

## Vermillion Reports Third Quarter 2019 Financial Results

### Description

*Conference Call scheduled for today, November 12<sup>th</sup> at 4:30 p.m. ET*

For a link to the pdf press release please click [here](#)

**AUSTIN, Texas — November 12, 2019** — Vermillion, Inc. (Nasdaq: VRML), a bio-analytical based women's health company focused on gynecologic disease, today reported its financial results for the third quarter ended September 30, 2019.

"We are very pleased by the continued positive momentum on multiple fronts of the business, from unit growth, pipeline development and CA125 disparity impact. The rate of year on year growth has accelerated every quarter this year," stated Valerie Palmieri, President and CEO of Vermillion. "We are focused on maximizing commercialization efforts and we anticipate our year on year growth in the fourth quarter will be in excess of 100%."

### Recent Corporate Highlights

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

- Product volume increased 82% to 3,602 units up from 1,981 in the third quarter of last year
- Product revenue increased 68% to \$1,241,433 up from \$738,870 in the third quarter of last year
- Total number of customers increased by 66% compared to the third quarter of last year
- New customers increased 59% compared to the third quarter of last year

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

- Product volume increased 59% to 9,044 units up from 5,683 units in the first nine months of 2018
- Product revenue increased 58% to \$3,120,197 up from \$1,978,721 in the first nine months of 2018
- Total number of customers increased 47% compared to the first nine months of 2018
- New customers increased 55% compared to the first nine months of 2018

### CA125 disparity in African American Women

- Received earned media coverage with four publications, Medscape article in July, Reuters Health in September and in the last 2 weeks, National Ovarian Cancer Coalition and BlackDoctor.org. The number of subscribers we touched are estimated to be 3.6 million, 55 million, 1.5 million, and 19 million respectively, not including social media.

### Pipeline Development – 3<sup>rd</sup> Generation OVA Technology

- October 2019- Initial 3<sup>rd</sup> Generation Technology Validation published in Future Oncology, Publication title: Adnexal mass risk assessment: a multivariate index assay for malignancy risk stratification. A 2092 retrospective patient study of 3<sup>rd</sup> generation algorithm. Key conclusion: 3<sup>rd</sup> generation technology has highly differentiating risk stratification capabilities across histological subtypes and stages. It is potentially applicable to patients with adnexal masses to assist deciding whether immediate surgery is recommended.
- 3<sup>rd</sup> generation “Watch and Wait Technology” abstract accepted and presented at European Society of Gynecologic Oncology in Greece in November.
- 2<sup>nd</sup> manuscript submitted for publication- 596 retrospective patient study

## Financials:

- Product revenue increased 68% to \$1.2 million for the third quarter 2019, compared to \$739 thousand for the same period in 2018. The increase is due to an increase in the number of our tests performed. We expect revenue to increase over the remainder of the year as the sales team continues to execute on its strategy. Service revenue was \$44 thousand for the third quarter 2019 compared to \$35 thousand for the same period in 2018.
- The number of OVA1 tests performed increased 82% to 3,602 during the third quarter 2019 compared to 1,981 for the same period in 2018. We expect the test volume to improve over the remainder of the year as we continue to realize returns from our sales and marketing investments.
- Revenue on a per test performed basis was \$345 in the third quarter of 2019 compared to \$351 in the second quarter of 2019 and \$373 in Q3 of 2018, driven by patient pay in specific geographies.
- Gross profit on OVA1 product revenue was \$653 thousand or 53% margin for the third quarter 2019 compared to \$263 thousand for the same period in 2018, or 35.5% margin, a 50% increase in the rate and a more than doubling in absolute value. We anticipate the gross profit percent will increase as volumes continue to increase.
- Research and development expenses for the third quarter 2019 increased by \$211 thousand or 164%, compared to the same period in 2018. This increase was primarily due to the third generation serial monitoring product development expense.
- Sales and marketing expenses for the third quarter 2019 increased \$1.1 million, or 81%, compared to 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 third quarter 2019 increased by \$252 thousand, or 22%, compared to the same period in 2018. This increase was primarily due to an increase in headcount and personnel-related expenses in the third quarter of 2019 compared to those in the third quarter of 2018.
- The cash balance at September 30, 2019 was \$14.6 million, which reflects proceeds from the common stock offering during the second quarter. On July 2, 2019, the Underwriter exercised its option to purchase 2,812,500 shares of Vermillion common stock at a price of \$0.80 per share and resulted in net proceeds to the Company of \$2.1 million.

## Conference Call and Webcast

Vermillion’s President and CEO, Valerie Palmieri, will host a call today at 4:30 p.m. Eastern Daylight Time

to discuss results followed by a question and answer period.

**Tuesday November 12th @ 4:30pm Eastern Time**

Investors Dial:

877-407-4018

Int'l Investors Dial:

201-689-8471

Conference ID:

13695174

Webcast:

<http://public.viavid.com/index.php?id=136364>