



First Quarter 2017 Performance

Investor Financial Presentation

May 3, 2017

First Quarter 2017

- ✓ Revenue \$16.4 million (+21%)¹
- ✓ Afirma GEC reported volume 5,834 tests (+9%)
- ✓ Total OpEx \$23.9 million (3% increase)
- ✓ Net loss \$8.2 million (18% improvement)
- ✓ Net loss per share \$0.24 (33% improvement)
- ✓ Cash burn \$8.3 million (28% improvement)²
- ✓ Cash \$51.5 million (At March 31, 2017)

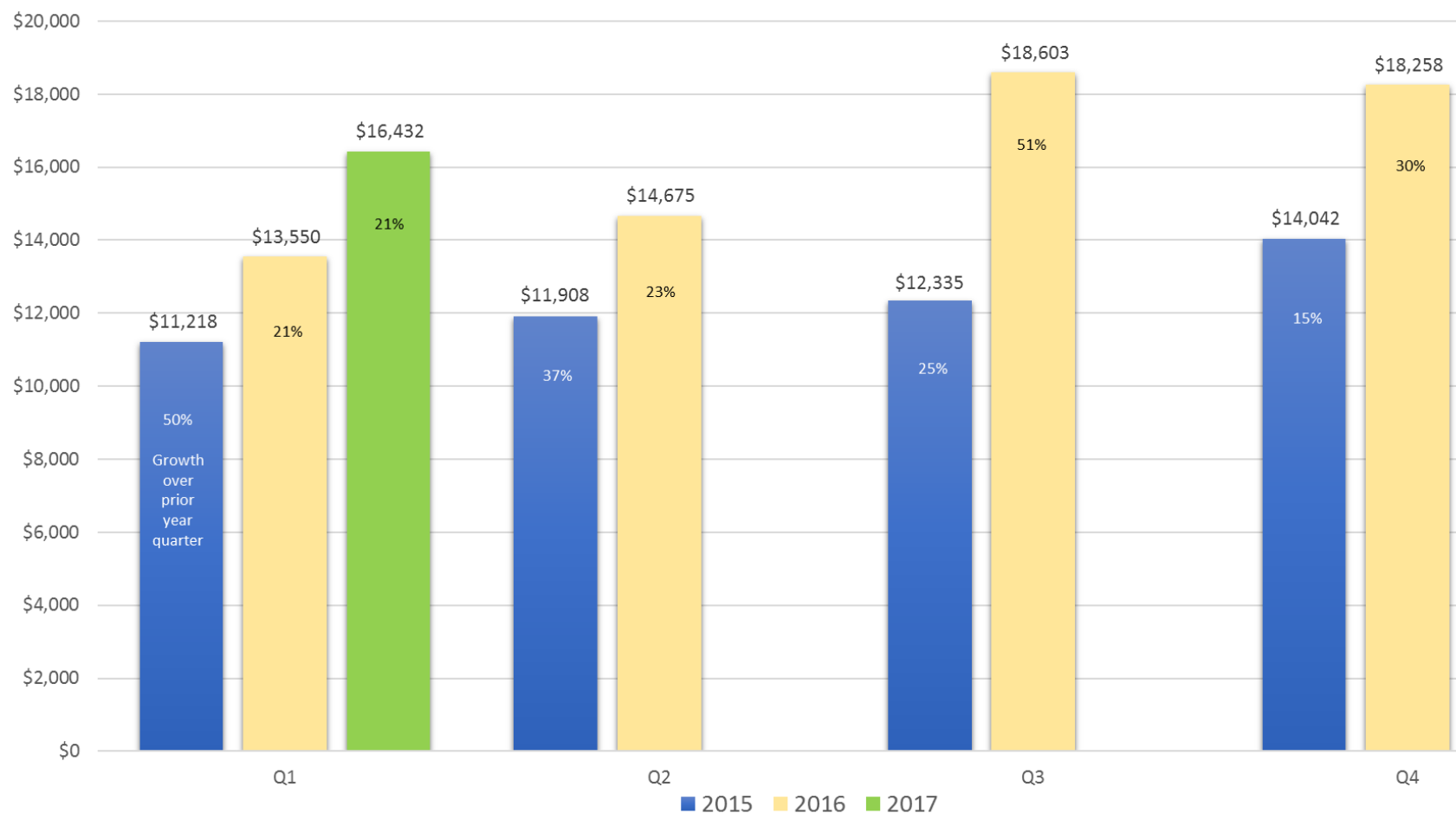
	Q1 2016	Q1 2017	Change	
			Dollars	Percentage
\$ in 000's				
Accrued Revenue	\$ 8,226	\$ 15,138	\$ 6,912	84%
Cash Revenue	5,324	1,294	(4,030)	-76%
Revenue	\$ 13,550	\$ 16,432	2,882	21%
Operating expenses:				
Cost of revenue	6,279	6,297	18	0%
Research and development	3,461	4,030	569	16%
Selling and marketing	7,066	7,336	270	4%
General and administrative	6,228	6,019	(209)	-3%
Intangible asset amortization	267	267	-	0%
Total operating expenses	23,301	23,949	648	3%
Loss from operations	(9,751)	(7,517)	2,234	-23%
Interest expense	(367)	(800)	(433)	118%
Other income, net	43	100	57	133%
Net loss and comprehensive loss	\$ (10,075)	\$ (8,217)	1,858	-18%
Shares				
Average shares	27,818	33,824	6,006	22%
Net loss per common share (dollars)	\$ (0.36)	\$ (0.24)	\$ 0.12	-33%
Operational Highlights				
Afirma GEC volume (reported)	5,352	5,834	482	9%
Gross profit (Rev - Cost of rev)	\$ 7,271	\$ 10,135	\$ 2,864	39%
Gross margin	53.7%	61.7%		8.0%

1 - Unless otherwise noted, percentages on this slide represent the change relative to the prior year quarter

2 - Cash burn defined as the sum of net cash used in operating activities and net capital expenditures

Note: Numbers presented may vary from SEC filings due to rounding

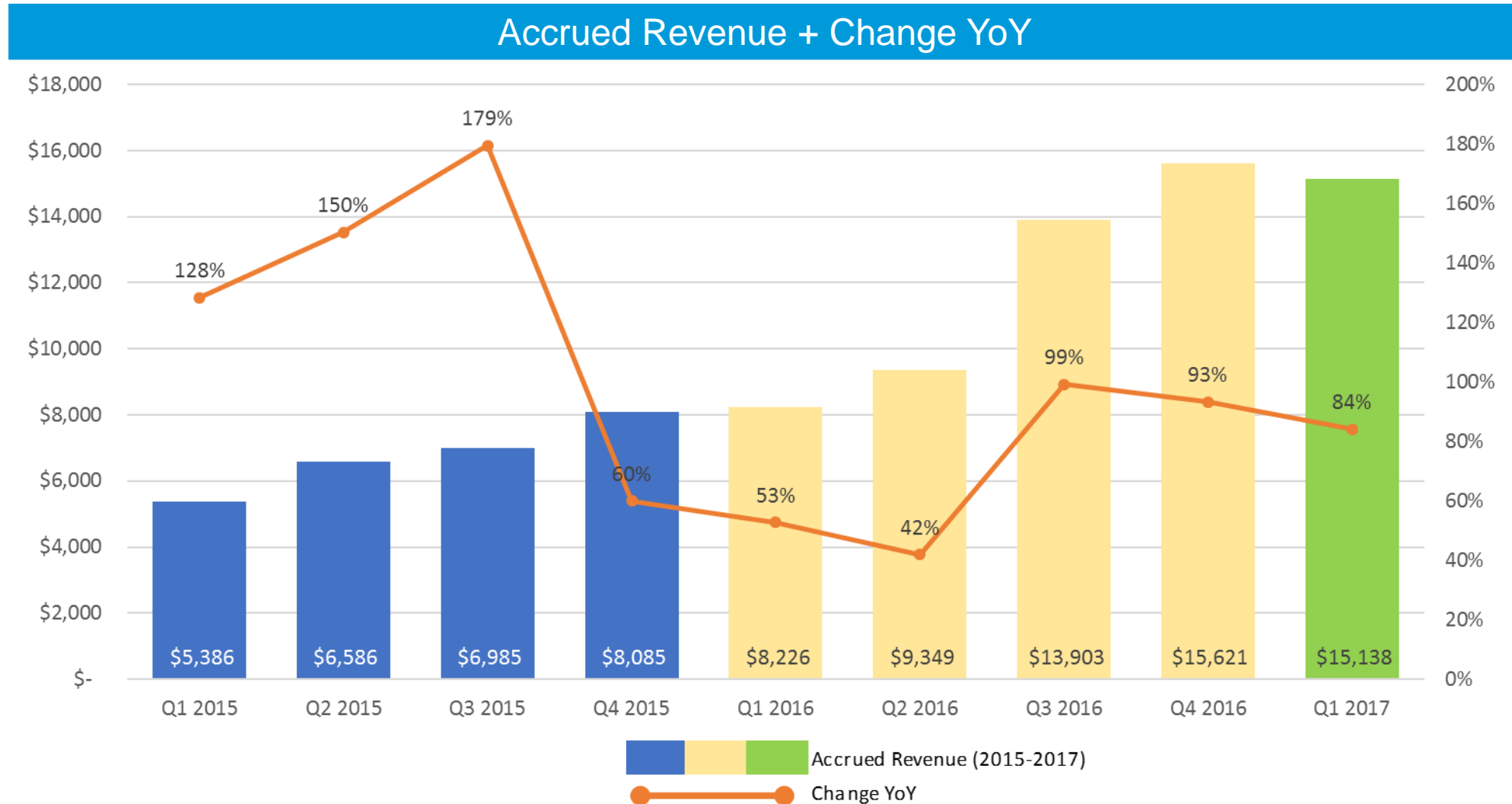
Year-over-Year Quarterly Revenue



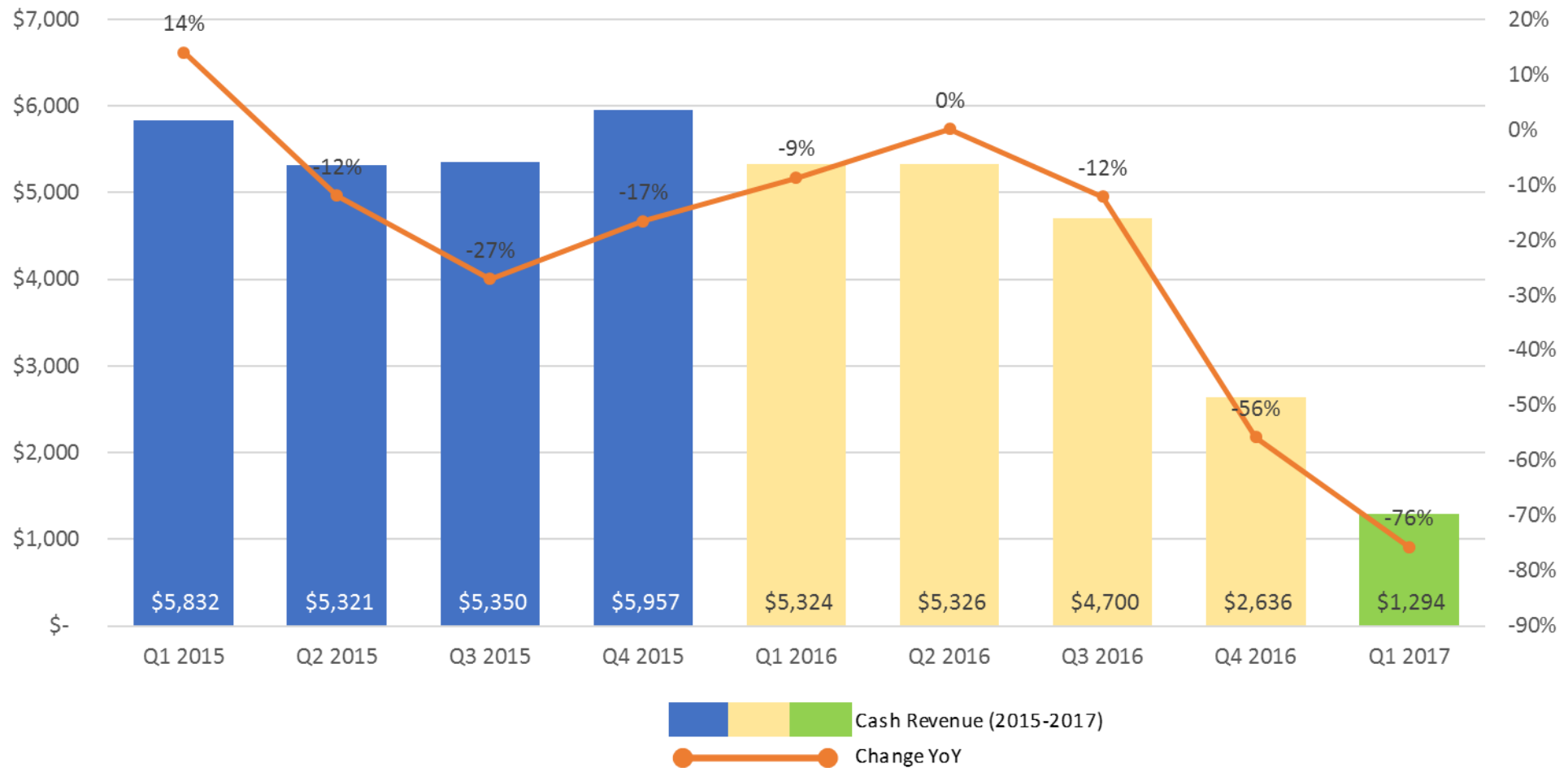
Revenue Recognition

- ❖ Prior to July 1, 2016, Company accrued <50% of billed Afirma test volume
 - ❖ For tests not meeting revenue recognition criteria, revenue recognized upon cash collection
 - ❖ Cash collected over approximately one-year period
 - ❖ Revenue and cost of revenue do not match periods when revenue recognized on cash-basis
- ❖ Revenue recognition standard met in Q3 2016
 - ❖ As result, the Company began accruing substantially all of its billed Afirma test volume starting in Q3 2016

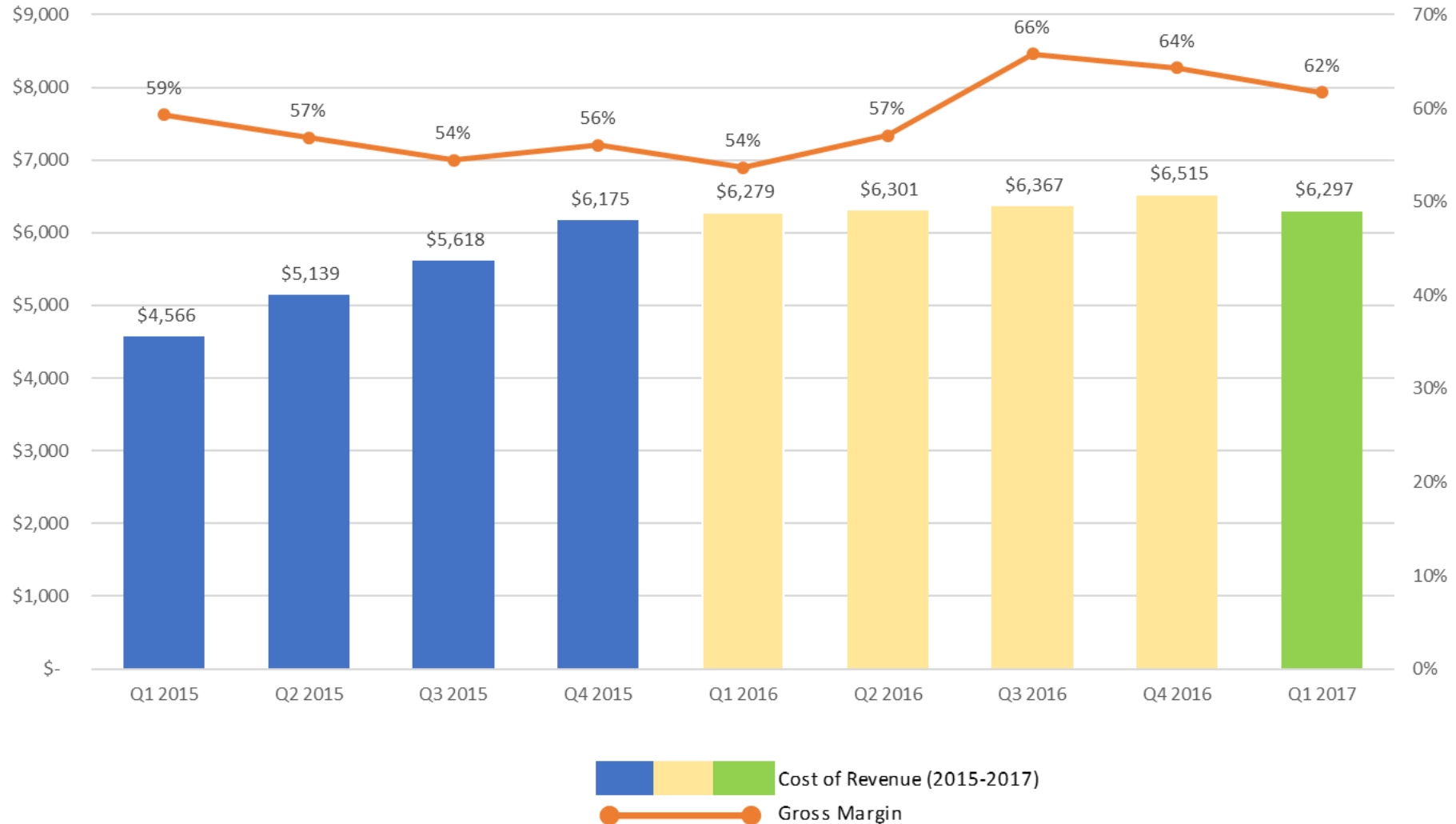
Accrued Revenue



Cash Revenue + Change YoY

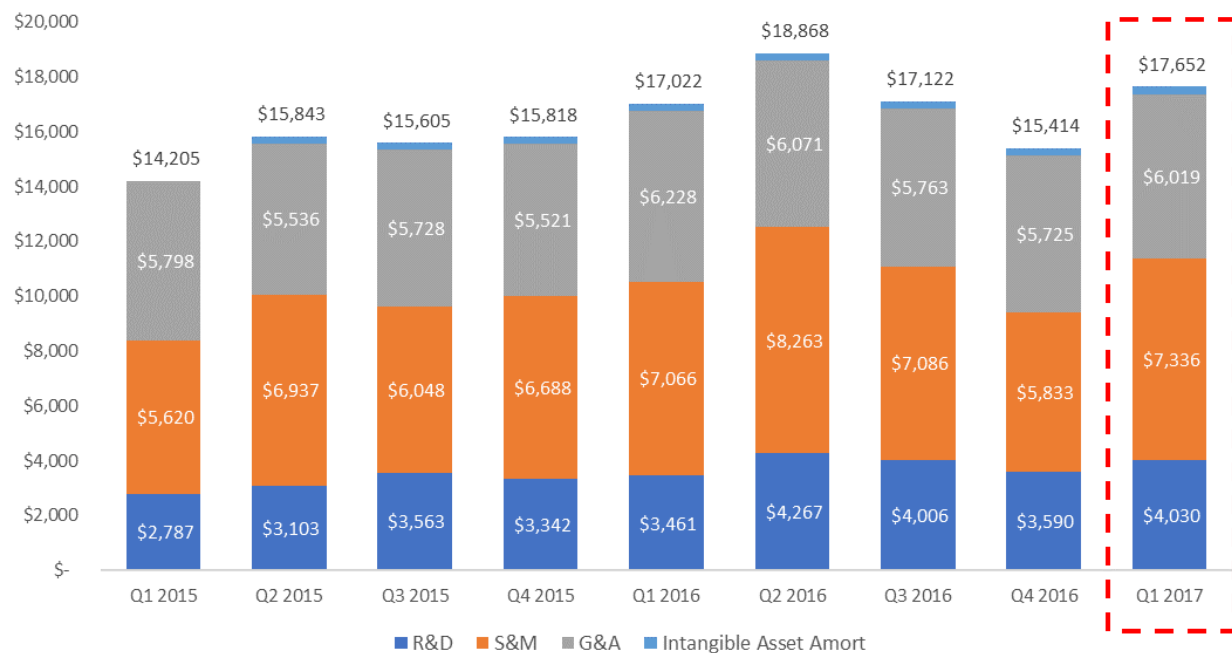


Cost of Revenue + Gross Margin

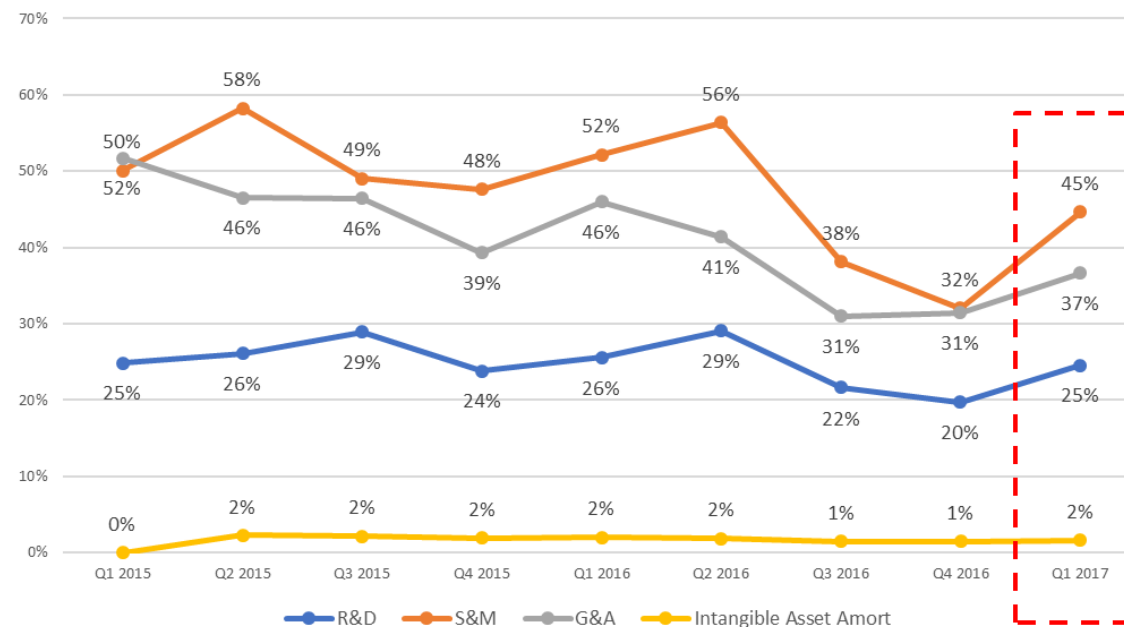


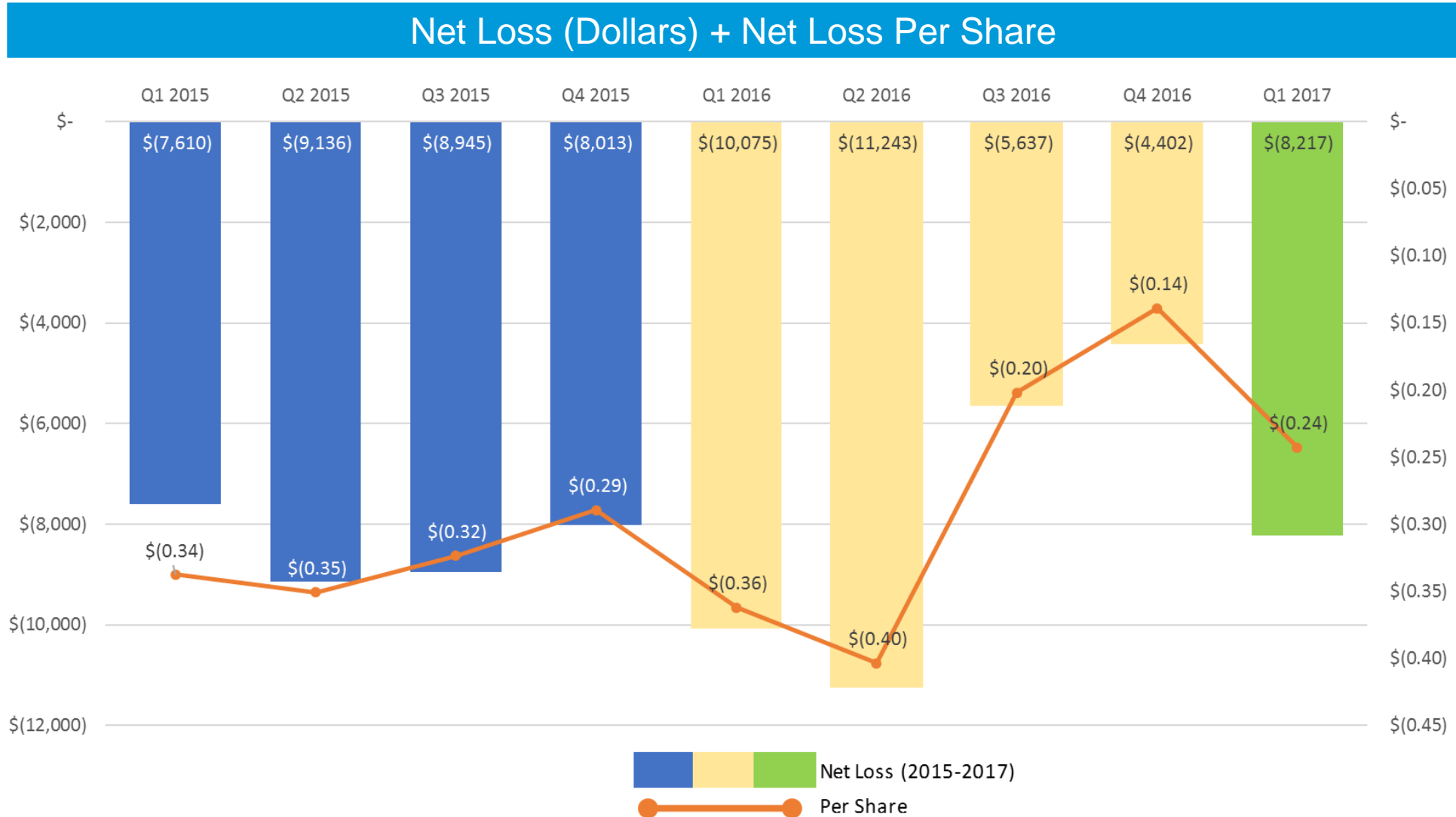
Operating Expenses

Operating Expenses



% of Revenue





Cash Burn

