



Discovery Fueled by Ultra-Sensitivity

Quanterix Corporation Releases Operating Results for Second Quarter 2022, Announces Business Re-Alignment Plan and Revises 2022 Guidance

August 8, 2022

BILLERICA, Mass.--(BUSINESS WIRE)--Aug. 8, 2022-- [Quanterix Corporation](#) (NASDAQ: QTRX), a company expanding the limits of exploration with ultrasensitive biomarker detection, today announced operating results for the three months ended June 30, 2022.

Second Quarter 2022 Financial Highlights

- Q2 total revenue was \$23.5M versus prior year Q2 total revenue of \$25.4M, a decrease of 7.4%;
- Q2 product revenue was \$14.8M versus prior year Q2 product revenue of \$18.7M, a decrease of 20.8%;
- Q2 service and other revenue was \$8.5M versus prior year Q2 service and other revenue of \$5.6M, an increase of 51.3%; and
- Q2 gross margin was 37.1% versus prior year Q2 gross margin of 54.7%, a reduction of 1,760 bps; Q2 pro-forma gross margin was 28.3% versus prior year Q2 pro-forma gross margin of 47.5%, a reduction of 1,920 bps.

For additional information on the pro-forma financial measures included in this press release, please see "Use of Pro-Forma Financial Measures" and "Reconciliation of GAAP to Pro-Forma" below.

Second quarter revenues were impacted by a reduction in consumable revenue as the Company addressed assay quality challenges and process improvement initiatives. While these challenges are a near-term headwind to revenue growth, the Company believes underlying market demand for the SIMOA® technology remains robust.

The reduction in GAAP gross margin reflects the reallocation of resources, principally headcount, to ongoing quality-related activities, resulting in an increase in cost of goods sold and a corresponding decrease in operating expense. Pro-forma gross margin is adjusted to include the portion of product-related freight and shipping costs that are not billed to the customer. These amounts are included in operating expenses on a GAAP basis. The Company expects to report pro-forma gross margin on a go forward basis. The increases to cost of goods sold described above have a corresponding reduction in operating expense, with no overall change to the Company's total expenses. The Company believes that including these expenses in cost of goods sold reflects the nature of these expenses and will provide better visibility into the Company's progress toward its quality process improvement initiatives. Gross margins were also impacted by a decrease in sales of higher-margin consumable products as well as a reduction in overall volume.

Strategic Business Re-Alignment Plan

Following a strategic review and top-down assessment of its operations, the Company announced a comprehensive plan that includes restructuring and business re-alignment in order to fully realize the potential of its SIMOA platforms and continue its leadership role in ultrasensitive translational biomarker detection. In connection with these changes, the Company has set in motion an assay redevelopment program with the ultimate objective of improving its ability to manufacture and deliver high-quality assays at scale. The company expects to make initial progress toward this initiative in 2022 and that the program will be completed in 2023. The plan also aligns the Company's investments to best serve the needs of customers, focus innovation efforts on key platforms and provide the foundation for the Company's entry into translational pharma and clinical markets, which it believes will be required to access new growth categories. The changes will improve the Company's cost structure by aligning our expenses with anticipated future revenues. These actions will result in a reduction in force affecting approximately 130 employees across the Company's world-wide operations. The Company also announced that it is reviewing alternatives with respect to additional facility space that it currently leases in Bedford, Massachusetts.

The Company expects to incur restructuring and related charges of approximately \$7 million to \$10 million in Q3 2022. The Company also expects to realize run-rate savings of approximately \$25 million on an annualized basis. The Company is currently unable to estimate facility-related charges.

FY2022 Guidance and Long-Term Outlook

The Company announced that it now expects its total 2022 revenue to be flat compared to 2021. The Company expects to return to double digit revenue growth by 2024 as the benefits of its restructuring and re-alignment plan are fully realized, and to accelerate at a faster pace once new growth categories are unlocked.

"We are taking decisive action to focus and improve the quality and scalability of our products, support our customers and open the door to new growth opportunities," said Masoud Toloue, President and Chief Executive Officer of Quanterix. "By embarking on this next chapter, we will emerge a stronger company, innovating at a faster pace and well-timed to enable new disease modifying therapies expected to come to market in the coming years."

Conference Call

In conjunction with this announcement, Quanterix Corporation will host a conference call on August 8, 2022 at 4:30 p.m. EST. Individuals interested in listening to the conference call may do so by [pre-registering here](#) and obtaining a dial-in number and passcode.

A live webcast will also be available at: <https://edge.media-server.com/mmc/p/3yj49myz>. You may also access the live webcast by visiting the [News & Events](#) page within the Investors section of the Quanterix website at www.quanterix.com. The webcast will be available on the Company's website for one year following completion of the call.

Financial Highlights

Quanterix Income Statement

| in '000 USD | Q2 2022 | Q2 2021 | YTD 2022 | YTD 2021 |
|-------------------------------------|----------------|----------------|----------------|----------------|
| Product Revenue | 14,785 | 18,676 | 35,441 | 36,924 |
| Service and Other Revenue | 8,548 | 5,648 | 17,358 | 12,057 |
| Collaboration and License Revenue | 92 | 105 | 178 | 366 |
| Development Revenue | 75 | 942 | 75 | 3,233 |
| Total Revenue | 23,500 | 25,371 | 53,052 | 52,580 |
| Cost of Product Revenue | 9,921 | 8,114 | 20,667 | 15,594 |
| Cost of Services Revenue | 4,868 | 3,383 | 9,115 | 6,763 |
| Gross Profit | 8,711 | 13,874 | 23,270 | 30,223 |
| Gross Margin % | 37.1% | 54.7% | 43.9% | 57.5% |
| Research and Development | 6,625 | 6,754 | 13,659 | 13,437 |
| Selling, General and Administrative | 27,045 | 20,788 | 52,757 | 40,243 |
| Total Operating Expenses | 33,670 | 27,542 | 66,416 | 53,680 |
| Loss From Operations | -24,959 | -13,668 | -43,146 | -23,457 |
| Interest Income (Expense), net | 552 | -165 | 604 | -328 |
| Other Expense, net | -358 | 1,977 | -575 | 1,783 |
| Tax | -137 | -41 | 62 | 1 |
| Net Loss | -24,902 | -11,897 | -43,055 | -22,001 |

Weighted average outstanding shares was 36.9 million for each of Q2 2022 and YTD 2022.

Quanterix Balance Sheet

| in '000 USD | At 6/30/22 | At 12/31/21 |
|---|----------------|----------------|
| Cash and Cash Equivalents | 361,293 | 396,465 |
| Accounts Receivable | 19,683 | 23,786 |
| Inventory | 21,985 | 22,190 |
| Prepaid Expenses and Other | 10,237 | 6,514 |
| Total Current Assets | 413,198 | 448,955 |
| Restricted Cash | 2,594 | 2,577 |
| Property and Equipment, Net | 22,295 | 17,960 |
| Intangible Assets, Net | 8,527 | 10,534 |
| Goodwill | 8,675 | 9,632 |
| Right-of-Use Assets | 32,935 | 11,491 |
| Other Non-Current Assets | 377 | 378 |
| Total Assets | 488,601 | 501,527 |
| Accounts Payable & Accrued Expenses | 21,420 | 28,947 |
| Deferred Revenue | 12,157 | 6,361 |
| Current Portion of Long Term Debt | 0 | 0 |
| Lease Liabilities | 2,696 | 1,428 |
| Other Current Liabilities | 396 | 241 |
| Total Current Liabilities | 36,669 | 36,977 |
| Deferred Revenue, Net of Current Portion | 1,531 | 1,099 |
| Lease Liabilities, Net of Current Portion | 43,135 | 20,464 |
| Other Non-Current Liabilities | 1,810 | 2,035 |
| Total Liabilities | 83,145 | 60,575 |
| Total Stockholders' Equity | 405,456 | 440,952 |
| Total Liabilities and Stockholders' Equity | 488,601 | 501,527 |

Use of Pro-Forma Financial Measures

To supplement the Company's financial statements presented on a GAAP basis, the Company has provided certain pro-forma financial measures, including pro-forma gross profit, pro-forma gross margin percentage, pro-forma operating expenses and pro-forma loss from operations. Management

uses these pro-forma measures to evaluate the Company's operating performance in a manner that allows for meaningful period-to-period comparison and analysis of trends in its business. Management believes that such measures are important in comparing current results with prior period results and are useful to investors and financial analysts in assessing the Company's operating performance. The pro-forma financial information presented here should be considered in conjunction with, and not as a substitute for, the financial information presented in accordance with GAAP. Investors are encouraged to review the reconciliation of these pro-forma measures to their most directly comparable GAAP financial measures set forth below.

Reconciliation of GAAP to Pro Forma

| Reconciliation of GAAP to Pro Forma (In thousands) | | | | | | | | |
|---|--------------------|----------|------|----------|------------------|----------|------|----------|
| | 2022 | | 2021 | | 2022 | | 2021 | |
| | Three months ended | | | | Six months ended | | | |
| | June 30 | | | | June 30 | | | |
| Gross profit | \$ | 8,711 | \$ | 13,874 | \$ | 23,270 | \$ | 30,223 |
| Distribution Costs (Note 1) | \$ | (2,065) | \$ | (1,827) | \$ | (3,929) | \$ | (3,562) |
| Pro forma gross profit | \$ | 6,646 | \$ | 12,047 | \$ | 19,341 | \$ | 26,661 |
| GAAP gross margin % | | 37.1% | | 54.7% | | 43.9% | | 57.5% |
| Pro forma gross margin % | | 28.3% | | 47.5% | | 36.5% | | 50.7% |
| | | | | | | | | |
| GAAP total operating expenses | \$ | 33,670 | \$ | 27,542 | \$ | 66,416 | \$ | 53,680 |
| Distribution Costs (Note 1) | \$ | (2,065) | \$ | (1,827) | \$ | (3,929) | \$ | (3,562) |
| Pro forma total operating expenses | \$ | 31,605 | \$ | 25,715 | \$ | 62,487 | \$ | 50,118 |
| | | | | | | | | |
| GAAP loss from operations | \$ | (24,959) | \$ | (13,668) | \$ | (43,146) | \$ | (23,457) |
| Pro forma loss from operations | \$ | (24,959) | \$ | (13,668) | \$ | (43,146) | \$ | (23,457) |

Note 1: Distribution costs, which include freight and other activities costs associated with product shipments, net of charges passed on to the customer, are captured within operating expenses in our consolidated statements of operations. During the three and six months ended June 30, 2022, we incurred \$2.1 million and \$3.9 million, respectively, of distribution costs recorded within operating expenses. During the three and six months ended June 30, 2021, we incurred \$1.8 million and \$3.6 million, respectively, of distribution costs recorded within operating expenses.

About Quanterix

Quanterix is a company that's expanding the limits of exploration with ultrasensitive biomarker detection. The Company's digital health solution, Simoa, has the potential to change the way in which healthcare is provided today by giving researchers the ability to closely examine the continuum from health to disease. Quanterix' technology is designed to enable much earlier disease detection, better prognoses and enhanced treatment methods to improve the quality of life and longevity of the population for generations to come. The technology is currently being used for research applications in several therapeutic areas, including oncology, neurology, cardiology, inflammation and infectious disease. The Company was established in 2007 and is located in Billerica, Massachusetts. For additional information, please visit <https://www.quanterix.com>.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "may," "will," "expect," "plan," "anticipate," "estimate," "intend" and similar expressions (as well as other words or expressions referencing future events, conditions or circumstances) are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements about Quanterix' financial performance, including anticipated benefits and costs associated with Quanterix' plan of restructuring and realignment, and are subject to a number of risks, uncertainties and assumptions. Forward-looking statements in this news release are based on Quanterix' expectations and assumptions as of the date of this press release. Each of these forward-looking statements involves risks and uncertainties. Factors that may cause Quanterix' actual results to differ from those expressed or implied in the forward-looking statements in this press release include, but are not limited to, those described in Part II, Item 1A, "Risk Factors" and elsewhere in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, and in "Part I, Item 1A, "Risk Factors" in Quanterix' Annual Report on Form 10-K for the year ended December 31, 2021, or other filings that we make with the SEC, as well as the risk that Quanterix' plan of restructuring and realignment results in unexpected costs, the risk that Quanterix is unable to implement the plan of restructuring and realignment as intended and the risk that implementation of the plan of restructuring and realignment is delayed. Except as required by law, Quanterix assumes no obligation to update any forward-looking statements contained herein to reflect any change in expectations, even as new information becomes available.

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