

**To:** Elizabeth Holmes[eholmes@theranos.com]  
**From:** Christopher B. Lucas[chris@bdventures.com]  
**Sent:** Fri 6/29/2007 9:45:04 PM (UTC)  
**Subject:** Theranos Revenue Model  
[Theranos Projection-Rev4-2008.xls](#)

Elizabeth,

Attached is the latest spreadsheet which shows three scenarios of cash payments. Specifically, they are an advance of one month's payment, two months payment and three months payment. The results are shown at the bottom of the spreadsheet. Using a three month advance payment term, we do achieve cash breakeven by the end of this year.

As we discussed, this is quite a simple model to give us a good ballpark view of the business. I am still proofing the model to make sure that it is accurately reflecting our assumptions. Also, I am refining it to allow us to more quickly change assumptions. Ultimately, we can develop a more extensive and precise projection.

Let me know, if you have any questions.

--Chris

# Theranos, Inc.

Calendar Year - 2008

		August	September	October	November	December
<b>Revenue</b>						
Readers -- Well						
New		45	100	180	210	280
Total # Manufactured		45	145	325	535	815
Out for Service	Price				45	145
Total # In Service	\$ 2,500.00	45	145	325	490	670
	\$ 2,500.00					
Revenue		\$ 112,500.00	\$ 362,500.00	\$ 812,500.00	\$ 1,225,000.00	\$ 1,675,000.00
Cartridges -- Well	Price					
Quantity	10	\$ -	450	1,450	3,250	4,900
						6,700
Revenue		\$ -	\$ -	\$ -	\$ -	\$ -
Database	Price					
Quantity	\$ 1,500,000.00	-	1	-	-	1
Revenue		\$ -	\$ 1,500,000.00	\$ -	\$ -	\$ 1,500,000.00
<b>Total Revenue</b>		\$ 112,500.00	\$ 1,862,500.00	\$ 812,500.00	\$ 1,225,000.00	\$ 3,175,000.00
<b>Cost of Goods</b>						
Readers -- Well	Cost					
Cost of Readers	\$ 4,000.00	\$ 180,000.00	\$ 400,000.00	\$ 720,000.00	\$ 840,000.00	\$ 1,120,000.00
Cost of Service	\$ 1,000.00	\$ -	\$ -	\$ -	\$ 45,000.00	\$ 145,000.00
Total Cost of Readers		\$ 180,000.00	\$ 400,000.00	\$ 720,000.00	\$ 885,000.00	\$ 1,265,000.00
Cartridges -- Well	Cost					
Cost of Cartridges	\$ 50.00	\$ 22,500.00	\$ 72,500.00	\$ 162,500.00	\$ 245,000.00	\$ 335,000.00
<b>Total Cost of Goods</b>		\$ 202,500.00	\$ 472,500.00	\$ 882,500.00	\$ 1,130,000.00	\$ 1,600,000.00
<b>Gross Profit</b>		\$ (90,000.00)	\$ 1,390,000.00	\$ (70,000.00)	\$ 95,000.00	\$ 1,575,000.00
<b>Operating Expenses</b>						
General and Administrative		\$ 666,666.00	\$ 666,666.00	\$ 666,666.00	\$ 800,000.00	\$ 800,000.00
Research and Development		\$ 1,334,000.00	\$ 1,334,000.00	\$ 1,334,000.00	\$ 1,600,000.00	\$ 1,600,000.00
Reader (Well) Amortization		\$ 7,506.00	\$ 24,186.00	\$ 54,210.00	\$ 89,238.00	\$ 135,942.00
<b>Total Operating Expenses</b>		\$ 2,008,172.00	\$ 2,024,852.00	\$ 2,054,876.00	\$ 2,489,238.00	\$ 2,535,942.00
<b>Operating Profit (With Reader Cost)</b>		\$ (2,098,172.00)	\$ (634,852.00)	\$ (2,124,876.00)	\$ (2,394,238.00)	\$ (960,942.00)
<b>Operating Profit (W/O Reader Cost)</b>		\$ (1,918,172.00)	\$ (234,852.00)	\$ (1,404,876.00)	\$ (1,554,238.00)	\$ 159,058.00
Prepayment of One Month Revenues		\$ 362,500.00	\$ 812,500.00	\$ 1,225,000.00	\$ 1,675,000.00	\$ 2,350,000.00
Timing Adjustment			\$ (362,500.00)	\$ (812,500.00)	\$ (1,225,000.00)	\$ (1,675,000.00)
Cash Flow (One Month)		\$ (1,735,672.00)	\$ (184,852.00)	\$ (1,712,376.00)	\$ (1,944,238.00)	\$ (285,942.00)
Prepayment of Two Month Revenues		\$ 1,175,000.00	\$ 2,037,500.00	\$ 2,900,000.00	\$ 4,025,000.00	\$ 5,912,500.00
Timing Adjustment			\$ (1,175,000.00)	\$ (2,037,500.00)	\$ (2,900,000.00)	\$ (4,025,000.00)
Cash Flow (Two Months)		\$ (923,172.00)	\$ 227,648.00	\$ (1,262,376.00)	\$ (1,269,238.00)	\$ 926,558.00
Prepayment of Three Month Revenues		\$ 2,400,000.00	\$ 3,712,500.00	\$ 5,250,000.00	\$ 7,587,500.00	\$ 11,025,000.00
Timing Adjustment			\$ (2,400,000.00)	\$ (3,712,500.00)	\$ (5,250,000.00)	\$ (7,587,500.00)
Cash Flow (Three Months)		\$ 301,828.00	\$ 677,648.00	\$ (587,376.00)	\$ (56,738.00)	\$ 2,476,558.00

January	February	March	April	May	June
450	650	800	1,000	1,200	1,200
1,265	1,915	2,715	3,715	4,915	6,115
325	490	670	940	1,380	1,900
940	1,425	2,045	2,775	3,535	4,215
\$ 2,350,000.00	\$ 3,562,500.00	\$ 5,112,500.00	\$ 6,937,500.00	\$ 8,837,500.00	\$ 10,537,500.00
9,400	14,250	20,450	27,750	35,350	42,150
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1	-	-	1
\$ -	\$ -	\$ 1,500,000.00	\$ -	\$ -	\$ 1,500,000.00
\$ 2,350,000.00	\$ 3,562,500.00	\$ 6,612,500.00	\$ 6,937,500.00	\$ 8,837,500.00	\$ 12,037,500.00
\$ 1,800,000.00	\$ 2,600,000.00	\$ 3,200,000.00	\$ 4,000,000.00	\$ 4,800,000.00	\$ 4,800,000.00
\$ 325,000.00	\$ 490,000.00	\$ 670,000.00	\$ 940,000.00	\$ 1,380,000.00	\$ 1,900,000.00
\$ 2,125,000.00	\$ 3,090,000.00	\$ 3,870,000.00	\$ 4,940,000.00	\$ 6,180,000.00	\$ 6,700,000.00
\$ 470,000.00	\$ 712,500.00	\$ 1,022,500.00	\$ 1,387,500.00	\$ 1,767,500.00	\$ 2,107,500.00
\$ 2,595,000.00	\$ 3,802,500.00	\$ 4,892,500.00	\$ 6,327,500.00	\$ 7,947,500.00	\$ 8,807,500.00
\$ (245,000.00)	\$ (240,000.00)	\$ 1,720,000.00	\$ 610,000.00	\$ 890,000.00	\$ 3,230,000.00
\$ 800,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,200,000.00	\$ 1,200,000.00
\$ 1,600,000.00	\$ 1,800,000.00	\$ 1,800,000.00	\$ 1,800,000.00	\$ 2,000,000.00	\$ 2,000,000.00
\$ 211,002.00	\$ 319,422.00	\$ 452,862.00	\$ 619,662.00	\$ 819,822.00	\$ 1,019,982.00
\$ 2,611,002.00	\$ 3,119,422.00	\$ 3,252,862.00	\$ 3,419,662.00	\$ 4,019,822.00	\$ 4,219,982.00
\$ (2,856,002.00)	\$ (3,359,422.00)	\$ (1,532,862.00)	\$ (2,809,662.00)	\$ (3,129,822.00)	\$ (989,982.00)
\$ (1,056,002.00)	\$ (759,422.00)	\$ 1,667,138.00	\$ 1,190,338.00	\$ 1,670,178.00	\$ 3,810,018.00
\$ 3,562,500.00	\$ 5,112,500.00	\$ 6,937,500.00	\$ 8,837,500.00	\$ 10,537,500.00	\$ 12,162,500.00
\$ (2,350,000.00)	\$ (3,562,500.00)	\$ (5,112,500.00)	\$ (6,937,500.00)	\$ (8,837,500.00)	\$ (10,537,500.00)
\$ (1,643,502.00)	\$ (1,809,422.00)	\$ 292,138.00	\$ (909,662.00)	\$ (1,429,822.00)	\$ 635,018.00
\$ 8,675,000.00	\$ 12,050,000.00	\$ 15,775,000.00	\$ 19,375,000.00	\$ 22,700,000.00	\$ 25,950,000.00
\$ (5,912,500.00)	\$ (8,675,000.00)	\$ (12,050,000.00)	\$ (15,775,000.00)	\$ (19,375,000.00)	\$ (22,700,000.00)
\$ (93,502.00)	\$ 15,578.00	\$ 2,192,138.00	\$ 790,338.00	\$ 195,178.00	\$ 2,260,018.00
\$ 15,612,500.00	\$ 20,887,500.00	\$ 26,312,500.00	\$ 31,537,500.00	\$ 36,487,500.00	\$ 41,737,500.00
\$ (11,025,000.00)	\$ (15,612,500.00)	\$ (20,887,500.00)	\$ (26,312,500.00)	\$ (31,537,500.00)	\$ (36,487,500.00)
\$ 1,731,498.00	\$ 1,915,578.00	\$ 3,892,138.00	\$ 2,415,338.00	\$ 1,820,178.00	\$ 4,260,018.00

July	August	September	October	November	December	Total
1,200	1,200	1,200	1,200	1,200	1,200	
7,315	8,515	9,715	10,915	12,115	13,315	
2,450	3,000	3,400	3,600	3,600	3,600	
4,865	5,515	6,315	7,315	8,515	9,715	
\$ 12,162,500.00	\$ 13,787,500.00	\$ 15,787,500.00	\$ 18,287,500.00	\$ 21,287,500.00	\$ 24,287,500.00	\$ 147,125,000.00
48,650	55,150	63,150	73,150	85,150	97,150	588,500
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1	-	-	1	6
\$ -	\$ -	\$ 1,500,000.00	\$ -	\$ -	\$ 1,500,000.00	\$ 9,000,000.00
\$ 12,162,500.00	\$ 13,787,500.00	\$ 17,287,500.00	\$ 18,287,500.00	\$ 21,287,500.00	\$ 25,787,500.00	\$ 156,125,000.00
\$ 4,800,000.00	\$ 4,800,000.00	\$ 4,800,000.00	\$ 4,800,000.00	\$ 4,800,000.00	\$ 4,800,000.00	\$ 53,260,000.00
\$ 2,450,000.00	\$ 3,000,000.00	\$ 3,400,000.00	\$ 3,600,000.00	\$ 3,600,000.00	\$ 3,600,000.00	\$ 25,545,000.00
\$ 7,250,000.00	\$ 7,800,000.00	\$ 8,200,000.00	\$ 8,400,000.00	\$ 8,400,000.00	\$ 8,400,000.00	\$ 78,805,000.00
\$ 2,432,500.00	\$ 2,757,500.00	\$ 3,157,500.00	\$ 3,657,500.00	\$ 4,257,500.00	\$ 4,857,500.00	\$ 29,425,000.00
\$ 9,682,500.00	\$ 10,557,500.00	\$ 11,357,500.00	\$ 12,057,500.00	\$ 12,657,500.00	\$ 13,257,500.00	\$ 108,230,000.00
\$ 2,480,000.00	\$ 3,230,000.00	\$ 5,930,000.00	\$ 6,230,000.00	\$ 8,630,000.00	\$ 12,530,000.00	\$ 47,895,000.00
\$ 1,200,000.00	\$ 1,400,000.00	\$ 1,400,000.00	\$ 1,400,000.00	\$ 1,600,000.00	\$ 1,600,000.00	\$ 18,399,998.00
\$ 2,000,000.00	\$ 2,200,000.00	\$ 2,200,000.00	\$ 2,200,000.00	\$ 2,400,000.00	\$ 2,400,000.00	\$ 31,602,000.00
\$ 1,220,142.00	\$ 1,420,302.00	\$ 1,620,462.00	\$ 1,820,622.00	\$ 2,020,782.00	\$ 2,220,942.00	\$ 14,077,086.00
\$ 4,420,142.00	\$ 5,020,302.00	\$ 5,220,462.00	\$ 5,420,622.00	\$ 6,020,782.00	\$ 6,220,942.00	\$ 64,079,084.00
\$ (1,940,142.00)	\$ (1,790,302.00)	\$ 709,538.00	\$ 809,378.00	\$ 2,609,218.00	\$ 6,309,058.00	\$ (16,184,084.00)
\$ 2,859,858.00	\$ 3,009,698.00	\$ 5,509,538.00	\$ 5,609,378.00	\$ 7,409,218.00	\$ 11,109,058.00	\$ 37,075,916.00
\$ 13,787,500.00	\$ 15,787,500.00	\$ 18,287,500.00	\$ 21,287,500.00	\$ 24,287,500.00		
\$ (12,162,500.00)	\$ (13,787,500.00)	\$ (15,787,500.00)	\$ (18,287,500.00)	\$ (21,287,500.00)		
\$ (315,142.00)	\$ 209,698.00	\$ 3,209,538.00	\$ 3,809,378.00	\$ 5,609,218.00		
\$ 29,575,000.00	\$ 34,075,000.00	\$ 39,575,000.00	\$ 45,575,000.00			
\$ (25,950,000.00)	\$ (29,575,000.00)	\$ (34,075,000.00)	\$ (39,575,000.00)			
\$ 1,684,858.00	\$ 2,709,698.00	\$ 6,209,538.00	\$ 6,809,378.00			
\$ 47,862,500.00	\$ 55,362,500.00	\$ 63,862,500.00				
\$ (41,737,500.00)	\$ (47,862,500.00)	\$ (55,362,500.00)				
\$ 4,184,858.00	\$ 5,709,698.00	\$ 9,209,538.00				