compared to \$287 thousand for the same period in 2018 (a 36% profit margin).
- Research and development expenses for the fourth quarter 2019 were \$244 thousand and increased by \$119 thousand compared to the same period in 2018. This increase was primarily due to the development of OVAnex, our third-generation serial monitoring product.
- Sales and marketing expenses for the fourth quarter 2019 were \$2.1M compared to \$1.6M the same period in 2018. This increase was primarily due to the increased investment in headcount and personnel-related expenses compared to those in the same period in 2018.
- General and administrative expenses for the fourth quarter 2019 were \$1.6M compared to \$1.3M for the same period in 2018. This increase was primarily due to an increase in legal expenses during 2019.
- The cash balance at December 31, 2019 was \$11.7 million, Cash utilization in the fourth quarter of 2019 was \$2.9M.

**Conference Call and Webcast**

Vermillion, Inc. will host a call today at 4:30 p.m. Eastern Daylight Time to discuss results followed by a question and answer period.

***Thursday, March 26th @ 4:30pmET***

Domestic: 877-407-4018

International: 201-689-8471

Conference ID: 13699543

Webcast: <http://public.viavid.com/index.php?id=138240>