



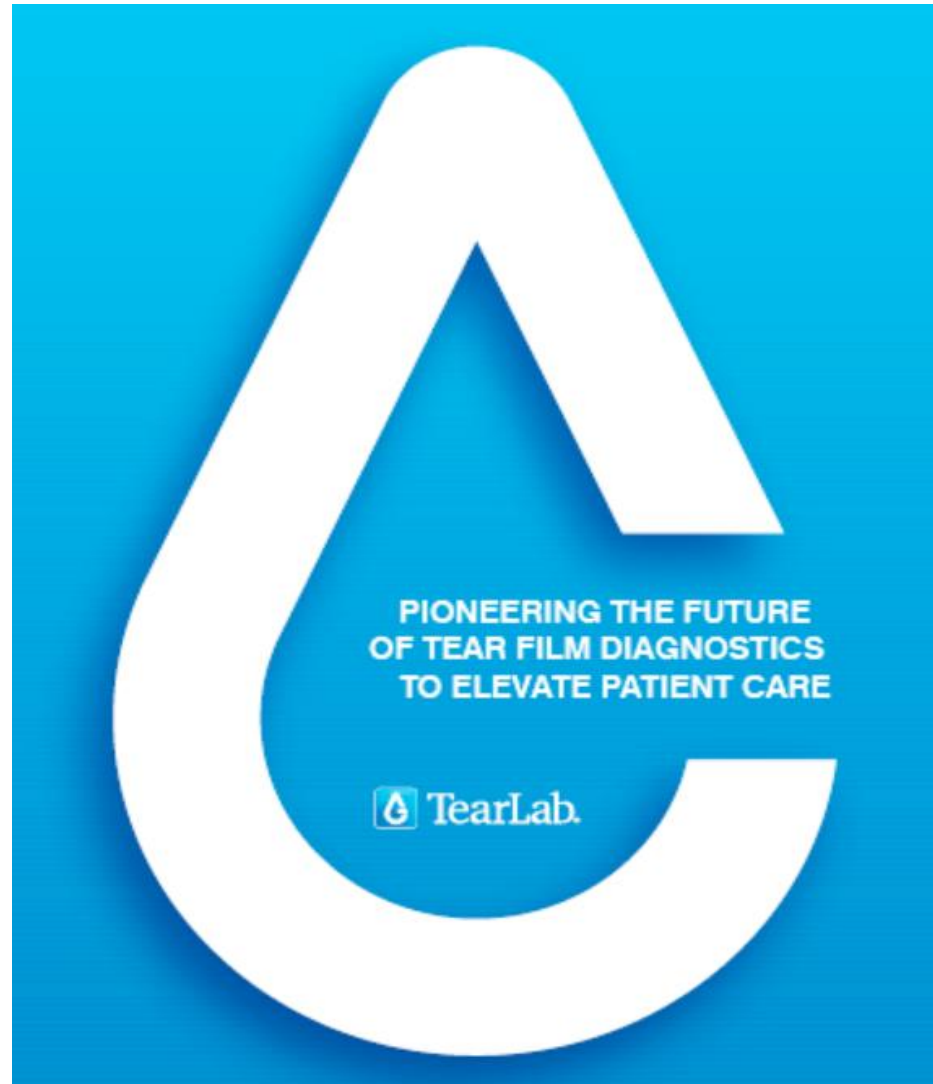
TearLab®



Investor Presentation

October 2018

Our Mission



Creating a New Paradigm



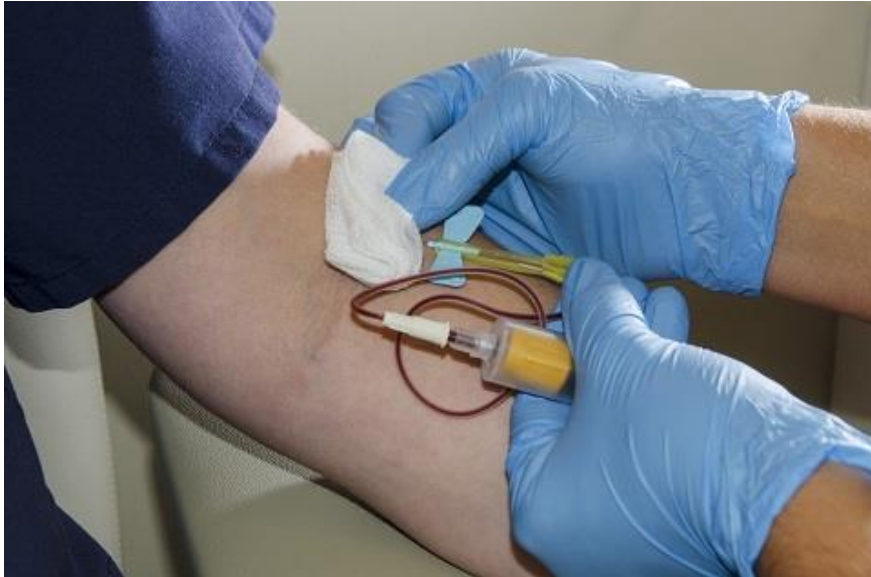
Our platform uses **tears** to diagnose disease

Proprietary **nano-fluidic** technology that leverages **molecular** data from the tear film

Eye care doctors can now rely on the **tear film** for information just as general MD's now look to the **blood**

Safe, Fast and Painless Tear Collection

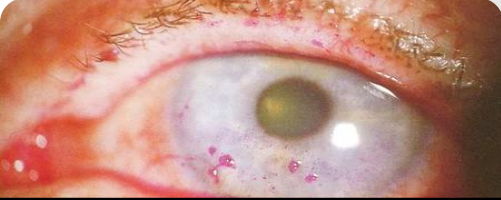


Collection takes only seconds and delivers results in under two minutes



See video demonstration at the link below:

https://www.tearlab.com/resources/tearlab_how_to_test

Osmolarity Dry Eye Test Overview

DED Diagnostic	Positive Predictive Value	Patient Friendliness	Staff Time	Reimbursement
 <p>Staining / TBUT</p>	31% / 25%	Burns and stings	10 -15 minutes	X
 <p>Schirmers</p>	31%	Painful foreign body sensation	15 minutes	X
 <p>TearLab® Osmolarity</p>	87%	Does not touch the eye	30 seconds	✓

Reference: DEWS Definition and Classification Subcommittee. The definition and classification of dry eye disease: report of the Definition and Classification Subcommittee of the International Dry Eye Workshop (2007). *Ocul Surf.* 2007;5:75-92.

1. Tomlinson A, McCann L, Pearce E.I. Comparison of OcuSense and Clifton Nanolitre Osmometers. IOVS ARVO Abstract, 2009
2. Report of the Diagnosis and Classification Subcommittee of the Dry Eye Workshop (DEWS). *The Ocular Surface* 5(2): 75-92, 2007

First Generation Commercial Results

Significant scale and brand equity

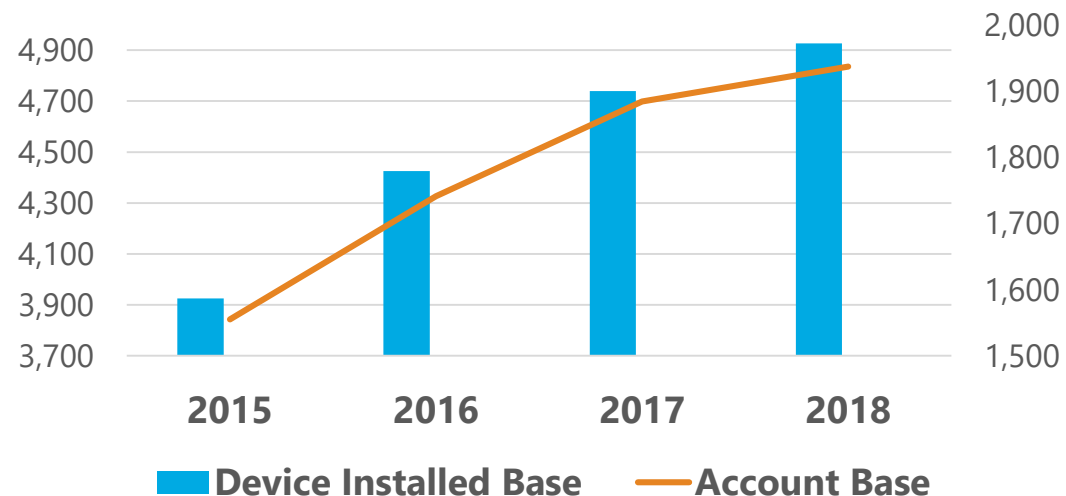
Scale

- \$25M revenue run rate
- 6K+ devices in the field globally
- 2.5M tests performed annually
- 90%+ insurance coverage

Productivity

- \$22K annualized contract revenue per account
- \$5K annualized revenue per device

US Device and Account Base



New Platform with Multiplexing Capability in Single Tear Collection



TearLab Discovery™

Point of Care Application

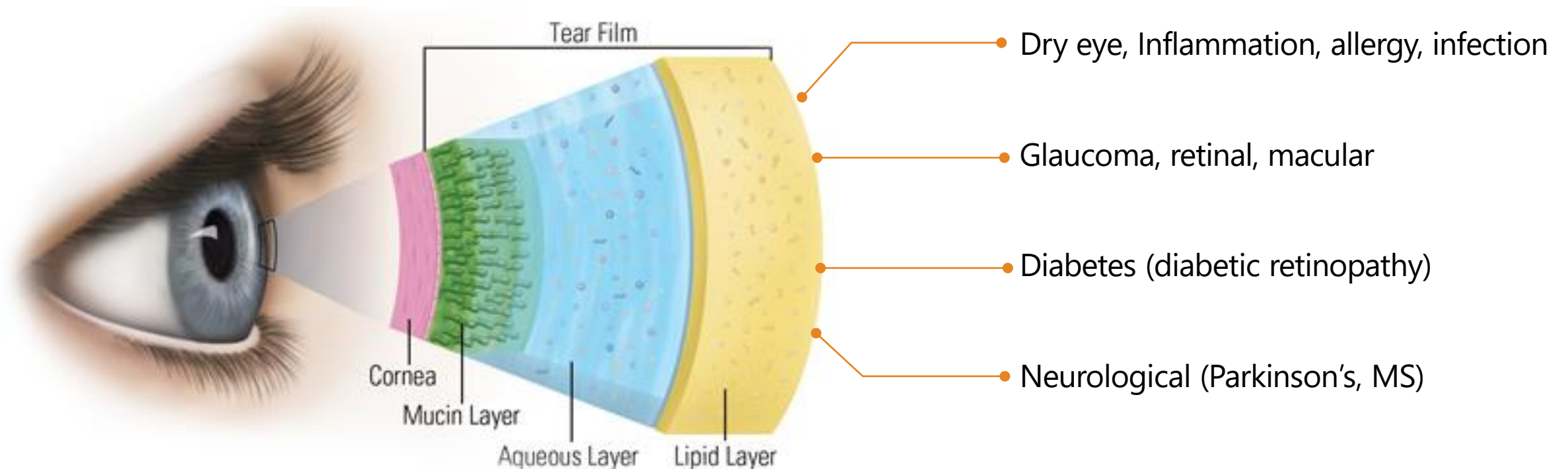
- Quantitative and rapid results
- Safe, easy and cost effective
- Multiplexed biomarkers for multiple diseases
- Hardware supports future tests

Clinical Application

- R&D platform for new marker validation
- Customized tests targeting drug specific MOAs

Molecular Data in the Tear Film

The tear film contains many of the same biomarkers as the blood



Hagan et al. *The EPMA Journal* (2016) 7:15 DOI 10.1186/s13167-016-0065-3 "Tear fluid biomarkers in ocular and systemic disease: potential use for predictive, preventive and personalized medicine",

U.S. Market Opportunity

Diseases	Patients	In Vitro Diagnostic Penetration	Treatment Cost
Near Term			
Dry Eye	30 Million	<15%	\$\$\$
Allergy	60 Million	<5%	\$\$
Red Eye	150 Million	<5%	\$\$
Cataract	4 Million	<10%	\$\$\$\$
Mid Term			
Glaucoma	3 Million	0%	\$\$\$
Retina	18 Million	0%	\$\$\$\$
Long Term			
Parkinson's	1 Million	<20%	\$\$\$\$

First Test Includes Inflammation: Universal Importance

Osmolarity

- Quality & stability of tear film
- Differential, early stage dry eye disease (DED) diagnosis

MMP-9

- Well known and established biomarker
- Indicator of severe inflammation
- Highly associated with DED

Drivers of Increased Utilization

Current Test



Clinical

Osmolarity not well understood and lacks clear link to therapy

- Informs Diagnosis

Discovery Platform First Test Launched

Inflammation is everywhere, Multi-billion dollar market for anti-inflammatory drugs

- Guides Therapy



Reimbursement

- **\$45** per patient
- One marker

- **\$90*** per patient
- Two markers

* Following proprietary code

Launch Velocity of First Test

Current user base provides immediate revenue inflection point through capital charge and increased test card pricing

Current U.S. Installed Base

- ~2K accounts
- ~5K devices
- Immediate target for upgrade

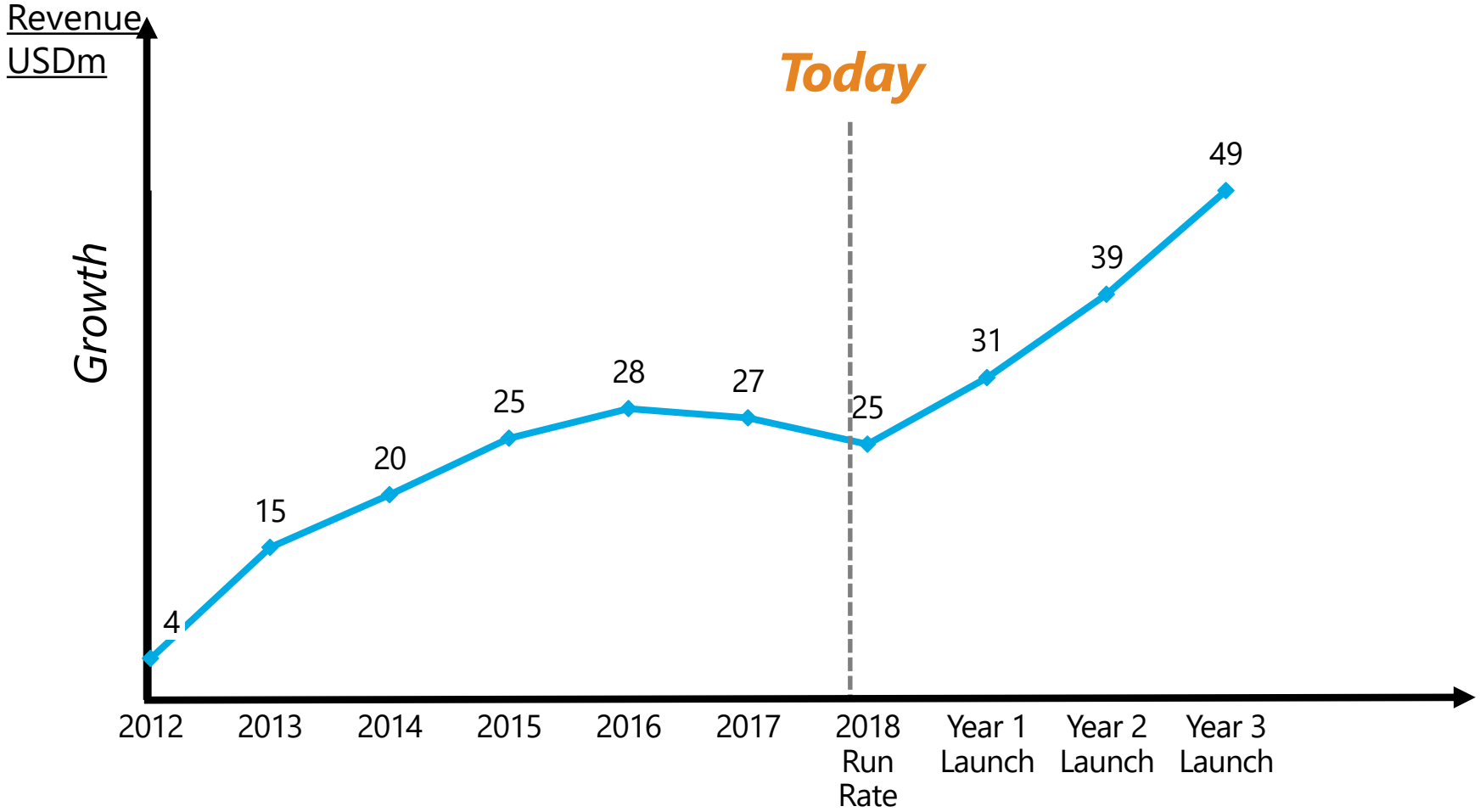
Conversion

- Today ~90% of revenue comes from ~50% of accounts
- Immediate target accounts incented to upgrade with pricing discount and financing through test card utilization

Pricing

- New revenue on capital charge
- Increase in test card price
- New financing program bundles equipment into test card price, allows for immediate revenue recognition of device

Discovery Drives Significant Growth



TearLab Catalysts

- Annuity revenue and install base demonstrate health of core business
- August 2018 Customer Survey
 - 76% of customers willing to recommend
 - 81% state increased usage of test with inclusion of inflammation
- Recent AAO Guidelines
 - 2018 annual meeting introduced updated Dry Eye Preferred Practice Pattern (PPP)
 - Osmolarity and MMP-9 referenced with new data and included for point-of-care testing
- Cash Flow positive YTD 2018

Market Catalysts

Device



Anti-Inflammatory



R&D Pipeline



Dry Eye Disease

Summary

- **Novel platform:** Using human tears to diagnose disease
- **Next generation technology:** Multiplexing capability to make the tear film a leading diagnostic platform
- **Large and growing market:** Eye care diagnostics are in their infancy
- **Post-US Launch:** Large customer base will drive immediate growth through capital upgrade and higher test card reimbursement



PIONEERING THE FUTURE
OF TEAR FILM DIAGNOSTICS
TO ELEVATE PATIENT CARE

 TearLab.