



Oxford Immunotec Reports Second Quarter 2019 Financial Results

- Second quarter revenue of \$19.6 million, an increase of 18% compared to prior year period
- Gross margin of 72.4%, reflecting our shift towards a pure-play kit business
- Positive net income of \$0.6 million compared to a net loss of \$6.5 million in prior year period

OXFORD, United Kingdom and MARLBOROUGH, Mass., August 6, 2019 (GLOBE NEWSWIRE) -- Oxford Immunotec Global PLC (Nasdaq: OXFD), or the Company, a global, high-growth diagnostics company, today announced second quarter 2019 financial results.

"We are very pleased to be reporting another quarter of strong growth in 2019," said Dr. Peter Wrighton-Smith, Chief Executive Officer of Oxford Immunotec. "The Company is starting to recognize the benefits of our new, more focused business model and the strategic growth initiatives which we have implemented."

By revenue type, total revenues were, in millions:

	Three Months Ended June 30,		
	2019	2018	Percent Change
Product	\$ 18.7	\$ 15.0	24%
Service	0.9	1.7	(44)%
Total Revenue	\$ 19.6	\$ 16.7	18%

By geography, total revenues were, in millions:

	Three Months Ended June 30,			
	2019	2018	Percent Change	
			As Reported ⁽¹⁾	Constant Currency ⁽²⁾
United States	\$ 7.8	\$ 5.1	54%	54%
Europe & ROW	2.2	2.2	(2)%	4%
Asia	9.6	9.4	3%	3%
Total Revenue	\$ 19.6	\$ 16.7	18%	19%

⁽¹⁾ Oxford Immunotec completed its sale of the Company's U.S. laboratory services business on November 6, 2018. As such, Total Revenue, Product Revenue, and United States Revenue for the three months ended June 30, 2019 and June 30, 2018 are not fully comparable. Total Revenue, Product Revenue, and United States Revenue for the three months ended June 30, 2018 include sales to our former U.S. laboratory services business at our intercompany transfer price that were formerly eliminated in consolidation. Total Revenue, Product Revenue, and United States Revenue for the three months ended June 30, 2019 include revenue from T-SPOT[®].TB test kits and related accessories sold to Quest Diagnostics under the terms of a long-term supply agreement.

⁽²⁾ Changes in revenue include the impact of changes in foreign currency exchange rates. We use the non-GAAP financial measure "constant currency basis" in our filings to show changes in our revenue without giving effect to period-to-period currency

fluctuations. We consider the use of a period over period revenue comparison on a constant currency basis to be helpful to investors, as it provides a revenue growth measure free of positive or negative volatility due to currency fluctuations.

Second Quarter 2019 Financial Results

Revenue for the second quarter of 2019 was \$19.6 million, representing an 18% increase from second quarter 2018 revenue of \$16.7 million. On a constant currency basis, revenue increased 19% versus the prior year period.

2019 second quarter product revenue was \$18.7 million, representing a 24% increase from product revenue of \$15.0 million in the second quarter of 2018. The increase was primarily a result of growth in the United States, including the expected shift of higher seasonal volumes, previously recognized in the third quarter, into the second quarter, as well as continued strong underlying growth of testing demand. Service revenue for the second quarter of 2019 was \$0.9 million, representing a 44% decrease from second quarter 2018 service revenue of \$1.7 million. The decrease in service revenue reflected the Company's exit from the blood donor screening business in 2018, partially offset by growth in tuberculosis testing volumes in our U.K. Oxford Diagnostic Laboratories.

United States revenue was \$7.8 million in the second quarter of 2019, representing a 54% increase from revenue of \$5.1 million in the prior year period. The growth was due to increased tuberculosis testing volumes and a higher selling price, compared to 2018 sales to the U.S. laboratory services business at our intercompany transfer price that were formerly eliminated in consolidation, partially offset by a decline in revenue from the Company's 2018 exit from the blood donor screening business.

Europe & Rest of World, or ROW, revenue was \$2.2 million in the second quarter of 2019, down 2% when compared to the second quarter of 2018. On a constant currency basis, Europe & ROW revenue increased 4% versus the prior year period. As anticipated, the slower growth rate is a result of the Brexit stocking effect we experienced in the first quarter of 2019. For the year-to-date, Europe & ROW is up 11% compared to the same period in 2018.

Asia revenue was \$9.6 million in the second quarter of 2019, representing an increase of 3% compared to second quarter 2018 revenue of \$9.4 million. On a constant currency basis, Asia revenue also increased 3% versus the second quarter of 2018, primarily driven by growth in China offset by the timing of ordering patterns in Japan.

Gross profit for the second quarter of 2019 was \$14.2 million, an increase of \$2.1 million from gross profit of \$12.1 million in the same period of 2018. Gross margin was 72.4%, a decrease of 40 basis points from gross margin of 72.8% in the second quarter of 2018 and up sequentially 100 basis points versus the first quarter of 2019.

Operating expenses were \$15.2 million in the second quarter of 2019, a decrease of \$0.9 million compared to \$16.1 million in the second quarter of 2018.

Net income for the second quarter of 2019 was \$0.6 million, or \$0.02 per share on both a basic and diluted basis, compared to a net loss of \$(6.5) million, or \$(0.25) per share on both a basic and diluted basis, in the second quarter of 2018. Basic net income/(loss) per share was based on 26,625,572 and 25,845,124 weighted average ordinary shares outstanding for the second quarters of 2019 and 2018, respectively. Diluted net income/(loss) per share was based on 26,889,232 and 25,845,124 weighted average ordinary shares outstanding for the second quarters of 2019 and 2018, respectively.

EBITDA for the second quarter of 2019 was \$(0.2) million compared to \$(4.0) million in the second quarter of 2018. Adjusted EBITDA was \$(48,000) for the second quarter of 2019 compared to \$(2.0) million in the same period in 2018. Both EBITDA and Adjusted EBITDA are non-GAAP measures.

Business Outlook

For full year 2019, the Company now expects revenues of between \$71 and \$73 million. The Company expects revenues of between \$20 and \$21 million in the third quarter.

Conference Call

Oxford Immunotec will host a conference call on Tuesday, August 6, 2019 at 8:00 a.m. Eastern Daylight Time to discuss its second quarter 2019 financial results. The call will be concurrently webcast. To listen to the conference call on your telephone, please dial (855) 363-5047 for United States callers and +1 (484) 365-2897 for international callers and reference confirmation code 9969246 approximately ten minutes prior to start time. To access the live audio webcast or subsequent archived recording, visit the Investor Relations section of Oxford Immunotec's website at www.oxfordimmunotec.com. The replay will be available on the Company's website for approximately 60 days.

About Oxford Immunotec

Oxford Immunotec Global PLC is a global, high-growth diagnostics company focused on developing and commercializing proprietary assays for immunology and infectious disease. The Company's T-SPOT.*TB* test has been approved for sale in over 50 countries, including the United States, where it has received pre-market approval from the Food and Drug Administration, Europe, where it has obtained a CE mark, as well as Japan and China. The Company is headquartered near Oxford, United Kingdom and in Marlborough, Massachusetts. Additional information can be found at www.oxfordimmunotec.com.

T-SPOT, the Oxford Immunotec logo, ODL, and the Oxford Diagnostic Laboratories logo are trademarks of Oxford Immunotec Limited. Immunetics is a trademark of Immunetics, Inc.

Forward-Looking Statements

This release contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, contained in this release are forward-looking statements. This includes statements about Oxford Immunotec's anticipated plans and objectives, future performance and revenues, financial condition, prospects for sales of its products, growth, strategies, expectations and objectives of management. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements contained in this release reflect Oxford Immunotec's current expectations and are subject to risks and uncertainties. Actual results may differ materially from those projected or implied by forward-looking statements. Other factors that could adversely affect Oxford Immunotec's business and prospects are described under the "Risk Factors" section in its filings with the Securities and Exchange Commission ("SEC"). Oxford Immunotec's SEC filings are available for free by visiting the investor section of its website, www.oxfordimmunotec.com, or the SEC's website, www.sec.gov.

Investors should give careful consideration to these risks and uncertainties. Forward-looking statements contained herein are based on current expectations and assumptions and currently available data and are neither predictions nor guarantees of future events or performance. Investors should not place undue reliance on forward-looking statements contained herein, which speak only as of the date of this release. Oxford Immunotec does not undertake to update or revise any forward-looking statements after they are made, whether as a result of new information, future events, or otherwise, except as required by applicable law.

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Oxford Immunotec Global PLC
Condensed consolidated statements of operations
(unaudited)

(in thousands, except share and per share data)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Revenue:				
Product	\$ 18,666	\$ 15,012	\$ 32,507	\$ 25,141
Service	922	1,645	1,870	3,195
Total revenue	19,588	16,657	34,377	28,336
Cost of revenue:				
Product	5,078	3,477	8,993	6,129
Service	322	1,061	635	2,168
Total cost of revenue	5,400	4,538	9,628	8,297
Gross profit	14,188	12,119	24,749	20,039
Operating expenses:				
Research and development	2,089	1,849	4,413	4,215
Sales and marketing	7,485	7,072	13,764	14,223
General and administrative	5,491	5,657	10,699	11,217
Settlement expense	104	1,560	203	1,767
Total operating expenses	15,169	16,138	29,079	31,422
Operating loss from continuing operations	(981)	(4,019)	(4,330)	(11,383)
Other expense:				
Interest income (expense), net	1,162	(734)	2,362	(1,338)
Foreign exchange gains (losses)	291	(151)	(593)	(254)
Other income (expense)	42	(195)	42	(247)
Income (loss) from continuing operations before income taxes	514	(5,099)	(2,519)	(13,222)
Income tax benefit (expense) from continuing operations	76	(634)	1,613	(697)
Income (loss) from continuing operations	590	(5,733)	(906)	(13,919)
Discontinued operations:				
Loss from discontinued operations before income taxes	—	(738)	—	(2,878)
Income tax expense	—	—	—	—
Loss from discontinued operations	—	(738)	—	(2,878)
Net income (loss)	\$ 590	\$ (6,471)	\$ (906)	\$ (16,797)
Net income (loss) per ordinary share—basic:				
Income (loss) from continuing operations	\$ 0.02	\$ (0.22)	\$ (0.03)	\$ (0.54)
Loss from discontinued operations	—	(0.03)	—	(0.11)
Net income (loss)	\$ 0.02	\$ (0.25)	\$ (0.03)	\$ (0.65)
Net loss per ordinary share—diluted:				
Income (loss) from continuing operations	\$ 0.02	\$ (0.22)	\$ (0.03)	\$ (0.54)
Loss from discontinued operations	—	(0.03)	—	(0.11)
Net income (loss)	\$ 0.02	\$ (0.25)	\$ (0.03)	\$ (0.65)
Weighted-average shares used to compute net income (loss) per ordinary share—basic	26,625,572	25,845,124	26,571,025	25,782,366
Weighted-average shares used to compute net income (loss) per ordinary share—diluted	26,889,232	25,845,124	26,571,025	25,782,366

Reconciliation of net income (loss) to Adjusted EBITDA ⁽¹⁾
(unaudited)

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Net income (loss)	\$ 590	\$ (6,471)	\$ (906)	\$ (16,797)
Loss from discontinued operations	—	(738)	—	(2,878)
Loss from continuing operations	590	(5,733)	(906)	(13,919)
Income tax (benefit) expense	(76)	634	(1,613)	697
Interest (income) expense, net	(1,162)	594	(2,362)	1,058
Depreciation and amortization expense	430	316	900	657
Accretion and amortization of loan fees	—	140	—	280
EBITDA	(218)	(4,049)	(3,981)	(11,227)
Reconciling items:				
Share-based compensation expense	846	843	1,691	2,603
Unrealized exchange gains	(780)	(324)	(231)	(483)
Settlement expense	104	1,560	203	1,767
Adjusted EBITDA	\$ (48)	\$ (1,970)	\$ (2,318)	\$ (7,340)

⁽¹⁾ EBITDA and Adjusted EBITDA are non-GAAP measures that we calculate as net income (loss), adjusted for the impact of earnings or charges resulting from matters that we consider not to be indicative of our ongoing operations. We believe that these measures provide useful information to investors in understanding and evaluating our operating results in the same manner as our management and Board of Directors. Our presentation of these measures is not made in accordance with U.S. GAAP, and our computation of these measures may vary from others in the industry. Our use of these measures has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under U.S. GAAP.

The above table presents a reconciliation of net income (loss), the most comparable U.S. GAAP measure, to EBITDA and Adjusted EBITDA for each of the periods indicated.

Oxford Immunotec Global PLC
Condensed consolidated balance sheets
(unaudited)

(in thousands, except share and per share data)	June 30, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 187,291	\$ 192,844
Accounts receivable, net	13,778	9,158
Other receivable	9,115	4,500
Inventory, net	9,957	7,767
Prepaid expenses and other assets	3,199	2,511
Total current assets	223,340	216,780
Restricted cash, non-current	100	100
Other receivable	—	4,500
Property and equipment, net	6,658	7,144
Operating lease right-of-use assets	6,892	—
Goodwill	2,483	2,483
Other intangible assets, net	50	61
Deferred tax asset	2,508	1,052
Total assets	<u>\$ 242,031</u>	<u>\$ 232,120</u>
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 2,519	\$ 2,801
Accrued liabilities	9,227	10,891
Current portion of operating lease liability	480	—
Settlement liability	4,289	4,106
Deferred income	214	125
Current portion of loans payable	—	85
Total current liabilities	16,729	18,008
Long-term portion of operating lease liability	7,489	—
Long-term portion of loans payable	30	106
Total liabilities	<u>24,248</u>	<u>18,114</u>
Shareholders' equity:		
Ordinary shares, £0.006705 nominal value; 38,978,604 shares authorized at June 30, 2019 and December 31, 2018, and 26,807,101 and 26,439,334 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively	280	276
Additional paid-in capital	307,882	303,015
Accumulated deficit	(81,668)	(80,762)
Accumulated other comprehensive loss	(8,711)	(8,523)
Total shareholders' equity	<u>217,783</u>	<u>214,006</u>
Total liabilities and shareholders' equity	<u>\$ 242,031</u>	<u>\$ 232,120</u>

Oxford Immunotec Global PLC
Unaudited pro forma condensed combined statements of operations

(in thousands, except share and per share data)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	Actual	Pro forma	Actual	Pro forma
Revenue:				
Product	\$ 18,666	\$ 16,108	\$ 32,507	\$ 27,769
Service	922	1,663	1,870	3,213
Total revenue	19,588	17,771	34,377	30,982
Cost of revenue:				
Product	5,078	4,778	8,993	8,639
Service	322	1,062	635	2,169
Total cost of revenue	5,400	5,840	9,628	10,808
Gross profit	14,188	11,931	24,749	20,174
<i>Gross Margin</i>	72.4%	67.1%	72.0%	65.1%
Operating expenses:				
Research and development	2,089	1,851	4,413	4,217
Sales and marketing	7,485	7,073	13,764	14,224
General and administrative	5,491	5,658	10,699	11,218
Settlement expense	104	1,560	203	1,767
Total operating expenses	15,169	16,142	29,079	31,426
Loss from operations	(981)	(4,211)	(4,330)	(11,252)
Other expense:				
Interest income (expense), net	1,162	(733)	2,362	(1,337)
Foreign exchange gains (losses)	291	(151)	(593)	(254)
Other income (expense)	42	(196)	42	(248)
Income (loss) before income taxes	514	(5,291)	(2,519)	(13,091)
Income tax benefit (expense)	76	(634)	1,613	(697)
Net income (loss)	\$ 590	\$ (5,925)	\$ (906)	\$ (13,788)
Net income (loss) per ordinary share—basic	\$ 0.02	\$ (0.23)	\$ (0.03)	\$ (0.53)
Net income (loss) per ordinary share—diluted	\$ 0.02	\$ (0.23)	\$ (0.03)	\$ (0.53)
Weighted-average shares used to compute net income (loss) per ordinary share—basic	26,625,572	25,845,124	26,571,025	25,782,366
Weighted-average shares used to compute net income (loss) per ordinary share—diluted	26,889,232	25,845,124	26,571,025	25,782,366

Effective November 6, 2018, the Company completed the sale of its U.S. laboratory services business for gross proceeds of \$170 million in cash to Quest Diagnostics Incorporated, or Quest, pursuant to a Limited Liability Company Interest Purchase Agreement, dated September 25, 2018, or the Transaction. The above condensed combined statements of the Company for the three and six months ended June 30, 2018 were derived from Exhibit 99.1 to Form 8-K filed on January 7, 2019.

The above unaudited pro forma financial information of the Company reflected results as though the Transaction had occurred prior to the 2018 periods and were based on the best information available at the time and assumptions that management believed were factually supportable and reasonable. In addition, such adjustments were estimates. Pro forma results reflected the Company's revenue and cost of revenue as if the Transaction had already occurred and the Company had been selling its T-SPOT.TB test kits at an estimated market rate. For purposes of the pro forma adjustments, revenue was based on U.S. laboratory test volumes, as opposed to shipments of T-SPOT.TB test kits. This methodology was not intended to be indicative of the future timing of revenue. The unaudited pro forma consolidated information is provided for illustrative and informational purposes only and is not intended to reflect what our consolidated results of operations would have been had the disposition occurred prior to 2018 and is not necessarily indicative of our future consolidated results of operations.

Amounts for the three and six months ended June 30, 2018 included blood donor screening revenue of about \$800,000 and \$1.6 million, respectively, and related cost of revenue, despite the Company's decision to exit this business upon the closing of the Transaction. This unaudited pro forma financial information should be read in conjunction with the Form 8-K filed on January 7, 2019 and the Company's historical financial statements, which are included in the Company's latest annual report on Form 10-K and quarterly reports on Forms 10-Q.

Amounts for the respective 2019 periods are the Company's actual results of operations.