Our Mission

PIONEERING THE FUTURE OF TEAR FILM DIAGNOSTICS TO ELEVATE PATIENT CARE
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

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

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

- Device Installed Base
- Account Base

- 2015
- 2016
- 2017
- 2018

- 3,700
- 4,100
- 4,500
- 4,900
- 5,300
- 5,700
- 6,100
- 6,500
- 6,900
- 7,300
- 7,700
- 8,100
- 8,500
- 8,900
- 9,300
- 9,700
- 10,100

2015 2016 2017 2018

2,000 1,900 1,800 1,700 1,600 1,500
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

- Dry eye, Inflammation, allergy, infection
- Glaucoma, retinal, macular
- Diabetes (diabetic retinopathy)
- Neurological (Parkinson’s, MS)


TearLab
# U.S. Market Opportunity

<table>
<thead>
<tr>
<th>Diseases</th>
<th>Patients</th>
<th>In Vitro Diagnostic Penetration</th>
<th>Treatment Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Near Term</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dry Eye</td>
<td>30 Million</td>
<td>&lt;15%</td>
<td>$$$</td>
</tr>
<tr>
<td>Allergy</td>
<td>60 Million</td>
<td>&lt;5%</td>
<td>$$</td>
</tr>
<tr>
<td>Red Eye</td>
<td>150 Million</td>
<td>&lt;5%</td>
<td>$$</td>
</tr>
<tr>
<td>Cataract</td>
<td>4 Million</td>
<td>&lt;10%</td>
<td>$$$</td>
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<tr>
<td><strong>Mid Term</strong></td>
<td></td>
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<tr>
<td>Glaucoma</td>
<td>3 Million</td>
<td>0%</td>
<td>$$$</td>
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<tr>
<td>Retina</td>
<td>18 Million</td>
<td>0%</td>
<td>$$ $$ $$$$</td>
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<tr>
<td><strong>Long Term</strong></td>
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<tr>
<td>Parkinson’s</td>
<td>1 Million</td>
<td>&lt;20%</td>
<td>$$ $$ $$</td>
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</tbody>
</table>
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

- Osmolarity not well understood and lacks clear link to therapy

Discovery Platform
First Test Launched

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

Clinical

- Informs Diagnosis

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

Today

<table>
<thead>
<tr>
<th>Year 1 Launch</th>
<th>Year 2 Launch</th>
<th>Year 3 Launch</th>
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<tbody>
<tr>
<td>2014</td>
<td>2015</td>
<td>2016</td>
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<td>15</td>
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<td>2018 Run Rate</td>
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<td>2018</td>
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Growth

Revenue
USDm

Intro
Growth
Plateau
Innovation

TearLab
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
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
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