

Vermillion Reports Second Quarter 2016 Results

Description

AUSTIN, Texas — Vermillion, Inc. (NASDAQ: VRML), a bio-analytical solutions company focused on gynecologic disease, reported its financial results for the second quarter ended June 30, 2016.

Valerie Palmieri, President and CEO of Vermillion, Inc., stated, “We believe that our performance during the second quarter of 2016 has built a solid foundation for continued success throughout the remainder of the year, and that we are well positioned to enter the ‘market expansion and growth’ phase of our strategy this year, which will include the targeted launch of Overa.”

Recent Corporate Developments:

- Announced agreements for coverage of OVA1 with Priority Health Managed Benefits, a Michigan healthcare insurance company; Independent Medical Systems, a preferred provider organization based in Dallas, TX; and Sutter Valley Medical Foundation (Gould Medical Foundation), a California nonprofit public benefit corporation based in Sacramento, CA.
- Commenced operations for ASPIRA IVD, Inc. ASPIRA IVD, formed in April 2016, is a specialized laboratory provider dedicated to meeting the unique testing needs of In Vitro Diagnostic (IVD) manufacturers commercializing high-complexity assays. ASPIRA IVD plans to leverage its existing specimen bank, database, FDA experience and laboratory informatics to provide high-quality IVD testing services, while potentially enhancing Vermillion’s pipeline of future technologies.
- Presented a poster entitled “Precision Profile of a Second Generation Multivariate Index Assay,” at the 68th American Association of Clinical Chemistry (AACC) Annual Scientific Meeting & Clinical Lab Expo in Philadelphia, PA. This poster described innovative methods for validation of precision and reproducibility in multianalyte tests with complex algorithms using Overa.
- Executed exclusive international Overa distribution agreements with Pro-Genetics LTD in Israel and MacroHealth, Inc. in the Philippines. MacroHealth is Vermillion’s first decentralized international agreement with Overa specimen testing to be performed in the Philippines.

Q2 2016 Financial Results

Total revenue in the second quarter of 2016 was \$709,000 compared to \$535,000 in the same year-ago quarter. The second quarter 2016 revenue included \$554,000 from product sales of [OVA1](#) by ASPIRA LABS and \$155,000 of service revenue from ASPIRA IVD. Second quarter revenue in 2015 was comprised of \$483,000 in OVA1 product revenue from Quest Diagnostics sales and \$52,000 in OVA1 product revenue from ASPIRA LABS. ASPIRA IVD began operations in the second quarter of 2016, and thus there was no comparable service revenue in the prior year.

Product revenue in the second quarter of 2016 was derived from 2,345 OVA1 tests performed by ASPIRA LABS. ASPIRA LABS performed a total of 274 tests in the second quarter of the prior year in addition to

the 3,829 OVA1 tests performed at Quest Diagnostics. Revenue on a per test performed basis increased to \$236 in the second quarter of 2016 compared to \$130 in the second quarter of 2015.

Cost of product revenue for the second quarter of 2016 totaled \$527,000 and was consistent with the comparable prior year quarter. Cost of service revenue totaled \$60,000 for ASPIRA IVD services.

Total operating expenses in the second quarter of 2016 decreased to \$3.9 million compared to \$4.8 million in the same year-ago quarter. The decrease was due primarily to lower sales personnel and personnel-related expenses following our February 2016 restructuring as well as lower research and development collaboration costs; partially offset by costs related to establishing the laboratory for ASPIRA IVD.

Net loss for the second quarter of 2016 was \$3.7 million or \$(0.07) per share, as compared to a net loss of \$4.8 million or \$(0.11) per share in the same year-ago quarter.

As of June 30, 2016, cash and equivalents totaled \$11.1 million. We utilized a net \$2.0 million in cash in the second quarter of 2016 after taking into account \$2.0 million in disbursements received in April 2016 from a loan of up to \$4.0 million from the State of Connecticut Department of Economic and Community Development. The Company is entitled to the remaining \$2.0 million upon the achievement of certain future milestones. Net cash utilization of \$3.2 – \$3.7 million is expected in the third quarter of 2016.

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.

Wednesday, August 10th @ 8:00am Eastern Time

Domestic: **888-523-1228**

International: **719-457-2689**

Passcode: **4603836**

Webcast: <http://public.viavid.com/index.php?id=120291>

Replay, available through August 25th:

Domestic: **877-870-5176**

International: **858-384-5517**

Replay PIN: **4603836**

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 (512) 519-0400.