UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

Commission File Number 001-36415

QUOTIENT LIMITED
(Exact name of registrant as specified in its charter)

Jersey, Channel Islands **(State or other jurisdiction of incorporation or organization)**	**Not Applicable** **(I.R.S. Employer Identification No.)**
B1, Business Park Terre Bonne, **Route de Crassier 13,** **1262 Eysins, Switzerland** **(Address of principal executive offices)**	**Not Applicable** **(Zip Code)**

011-41-22-716-9800
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Ordinary Shares, nil par value	**QTNT**	**The Nasdaq Global Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 4, 2021, there were 101,589,125 Ordinary Shares, nil par value, of Quotient Limited outstanding.

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Cautionary note regarding forward-looking statements

This Quarterly Report on Form 10-Q, and exhibits thereto, contains estimates, predictions, opinions, projections and other statements that may be interpreted as "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, that involve substantial risks and uncertainties. The forward-looking statements are contained principally in Part I, Item 2: "Management's Discussion and Analysis of Financial Condition and Results of Operations" and are also contained elsewhere in this Quarterly Report. Forward-looking statements can be identified by words such as "strategy," "objective," "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "predict," "project," "target," "potential," "will," "would," "could," "should," "continue," "contemplate," "might," "design" and other similar expressions, although not all forward-looking statements contain these identifying words. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Quarterly Report, we caution you that these statements are based on a combination of facts and factors currently known by us and our expectations of the future, about which we cannot be certain, and are subject to numerous known and unknown risks and uncertainties.

Forward-looking statements include statements about:

- the continuing development, regulatory approval and commercialization of the MosaiQ™ technology, or "MosaiQ";
- the design of blood grouping and disease screening capabilities of MosaiQ, the potential for the expansion of MosaiQ into the larger clinical diagnostics market and the benefits of MosaiQ for both customers and patients (including using MosaiQ to test for novel coronavirus disease 2019, or COVID-19, antibodies);
- future demand for and customer adoption of MosaiQ, the factors that we believe will drive such demand and our ability to address such demand;
- our expected profit margins for MosaiQ;
- the size of the market for MosaiQ;
- the regulation of MosaiQ by the U.S. Food and Drug Administration, or the FDA, or other regulatory bodies, or any unanticipated regulatory changes or scrutiny by such regulators;
- future plans for our conventional reagent products;
- the status of our future relationships with customers, suppliers, and regulators relating to our products;
- future demand for our conventional reagent products and our ability to meet such demand;
- our ability to manage the risks associated with international operations;
- anticipated changes, trends and challenges in our business and the transfusion diagnostics market;
- the impact on our business, financial condition and available liquidity of the uncertainty as to the timing and amount of future cash distributions by two investment funds in which we have remaining investments of approximately $29 million;
- continued or worsening adverse conditions in the global economic and financial markets, including as a result of the on-going COVID-19 pandemic;
- the long-term impact on our business of the United Kingdom ceasing to be a member of the European Union;
- the effects of competition;
- the expected outcome or impact of arbitration or litigation
- our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others;
- the status of our business relationship with Ortho;
- our anticipated cash needs, including the adequacy of our available cash and short-term investment balances relative to our forecasted cash requirements for the next 12 months, our expected sources of funding, and our estimates regarding our capital requirements and capital expenditures; and
- our plans for executive and director compensation for the future.

You should also refer to the various factors identified in this and other reports filed by us with the Securities and Exchange Commission, or SEC, including but not limited to those discussed in the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended March 31, 2021, for a discussion of other important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Quarterly Report will prove to be accurate. Further, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us that we will achieve our objectives and plans in any specified time frame, or at all. The forward-looking statements in this Quarterly Report represent our views only as of the date of this Quarterly Report. Subsequent events and developments may cause our views to change. While we may elect to update these forward-looking statements at some point in the future, we undertake no obligation to publicly update any forward-looking statements, except as required by law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this Quarterly Report.

Available Information

Access to our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports filed with or furnished to the SEC, may be obtained through the investor section of our website at www.quotientbd.com as soon as reasonably practical after we electronically file or furnish these reports. We do not charge for access to and viewing of these reports. Information on our website, including in the investor section, is not part of this Quarterly Report on Form 10-Q or any of our other securities filings unless specifically incorporated herein or therein by reference. In addition, our filings with the SEC may be accessed through the SEC's website at www.sec.gov. All statements made in any of our securities filings, including all forward-looking statements or information, are made as of the date of the document in which the statement is included, and we do not assume or undertake any obligation to update any of those statements or documents unless we are required to do so by law.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)
(Expressed in thousands of U.S. Dollars — except for share data and per share data)

	June 30, 2021	March 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 114,547	$ 45,673
Short-term investments	52,112	65,999
Trade accounts receivable, net	4,452	5,323
Inventories	23,161	22,011
Prepaid expenses and other current assets	8,292	4,870
Total current assets	202,564	143,876
Restricted cash	8,306	9,024
Property and equipment, net	38,134	38,530
Operating lease right-of-use assets	21,716	22,011
Intangible assets, net	603	619
Deferred income taxes	239	255
Other non-current assets	4,984	4,956
Total assets	$ 276,546	$ 219,271
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 4,616	$ 4,659
Accrued compensation and benefits	8,314	11,833
Accrued expenses and other current liabilities	10,656	13,889
Current portion of long-term debt	30,208	24,167
Current portion of operating lease liability	3,374	3,446
Current portion of finance lease obligation	883	835
Total current liabilities	58,051	58,829
Long-term debt, less current portion	188,388	137,936
Convertible loan derivatives	29,886	—
Operating lease liability, less current portion	20,872	20,907
Finance lease obligation, less current portion	440	445
Deferred income taxes	1,649	1,824
Defined benefit pension plan obligation	7,218	6,896
7% Cumulative redeemable preference shares	21,738	21,475
Total liabilities	328,242	248,312
Commitments and contingencies		
Shareholders' equity (deficit):		
Ordinary shares (nil par value) 101,527,188 and 101,264,412 issued and outstanding at June 30, 2021 and March 31, 2021 respectively	540,734	540,813
Additional paid in capital	39,939	38,116
Accumulated other comprehensive loss	(16,066)	(16,065)
Accumulated deficit	(616,303)	(591,905)
Total shareholders' equity (deficit)	(51,696)	(29,041)
Total liabilities and shareholders' equity (deficit)	$ 276,546	$ 219,271

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (unaudited)
(Expressed in thousands of U.S. Dollars — except for share data and per share data)

	Quarter ended June 30, 2021	Quarter ended June 30, 2020
Revenue:		
Product sales	$ 9,041	$ 8,924
Other revenues	48	—
Total revenue	9,089	8,924
Cost of revenue	(5,290)	(5,414)
Gross profit	3,799	3,510
Operating expenses:		
Sales and marketing	(2,493)	(2,243)
Research and development, net of government grants	(12,477)	(11,450)
General and administrative expense:		
Compensation expense in respect of share options and management equity incentives	(1,823)	(960)
Other general and administrative expenses	(8,983)	(8,578)
Total general and administrative expense	(10,806)	(9,538)
Total operating expense	(25,776)	(23,231)
Operating loss	(21,977)	(19,721)
Other (expense) income:		
Interest expense, net	(632)	(5,926)
Other, net	(1,791)	233
Other expense, net	(2,423)	(5,693)
Loss before income taxes	(24,400)	(25,414)
Provision for income taxes	2	(15)
Net loss	$ (24,398)	$ (25,429)
Other comprehensive income (loss):		
Change in fair value of foreign currency cash flow hedges	$ (112)	$ (3)
Change in unrealized gain on short-term investments	(121)	(404)
Foreign currency gain (loss)	217	146
Provision for pension benefit obligation	15	13
Other comprehensive loss, net	(1)	(248)
Comprehensive loss	$ (24,399)	$ (25,677)
Net loss available to ordinary shareholders - basic and diluted	$ (24,398)	$ (25,429)
Loss per share - basic and diluted	$ (0.24)	$ (0.32)
Weighted-average shares outstanding - basic and diluted	101,390,749	80,485,985

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT) (unaudited)
(Expressed in thousands of U.S. Dollars — except for share data)

	Ordinary shares		Additional paid in capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Deficit
	Shares	Amount				
March 31, 2021	101,264,412	$ 540,813	$ 38,116	$ (16,065)	$ (591,905)	$ (29,041)
Issue of shares upon exercise of incentive share options and vesting of RSUs	262,776	(79)	—	—	—	(79)
Net loss	—	—	—	—	(24,398)	(24,398)
Change in the fair value of foreign currency cash flow hedges	—	—	—	(112)	—	(112)
Change in unrealized gain on short-term investments	—	—	—	(121)	—	(121)
Foreign currency gain (loss) on:						
Long-term investment nature intra-entity balances	—	—	—	(4,989)	—	(4,989)
Retranslation of foreign entities	—	—	—	5,206	—	5,206
Provision for pension benefit obligation	—	—	—	15	—	15
Other comprehensive loss	—	—	—	(1)	—	(1)
Stock-based compensation	—	—	1,823	—	—	1,823
June 30, 2021	101,527,188	$ 540,734	$ 39,939	$ (16,066)	$ (616,303)	$ (51,696)

	Ordinary shares		Additional paid in capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity (Deficit)
	Shares	Amount				
March 31, 2020	80,398,326	$ 459,931	$ 33,132	$ (15,155)	$ (483,435)	$ (5,527)
Issue of shares upon exercise of incentive share options and vesting of RSUs	195,114	59	—	—	—	59
Net loss	—	—	—	—	(25,429)	(25,429)
Change in the fair value of foreign currency cash flow hedges	—	—	—	(3)	—	(3)
Change in unrealized gain on short-term investments	—	—	—	(404)	—	(404)
Foreign currency gain (loss) on:						
Long-term investment nature intra-entity balances	—	—	—	4,685	—	4,685
Retranslation of foreign entities	—	—	—	(4,539)	—	(4,539)
Provision for pension benefit obligation	—	—	—	13	—	13
Other comprehensive loss	—	—	—	(248)	—	(248)
Stock-based compensation	—	—	960	—	—	960
June 30, 2020	80,593,440	$ 459,990	$ 34,092	$ (15,403)	$ (508,864)	$ (30,185)

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(Expressed in thousands of U.S. Dollars)

	Quarter ended June 30, 2021	Quarter ended June 30, 2020
OPERATING ACTIVITIES:		
Net loss	$ (24,398)	$ (25,429)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, amortization and loss on disposal of fixed assets	1,389	1,953
Share-based compensation	1,823	960
Increase in deferred lease rentals	176	169
Swiss pension obligation	188	253
(Accretion) amortization of deferred debt issue costs and discount	(4,011)	2,078
Change in fair value of convertible loan derivatives	1,984	—
Accrued preference share dividends	263	263
Income taxes	(170)	15
Net change in assets and liabilities:		
Trade accounts receivable, net	893	(587)
Inventories	(834)	(638)
Accounts payable and accrued liabilities	(2,203)	(1,514)
Accrued compensation and benefits	(3,671)	(2,025)
Other assets	(3,482)	(306)
Net cash used in operating activities	(32,053)	(24,808)
INVESTING ACTIVITIES:		
Increase in short-term investments	(4,500)	—
Realization of short-term investments	18,551	29,314
Purchase of property and equipment	(1,405)	(830)
Net cash provided by investing activities	12,646	28,484
FINANCING ACTIVITIES:		
Repayment of finance leases	(213)	(171)
Proceeds from issuance of long-term debt	104,222	—
Debt issuance costs	(3,732)	—
Repayments of long-term debt	(12,083)	—
(Cost of) proceeds from issuance of ordinary shares and warrants	(79)	59
Net cash provided by (used in) financing activities	88,115	(112)
Effect of exchange rate fluctuations on cash, cash equivalents and restricted cash	(552)	(158)
Change in cash, cash equivalents and restricted cash	68,156	3,406
Beginning cash, cash equivalents and restricted cash	54,697	12,940
Ending cash, cash equivalents and restricted cash	$ 122,853	$ 16,346
Supplemental cash flow disclosures:		
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 114,547	$ 7,325
Restricted cash	8,306	9,021
Total cash, cash equivalents and restricted cash	$ 122,853	$ 16,346

The accompanying notes form an integral part of these condensed consolidated financial statements.

Note 1. Description of Business and Basis of Presentation

Description of Business

The principal activity of Quotient Limited (the "Company") and its subsidiaries (the "Group") is the development, manufacture and sale of products for the global transfusion diagnostics market. Products manufactured by the Group are sold to hospitals, blood banking operations and other diagnostics companies worldwide.

Basis of Presentation

The condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and are unaudited. In accordance with those rules and regulations, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States ("GAAP") for complete financial statements.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all normal and recurring adjustments considered necessary to present fairly the financial position, results of operations, changes in shareholders' equity and cash flows for the interim periods presented. The March 31, 2021 balance sheet was derived from audited financial statements, but does not include all disclosures required by GAAP. However, the Company believes that the disclosures are adequate to make the information presented not misleading. The financial statements should be read in conjunction with the audited consolidated financial statements at and for the year ended March 31, 2021 included in the Company's Annual Report on Form 10-K for the year then ended. The results of operations for the three month period ended June 30, 2021 are not necessarily indicative of the results of operations that may be expected for the year ending March 31, 2022 and any future period.

The Company has incurred net losses and negative cash flows from operations in each year since it commenced operations in 2007 and had an accumulated deficit of $616.3 million as of June 30, 2021. At June 30, 2021, the Company had available cash holdings and short-term investments of $166.7 million. These holdings include $32.6 million of investments, which is net of impairment and foreign currency impacts, held in two short-term investment funds with Credit Suisse Asset Management ('CSAM') that are currently in the process of being liquidated. The remaining short-term investments to be liquidated are subject to significant valuation uncertainty. The Company recognized an impairment of $2.3 million related to one of the funds invested with CSAM for the year ended March 31, 2021. No additional information was received during the quarter ended June 30, 2021 that would indicate further impairments were required.

During July of 2021, payments from the CSAM funds of $5.8 million were received. While the timing and amount of further payments are not clear (see Note 6), the Company estimates that it will receive the remaining distributions over the next year. Should that not be the case, the Company has identified compensating, controllable operating expense and discretionary capital expenditure mitigation measures which would not adversely impact strategic objectives.

The Company's existing available cash and short-term investment balances are adequate to meet its forecasted cash requirements for the next twelve months and accordingly the financial statements have been prepared on the going concern basis.

Thereafter, the Company expects to fund its operations, including the ongoing development of MosaiQ through successful field trial completion, achievement of required regulatory authorizations and commercialization, from existing available cash and short-term investment balances, the sale of rights and other assets, and the issuance of new equity or debt.

Use of Estimates

The preparation of unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

On March 11, 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. The extent to which the COVID-19 pandemic will impact the Company's business, operations and financial results will depend on future developments and numerous evolving factors, which are highly uncertain and difficult to predict. As of the date of issuance of these unaudited condensed consolidated financial statements, the Company is not aware of any specific event or circumstance that would require the Company to further update estimates, judgments or revise the carrying value of any assets or liabilities. These estimates may change, as new events occur and additional information is obtained, and are recognized in the condensed consolidated financial statements as soon as they become known. Actual results could differ from those estimates and any such differences may be material to the Company's condensed consolidated financial statements.

Note 2. Summary of Significant Accounting Policies

Restricted Cash

Restricted cash comprised $8.0 and $8.7 million, respectively at June 30, 2021 and March 31, 2021, held in a cash reserve account pursuant to the indenture governing the Company's 12% Senior Secured Notes ("the Secured Notes") and $306 and $324 at June 30, 2021 and March 31, 2021, respectively, held in a restricted account as security for the property rental obligations of the Company's Swiss subsidiary.

Concentration of Credit Risks and Other Uncertainties

On March 12, 2021, the Company announced that two funds managed by CSAM in which the Company had invested an aggregate of approximately $110.35 million had suspended redemptions. The investments into these funds were made in accordance with the Company's investment policy of making individual investments with a minimum of an A rating from a leading credit-rating agency. Each fund holds short-term credit obligations of various obligors. According to a press release issued by CSAM, redemptions in the funds were suspended because "certain part of the Subfunds' assets is currently subject to considerable uncertainties with respect to their accurate valuation." CSAM subsequently began a liquidation of the funds. Pursuant to the liquidation, the Company has already received cash distributions of approximately $81.4 million. Based on information provided by Credit Suisse, the Company expects to receive further cash distributions from the funds in the next several months; however, there can be no assurance as to the timing or amount of any such distributions. Of this $81.4 million, the Company received $18.5 million of distributions during the quarter ended June 30, 2021 and $5.8 million was received subsequent to quarter end. While Credit Suisse has advised that the credit assets held by the funds are covered by insurance that potentially will be available to cover losses the funds would incur if any of the obligors on the funds' credit assets were to default, the Company does not know if the funds will incur losses (net of insurance) on the credit assets held by the funds.

On April 22, 2021, Credit Suisse published its FY 2021 Q1 press release with commentary related to the supply chain financing funds. Notably, Credit Suisse indicated that the investors in the funds should assume losses will be incurred.

The Company evaluated the investments in the CSAM managed funds for impairment, in accordance with ASC 321-10-35, *Investments – Equity Securities*, and determined that its investment in one of the funds was impaired. The Company recognized an impairment expense of $2.3 million during the year ended March 31, 2021 related to this fund. No additional information was received during the quarter ended June 30, 2021, that would indicate further impairments were required.

The Company views the liquidation of the supply chain finance funds as a fluid situation with a significant amount of valuation uncertainty. The Company will closely monitor the situation and in the event that new information is released that provides valuation clarity, it will evaluate the accounting implications accordingly. The Company believes, and has advised Credit Suisse, that any losses on the supply chain funds should be borne by Credit Suisse. The Company will pursue all available options to recoup the full amount of its investment in the supply chain funds prior to liquidation.

The Company's main financial institutions for banking operation held all of the Company's cash and cash equivalents as of June 30, 2021 and March 31, 2021.

Revenue Recognition

In the three month period ended June 30, 2021, revenue recognized from performance obligations related to prior periods was not material. Other than those described in Note 1 to the audited annual Consolidated Financial statements for the year ended March 31, 2021, there were no other material revenues to be recognized in future periods related to remaining performance obligations at June 30, 2021.

The Company's other significant accounting policies are described in Note 1 to the audited annual Consolidated Financial Statements for the year ended March 31, 2021 included in our 2021 Form 10-K.

Recently Adopted Accounting Pronouncements

In August 2020, the FASB issued ASU 2020-06, Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity ("ASU 2020-06"). The guidance simplifies the complexity associated with applying U.S. GAAP for certain financial instruments with characteristics of liabilities and equity. More specifically, the amendments focus on the guidance for convertible instruments and derivative scope exception for contracts in an entity's own equity. The new guidance also requires the if-converted method to be applied for all convertible instruments and requires additional disclosures. ASU 2020-06 is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company adopted this guidance on April 1, 2021 using the modified retrospective approach and it did not have a material impact on its financial statements. See Note 3 "Debt" for further detail on the Company's accounting policy for convertible debt instruments.

Note 3. Debt

Long-term debt comprises:

	June 30, 2021	March 31, 2021
Total Secured Notes	$ 132,917	$ 145,000
Less current portion	(30,208)	(24,167)
Total Secured Notes	102,709	120,833
Royalty liability	17,866	23,150
Deferred debt costs, net of amortization	(5,229)	(6,047)
Convertible Notes	105,000	—
Debt discount, net of amortization	(28,286)	—
Deferred debt costs, net of amortization	(3,672)	—
Total Convertible Notes	73,042	—
Long-term debt, less current portion	$ 188,388	$ 137,936

The Company's debt at June 30, 2021 comprises the Secured Notes, the royalty liability and the Convertible Notes. The Company's debt at March 31, 2021 comprised the Secured Notes and the royalty liability.

Secured Notes

On October 14, 2016, the Company completed the private placement of up to $120 million aggregate principal amount of the Secured Notes and entered into an indenture governing the Secured Notes with the guarantors party thereto and U.S. Bank National Association, a national banking association, as trustee and collateral agent. The Company issued $84 million aggregate principal amount of the Secured Notes on October 14, 2016 and an additional $36 million aggregate principal amount of the Secured Notes on June 29, 2018. On December 18, 2018, the Company also completed certain amendments to the indenture governing the Secured Notes. The amendments included an increase to the aggregate principal amount of Secured Notes that can be issued under the indenture from $120 million to up to $145 million following the European CE Marking of the Company's initial MosaiQ IH Microarray. On April 30, 2019, the Company was notified that it had received the European CE Marking of the initial MosaiQ IH Microarray and, on May 15, 2019, the Company issued the additional $25 million of Secured Notes.

The obligations of the Company under the indenture and the Secured Notes are unconditionally guaranteed on a secured basis by the guarantors, which include all the Company's subsidiaries, and the indenture governing the Secured Notes contains customary events of default. The Company and its subsidiaries must also comply with certain customary affirmative and negative covenants, including a requirement to maintain six-months of interest in a cash reserve account maintained with the collateral agent. Upon the occurrence of a Change of Control, subject to certain conditions, or certain Asset Sales (each, as defined in the indenture), holders of the Secured Notes may require the Company to repurchase for cash all or part of their Secured Notes at a repurchase price equal to 101% or 100%, respectively, of the principal amount of the Secured Notes to be repurchased, plus accrued and unpaid interest to the date of repurchase.

The Company paid $8.7 million of the total proceeds of the three issuances into the cash reserve account maintained with the collateral agent under the terms of the indenture, $1.5 million of which related to the third issuance on May 15, 2019. Following the April 15, 2021 repayment of the Secured Notes the balance held in the cash reserve account was reduced to $8.0 million.

Interest on the Secured Notes accrues at a rate of 12% per annum and is payable semi-annually on April 15 and October 15 of each year commencing on April 15, 2017. On April 15, 2021, the Company made a $12.1 million principal payment on the Secured Notes. Additionally, principal payments are due on each April 15 and October 15 until April 15, 2024 pursuant to a fixed amortization schedule.

Royalty liability

In connection with the three issuances of the Secured Notes as well as the December 2018 amendment of the related indenture, the Company has entered into royalty rights agreements, pursuant to which the Company has agreed to pay 3.4% of the aggregate net sales of MosaiQ instruments and consumables made in the donor testing market in the United States and the European Union. The royalties will be payable beginning on the date that the Company or its affiliates makes its first sale of MosaiQ consumables in the donor testing market in the European Union or the United States and will end on the last day of the calendar quarter in which the eighth anniversary of the first sale date occurs. The royalty rights agreements are treated as sales of future revenues that meet the requirements of Accounting Standards Codification Topic 470 “Debt” to be treated as debt. The future cash outflows under the royalty rights agreements, estimated at $65.2 million at June 30, 2021, and $106.5 million at March 31, 2021, have been combined with the Secured Notes issuance costs and interest payable to calculate the effective interest rate of the Secured Notes and will be expensed through interest expenses using the effective interest rate method over the term of the Secured Notes and such royalty rights agreements. Estimating the future cash outflows under the royalty rights agreements requires the Company to make certain estimates and assumptions about future sales of MosaiQ products. These estimates of the magnitude and timing of MosaiQ sales are subject to significant variability due to the current status of development of MosaiQ products, and thus are subject to significant uncertainty. Therefore, the estimates are likely to change as the Company gains experience of marketing MosaiQ, which may result in future adjustments to the accretion of the interest expense and amortized cost based carrying value of the Secured Notes. The decrease in value of the future cash outflows under the royalty rights agreement as of June 30, 2021 is driven by a shift of expected revenues towards markets outside of Europe and the USA.

Convertible Notes

On May 26, 2021 the Company issued $95.0 million aggregate principal amount of convertible senior notes and on June 2, 2021, the Company issued an additional $10.0 million aggregate principal amount of convertible senior notes in connection with the original $95.0 million (collectively the " Convertible Notes"). The Convertible Notes bear interest at an annual rate of 4.75%. The Convertible Notes will mature on May 26, 2026. At June 30, 2021, accrued interest of $469 is included in accrued expenses and other current liabilities in the accompanying consolidated financial statements.

At any time before the close of business on the second business day immediately before the maturity date, holders of the Convertible Notes can convert the Convertible Notes either in whole or in part into the Company’s ordinary shares at an initial conversion rate of 176.3668 ordinary shares per $1,000 principal amount of the Convertible Notes, subject to customary anti-dilution adjustments.

The Convertible Notes are accounted for in accordance with ASC 470-20, Debt with Conversion and Other Options (“ASC 470-20”) and ASC 815-40, Contracts in Entity’s Own Equity (“ASC 815-40”). Based upon the Company’s analysis, it was determined the Convertible Notes contain embedded features that need to be separately accounted for as a derivative liability component. The proceeds received from the issuance of the convertible debt instruments were bifurcated and recorded as a liability within convertible loan derivatives in the consolidated balance sheet. The convertible loan derivative is measured at fair value and changes are recognized within other, net in the accompanying consolidated financial statements.

The Company incurred approximately $3.7 million of debt issuance costs relating to the issuance of the Convertible Notes, which were recorded as a reduction to the Convertible Notes on the consolidated balance sheet, none of the issuance costs were attributable to the derivative component. The debt issuance costs and the debt discount are being amortized and recognized as additional interest expense over the expected life of the Convertible Notes using the effective interest rate method. We determined the expected life of the debt is equal to the five-year term of the Senior Convertible Notes. The effective interest rate on the Convertible Notes is 12.9%. For the quarter ended June 30, 2021, the total interest expense was $923 with coupon interest of $469 and the amortization of debt discount and issuance costs of $454.

At June 30, 2021, the Company's Secured Notes and Convertible Notes were repayable as follows:

Within 1 year	$ 30,208
Between 1 and 2 years	48,334
Between 2 and 3 years	54,375
Between 3 and 4 years	—
Between 4 and 5 years	105,000
Total debt	$ 237,917

Note 4. Consolidated Balance Sheet Detail

Inventory

The following table summarizes inventory by category for the dates presented:

	June 30, 2021	March 31, 2021
Raw materials	$ 9,287	$ 9,189
Work in progress	9,260	9,105
Finished goods	4,614	3,717
Total inventories	$ 23,161	$ 22,011

Inventory at June 30, 2021 included $6,676 of raw materials, $4,308 of work in progress and $2,443 of finished goods related to the MosaiQ project. Inventory at March 31, 2021, included $6,829 of raw materials and $4,321 of work in progress and $1,465 of finished goods related to the MosaiQ project.

Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consist of the following:

	June 30, 2021	March 31, 2021
Accrued legal and professional fees	$ 1,633	$ 885
Accrued interest	3,834	8,009
Goods received not invoiced	2,946	1,722
Accrued capital expenditure	83	1,201
Other accrued expenses	2,160	2,072
Total accrued expenses and other current liabilities	$ 10,656	$ 13,889

Note 5. Commitments and contingencies

Hedging arrangements

The Company's subsidiary in the United Kingdom ("UK") has entered into three foreign currency forward contracts to sell $500 and purchase pounds sterling at a rate of £1:$1.2600 in each calendar month from July 2021 through September 2021, three contracts to sell $500 in each calendar month from October 2021 through December 2021 at £1:$1.3090 and three contracts to sell $500 in each calendar month from January 2022 through March 2022 at £1:$1.3735, as hedges of its U.S. dollar denominated revenues. The fair values of these contracts in place at June 30, 2021, and similar contracts in place at March 31, 2021, amounted to assets of $243 and $355, respectively.

The foreign currency forward contracts were entered into to mitigate the foreign exchange risk arising from the fluctuations in the value of U.S. dollar denominated transactions entered into by our UK subsidiary. These foreign currency forward contracts are designated as cash flow hedges and are carried on the Company's balance sheet at fair value with the effective portion of the contracts' gains or losses included in accumulated other comprehensive loss and subsequently recognized in revenue/expense in the same period the hedged items are recognized.

Note 6. Fair value measurement

The following table summarizes the Company's assets and liabilities that are measured at fair value on a recurring basis, by level, within the fair value hierarchy:

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Assets:				
Pension plan assets(1)	$ —	$ 17,040	$ —	$ 17,040
Short-term investments(2)	—	19,500	—	19,500
Foreign currency forward contracts(3)	$ —	$ 243	$ —	$ 243
Total assets measured at fair value	$ —	$ 36,783	$ —	$ 36,783

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Convertible loan derivatives(4)	$ —	$ 29,886	$ —	$ 29,886
Total liabilities measured at fair value	$ —	$ 29,886	$ —	$ 29,886

	March 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets:				
Pension plan assets(1)	$ —	$ 15,751	$ —	$ 15,751
Short-term investments(2)	—	15,000	—	15,000
Foreign currency forward contracts(3)	—	355	—	355
Total assets measured at fair value	$ —	$ 31,106	$ —	$ 31,106

(1) The fair value of pension plan assets has been determined as the surrender value of the portfolio of active insured employees held within the AXA LLP Foundation Suisse Romande collective investment fund.

(2) The fair value of short-term investments has been determined based on the quoted value of the units held in the money market fund at the balance sheet date. The short-term investments as of June 30, 2021, relate to investments made in a Treasury Money Market Fund.

(3) The fair value of foreign currency forward contracts has been determined by calculating the present value of future cash flows, estimated using market-based observable inputs including forward and spot exchange rates and interest rate curves obtained from third party market price quotations.

(4) The fair value of the Convertible loan derivatives has been determined by utilizing a single factor lattice model using market-based observable inputs such as historical share prices for Quotient Limited, interest rates derived from the U.S. Dollar Swap interest rate curve, credit spread, and implied volatility obtained from third party market price quotations.

On March 12, 2021, the Company announced that two funds managed by CSAM in which the Company had invested an aggregate of approximately $110.35 million had suspended redemptions. The investments into these funds were made in accordance with the Company's investment policy of making individual investments with a minimum of an A rating from a leading credit-rating agency. Each fund holds short-term credit obligations of various obligors. According to a press release issued by CSAM, redemptions in the funds were suspended because "certain part of the Subfunds' assets is currently subject to considerable uncertainties with respect to their accurate valuation." CSAM subsequently began a liquidation of the funds. Pursuant to the liquidation, the Company has already received cash distributions of approximately $81.4 million. Of this $81.4 million, the Company received $18.5 million of distributions during the quarter ended June 30, 2021 and $5.8 million was received subsequent to quarter end. Based on information provided by Credit Suisse, the Company expects to receive further cash distributions from the funds in the next several months; however, there can be no assurance as to the timing or amount of any such distributions. Credit Suisse has advised that the credit assets held by the funds are covered by insurance that potentially will be available to cover losses the funds would incur if any of the obligors on the funds' credit assets were to default.

On April 22, 2021, Credit Suisse published its FY 2021 Q1 press release with commentary related to the supply chain financing funds. Notably, Credit Suisse indicated that the investors in the funds should assume losses will be incurred.

For the year ended March 31, 2021, Credit Suisse's decision to liquidate funds in which the Company held short-term investments served as a trigger to evaluate the investments for impairment. Accordingly, we performed a qualitative assessment for impairment. As a result of this assessment, Quotient determined that an impairment was required. The Credit Suisse linked short-term investment asset with a carrying value of $110.3 million was written down to its estimated fair value of $108.0 million, resulting in an impairment of $2.3 million. This impairment was included in Other, net within our consolidated statements of comprehensive loss for the year ended March 31, 2021. No additional information was received during the quarter ended June 30, 2021 that would indicate further impairments were required. The carrying value of the investments at June 30, 2021 was $32.6 million.

The Company views the liquidation of the supply chain finance funds as a fluid situation with a significant amount of valuation uncertainty. The Company will closely monitor the situation and in the event that new information is released that provides valuation clarity, it will evaluate the accounting implications accordingly. The Company believes, and has advised Credit Suisse, that any losses on the supply chain funds should be borne by Credit Suisse. The Company will pursue all available options to recoup the full amount of its investment in the supply chain funds prior to liquidation.

The total unrealized gains on the short-term investments were $359 and $317 in the three month periods ended June 30, 2021 and June 30, 2020, respectively. The amount of these unrealized gains reclassified to earnings were $121 and $721 in the three month periods ended June 30, 2021 and June 30, 2020, respectively.

Note 7. Ordinary and Preference Shares

Ordinary shares

The Company's issued and outstanding ordinary shares were as follows:

	Shares Issued and Outstanding		
	June 30, 2021	March 31, 2021	Par value
Ordinary shares	101,527,188	101,264,412	$ —
Total	101,527,188	101,264,412	$ —

Preference shares

The Company's issued and outstanding preference shares consist of the following:

	Shares Issued and Outstanding		Liquidation amount per share	
	June 30, 2021	March 31, 2021	June 30, 2021	March 31, 2021
7% Cumulative Redeemable Preference shares	666,665	666,665	$ 32.61	$ 32.21
Total	666,665	666,665		

The 7% Cumulative Redeemable Preference shares were issued to Ortho-Clinical Diagnostics Finco S.A.R.L., an affiliate of Ortho on January 29, 2015 at a subscription price of $22.50 per share. These preference shares are redeemable at the request of the shareholder on the “Redemption Trigger Date” which is currently the date of the eighth anniversary of the date of issue of the preference shares, but the Company may further extend the redemption date in one year increments up to the tenth anniversary of the date of issue. Because the 7% Cumulative Redeemable Preference shares are redeemable at the option of the shareholders, they are shown as a liability in the unaudited condensed consolidated balance sheet.

Note 8. Share-Based Compensation

The Company records share-based compensation expense in respect of options and restricted share units (“RSUs”) issued under its share incentive plans. Share-based compensation expense amounted to $1,823 and $960 in the quarters ended June 30, 2021 and June 30, 2020, respectively.

Share option activity

The following table summarizes share option activity:

	Number of Share Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Months)
Outstanding — March 31, 2021	1,810,785	$ 7.69	68
Granted	990,401	3.77	120
Exercised	—	—	—
Forfeited	(146,110)	6.57	—
Outstanding — June 30, 2021	2,655,076	$ 6.29	85
Exercisable —June 30, 2021	1,421,792	$ 8.22	58

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The closing price of the Company’s ordinary shares on the Nasdaq Global Market at June 30, 2021 was $3.64.

The following table summarizes the options granted in the quarter end June 30, 2021 with their exercise prices, the fair value of ordinary shares as of the applicable grant date, and the intrinsic value, if any:

Grant Date	Number of Options Granted	Exercise Price	Ordinary Shares Fair Value Per Share at Grant Date	Per Share Intrinsic Value of Options
April 1, 2021 (1)	857,015	$ 3.68	$ 3.68	$ 2.41
June 10, 2021	133,386	4.37	4.37	2.85

(1) On April 1, 2021, in connection with the appointment of Manuel O. Méndez as Chief Executive Officer, we granted Mr. Méndez 857,015 options to purchase ordinary shares at an exercise price of $3.68 per share. These grants, which were issued outside of our 2014 Stock Incentive Plan, were approved by our Board of Directors and the Remuneration Committee of our Board pursuant to the inducement grant exception under Nasdaq Rule 5635(c)(4), as an inducement that is material to Mr. Méndez joining our Company. The options vest in three equal installments on each first, second and third anniversary of the grant date. The options have a term of ten years and will be forfeited if not exercised before the expiration of their term. In addition, in the event Mr. Méndez’s service is terminated, any options not vested shall be forfeited upon termination.

Determining the fair value of share options

The fair value of each grant of share options was determined by the Company using the Black Scholes option pricing model. The total fair value of option awards in the quarter ended June 30, 2021 and June 30, 2020 amounted to $2,447 and $294, respectively.

Assumptions used in the option pricing models are discussed below. Each of these inputs is subjective and generally requires significant judgment to determine.

Expected volatility. The expected volatility was based on the historical share price volatility of the Company's shares over a period equal to the expected terms of the options.

Fair value of ordinary shares. Since the Company's initial public offering in April 2014, the fair value of ordinary shares has been based on the share price of the Company's shares on the Nasdaq Global Market immediately prior to the grant of the options concerned.

Risk-Free Interest Rate. The risk-free interest rate is based on the UK Government 10-year bond yield curve in effect at the time of grant prior to the initial public offering and 10-year U.S. Treasury Stock for awards from April 2014 onwards.

Expected term. The expected term is determined after giving consideration to the contractual terms of the share-based awards, graded vesting schedules ranging from one to three years and expectations of future employee behavior as influenced by changes to the terms of its share-based awards.

Expected dividend. According to the terms of the awards, the exercise price of the options is adjusted to take into account any dividends paid. As a result, dividends are not required as an input to the model, as these reductions in the share price are offset by a corresponding reduction in exercise price.

A summary of the assumptions applicable to the share options issued in the quarter ended June 30, 2021 is as follows:

	April 1, 2021	June 10, 2021
Risk-free interest rate	1.74%	1.48%
Expected lives (years)	6	6
Volatility	74.20%	74.10%
Dividend yield	—	—
Grant date fair value (per share)	$ 3.68	$ 4.37
Number granted	857,015	133,386

A summary of the RSUs in issue at June 30, 2021 is as follows:

	Number of RSUs Outstanding	Weighted Average Remaining Vesting Period (Months)	Period in which the target must be achieved
RSUs subject to time based vesting	1,833,825	18	N/A
RSUs subject to milestone and performance based vesting	362,770	N/A	N/A

At June 30, 2021, 1,833,825 RSUs were subject to time-based vesting and the weighted average remaining vesting period was 18 months. In addition, 91,031 RSUs were subject to vesting based on the achievement of various business milestones related mainly to the development, approval and marketing of MosaiQ. 271,739 RSUs were subject to vesting based on the achievement of financial objectives in the year 2024.

Note 9. Income Taxes

A reconciliation of the income tax expense at the statutory rate to the provision for income taxes is as follows:

	Quarter ended June 30,	
	2021	2020
Tax rate change	$ (335)	$ —
Impact of tax uncertainties		
Foreign tax rate differential	1,255	847
Increase in valuation allowance against deferred tax assets	(918)	(862)
Provision for income tax	$ 2	$ (15)

Note 10. Defined Benefit Pension Plans

The Company's Swiss subsidiary has a fully insured pension plan managed by AXA LPP Foundation Suisse Romande. The costs of this plan were:

	Quarter ended June 30, 2021	Quarter ended June 30, 2020
Employer service cost	$ 626	$ 571
Interest cost	22	30
Expected return on plan assets	(76)	(57)
Amortization of prior service credit	15	13
Amortization of net loss	—	—
Net pension cost	$ 587	$ 557

The employer contributions for the quarters ended June 30, 2021 and June 30, 2020 were $398 and $317, respectively. The estimated employer contributions for the fiscal year ending March 31, 2022 are $1,436.

Note 11. Net Loss Per Share

In accordance with Accounting Standards Codification Topic 260 "*Earnings Per Share*", basic earnings available to ordinary shareholders per share is computed based on the weighted average number of ordinary shares outstanding during each period. Diluted earnings available to ordinary shareholders per share is computed based on the weighted average number of ordinary shares outstanding during each period, plus potential ordinary shares considered outstanding during the period, as long as the inclusion of such shares is not anti-dilutive. Potential ordinary shares consist of the incremental ordinary shares issuable upon the exercise of share options (using the treasury shares method), the warrants to acquire ordinary shares and the ordinary shares issuable upon vesting of the RSUs.

The following table sets forth the computation of basic and diluted loss per ordinary share:

	Quarter ended June 30, 2021	Quarter ended June 30, 2020
Numerator:		
Net loss	$ (24,398)	$ (25,429)
Net loss available to ordinary shareholders - basic and diluted	$ (24,398)	$ (25,429)
Denominator:		
Weighted-average shares outstanding - basic and diluted	101,390,749	80,485,985
Loss per share - basic and diluted	$ (0.24)	$ (0.32)

The following table sets out the numbers of ordinary shares excluded from the above computation of earnings per share at June 30, 2021 and June 30, 2020 as their inclusion would have been anti-dilutive:

	June 30, 2021	June 30, 2020
Ordinary shares issuable on conversion of Senior Convertible Notes at $5.67 per share	18,518,514	-
Restricted share units awarded	2,196,595	896,130
Ordinary shares issuable on exercise of options to purchase ordinary shares	1,421,792	1,877,923
Ordinary shares issuable on exercise of warrants at $16.14 per share	111,525	111,525
Ordinary shares issuable on exercise of warrants at $9.375 per share	64,000	64,000
	22,312,426	2,949,578

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the corresponding section of our Annual Report on Form 10-K for the year ended March 31, 2021 filed with the SEC on June 3, 2021.

The information set forth and discussed below for the quarters ended June 30, 2021 and June 30, 2020 is derived from the condensed consolidated financial statements included under Part I, Item 1 "Financial Statements" above. The financial information set forth and discussed below is unaudited but includes all normal and recurring adjustments that our management considers necessary for a fair presentation of the financial position and the operating results and cash flows for those periods. Our results of operations for a particular quarter may not be indicative of the results that may be expected for other quarters or the entire year.

In addition to historical financial information, the following discussion contains forward looking statements that reflect our plans, estimates, beliefs and expectations that involve risks and uncertainties. Our actual results and the timing of events could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Quarterly Report, and our Annual Report on Form 10-K for the year ended March 31, 2021, particularly in "Risk Factors."

Overview

We were incorporated in Jersey, Channel Islands on January 18, 2012. On February 16, 2012, we acquired the entire issued share capital of Alba Bioscience Limited (or Alba), Quotient Biodiagnostics, Inc. (or QBDI) and QBD (QSIP) Limited (or QSIP) from Quotient Biodiagnostics Group Limited (or QBDG), our predecessor.

Our Business

We are a commercial-stage diagnostics company committed to reducing healthcare costs and improving patient care through the provision of innovative tests within established markets. Our initial focus is on blood grouping and donor disease screening, which is commonly referred to as transfusion diagnostics. Blood grouping involves specific procedures performed at donor or patient testing laboratories to characterize blood, which includes antigen typing and antibody detection. Disease screening involves the screening of donor blood for unwanted pathogens using two different methods, a serological approach (testing for specific antigens or antibodies) and a molecular approach (testing for DNA or RNA).

We have over 35 years of experience developing, manufacturing and commercializing conventional reagent products used for blood grouping within the global transfusion diagnostics market. We are developing MosaiQ, our proprietary technology platform, to better address the comprehensive needs of this large and established market. We believe MosaiQ has the potential to transform transfusion diagnostics, significantly reducing the cost of blood grouping in the donor and patient testing environments, while improving patient outcomes.

We currently operate as one business segment with 427 employees in the United Kingdom, Switzerland and the United States, as of June 30, 2021. Our principal markets are the United States, Europe and Japan. Based on the location of the customer, revenues outside the United States accounted for 25% of total revenue during the quarter ended June 30, 2021 and 44% during the quarter ended June 30, 2020.

We have incurred net losses and negative cash flows from operations in each year since we commenced operations in 2007. As of June 30, 2021, we had an accumulated deficit of $616.3 million. We expect our operating losses to continue for at least the remainder of the fiscal year ending March 31, 2022 as we continue our investment in the commercialization of MosaiQ. For the quarter ended June 30, 2021, our total revenue was $9.1 million and our net loss was $24.4 million.

From our incorporation in 2012 to March 31, 2021, we have raised $160.0 million of gross proceeds through the private placement of our ordinary and preference shares and warrants, $433 million of gross proceeds from public offerings of our shares and issuances of ordinary shares upon exercise of warrants and $145.0 million of gross proceeds from the issuance of 12% Senior Secured Notes, or the "Secured Notes".

On May 26, 2021, we issued $95.0 million aggregate principal amount of the 4.75% Convertible Notes due 2026 (the "Convertible Notes") and on June 2, 2021, we issued an additional $10.0 million aggregate principal amount of the Convertible Notes.

As of June 30, 2021, we had available cash, cash equivalents and short-term investments of $166.7 million and $8.3 million of restricted cash held as part of the arrangements relating to our Secured Notes and the lease of our property in Eysins, Switzerland.

Regulatory and Commercial Milestones

You should read the following regulatory and commercial milestones update in conjunction with the discussion included under the sections "Item 1. Business" and "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended March 31, 2021 filed with the SEC on June 3, 2021.

- Initial European Regulatory Approval – we filed for European regulatory approval for our initial MosaiQ IH Microarray in late September 2018 and were notified of its approval on April 30, 2019. We also filed for European regulatory approval of the initial MosaiQ SDS Microarray in June 2019 and were notified of its approval on February 14, 2020.
- Ongoing Microarray Menu Development – our activities for the expansion of our IH and SDS, testing menus included the completion of the validation and verification, or "V&V", concordance study for the expanded MosaiQ IH Microarray menu, which we announced in October 2019. The V&V study for the expanded MosaiQ SDS Microarray is planned for the coming months.
- Field Trials – we commenced field trials for the expanded MosaiQ IH Microarray in Europe in the first quarter of calendar year 2020. These trials were initially suspended due to the COVID-19 pandemic in March 2020, but by the end of May 2020, quarantine and containment measures and restrictions had eased in all three trial locations allowing the work to recommence. However, subsequent governmental restrictions implemented towards the end of 2020 have impacted our ability to conduct these trials, as discussed below. We announced the initial results from these trials in November 2020. Based on our internal performance testing, we subsequently determined to enhance a limited number of the tests on the expanded MosaiQ IH Microarray. In June 2021, we restarted field trials in Europe. The commencement of field trials in the United States for the expanded MosaiQ IH Microarray has also been postponed due to the COVID-19 pandemic. We expect these trials to commence in the fourth quarter of calendar year 2021. We expect field trials for the expanded MosaiQ SDS Microarray to commence in the second quarter of calendar year 2022.
- Ongoing Regulatory Approval Process – we filed for U.S. regulatory approval for our initial MosaiQ SDS Microarray on December 23, 2019. On January 21, 2020, we received a request from the FDA for additional testing data related to specific individual performance characteristics of the assays on this microarray. We anticipate that we will resubmit our filing for 510(k) clearance for the initial MosaiQ SDS Microarray around year-end of calendar year 2021. We expect to make the initial European regulatory submissions for our expanded MosaiQ IH Microarray during the third quarter of calendar year 2021, with the U.S. regulatory submissions following in the fourth quarter of calendar year 2021 or first quarter of calendar year 2022. We expect to receive the CE mark for the expanded MosaiQ IH Microarray around year end. We expect to make a European regulatory submission for the expanded MosaiQ SDS Microarray in the third quarter of calendar year 2022, with the U.S. regulatory submission following in the third or fourth quarter of calendar year 2022. As noted above, our progress toward regulatory approvals has been adversely impacted by the disruptive effect of the COVID-19 pandemic. Our timing expectations described in this paragraph are subject to a variety of factors, including COVID-19 impacts, that could cause further delays.
- Patient IH Microarray – we are developing for Ortho-Clinical Diagnostics Inc. (or Ortho), a dedicated MosaiQ IH Microarray optimized for the patient transfusion market (which we refer to as the MosaiQ IH3 Microarray), and we expect to submit it for CE mark in the third quarter of calendar year 2022.

COVID-19 Pandemic

You should read the following COVID-19 pandemic update in conjunction with the discussion included under the sections "Item 1. Business" and "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended March 31, 2021 filed with the SEC on June 3, 2021.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The governments of each of the major locations in which we operate, the United Kingdom, Switzerland and the United States, have implemented varying measures and restrictions to combat the COVID-19 pandemic.

The restrictions implemented at the beginning of the pandemic directly impacted our on-going clinical trials for our expanded MosaiQ IH Microarray in Europe and the commencement of clinical trials for our expanded MosaiQ IH Microarray in the United States. All external work on these trials was suspended in March 2020 until such time as the existing restrictions in the relevant jurisdictions are removed or moderated. By the end of May 2020, quarantine and containment measures and restrictions had eased in all of the three European trial locations allowing the work to recommence.

In addition, on April 6, 2020, we announced the completion of the development phase of the MosaiQ COVID-19 Microarray, in response to the COVID-19 pandemic. On April 27, 2020, we published the final performance data for the MosaiQ COVID-19 Microarray, achieving 100% sensitivity and 99.8% specificity, and on May 1, 2020, we announced the CE Mark for this Microarray. In addition, in May 2020, we submitted an application to the FDA for an Emergency Use Authorization (EUA) of the MosaiQ COVID-19 Microarray in the United States, and in September 2020, we announced the EUA had been issued by the FDA for this Microarray. We signed the first commercial contract for the sale of the MosaiQ COVID-19 Microarray in May 2020, and we have subsequently entered into nine additional contracts with customers in Europe and the United States. In addition, we developed an enhanced, semi-quantitative MosaiQ COVID-19 Microarray, which has been CE marked as of January 29, 2021.

In spite of this widespread increase of COVID-19 infections, the COVID-19 pandemic and the associated restrictions have not had a material adverse impact on our conventional reagent revenues. Customer demand has remained robust since March 31, 2020 and, to date, supply chain disruptions have been minimal. Our manufacturing operations in Edinburgh, Scotland have been adapted to meet social distancing requirements, which impacted our operating costs during the quarter ended June 30, 2021 and 2020.

However, the COVID-19 pandemic has negatively affected the on-going field trials for our expanded MosaiQ IH Microarray, with travel restrictions and lockdowns making it difficult for relevant teams to spend time on-site and resulting in trials repeatedly stopping and restarting. Furthermore, these restrictions and lockdowns have impacted our research and development activities, slowed down the regulatory approval process and delayed the timing of customer tenders. There continue to be surges in various countries or regions resulting in a continuous process of restriction and lockdown relaxations and re-instatement. This continues to be a challenge to realization of all research and development activities including the clinical trial performance evaluations.

The extent to which the COVID-19 pandemic will impact our business, operations and financial results will depend on future developments and numerous evolving factors, which are highly uncertain and difficult to predict.

Revenue

We generate product sales revenue from the sale of conventional reagent products directly to hospitals, donor collection agencies and independent testing laboratories in the United States, the United Kingdom and to distributors in Europe and the rest of the world, and indirectly through sales to our original equipment manufacturer (or OEM) customers. We recognize revenues in the form of product sales when the goods are shipped. Products sold by standing purchase orders as a percentage of product sales revenue were 67% and 69% for the quarter ended June 30, 2021 and June 30, 2020, respectively. We also provide product development services to our OEM customers. We recognize revenue from these contractual relationships in the form of product development fees, which are included in other revenues.

Our revenue is denominated in multiple currencies. Sales in the United States and to certain of our OEM customers are denominated in U.S. Dollars. Sales in Europe and the rest of the world are denominated primarily in U.S. Dollars, Pounds Sterling or Euros. Our expenses are generally denominated in the currencies in which our operations are located, which are primarily in the United Kingdom, Switzerland and the United States. We operate globally and therefore changes in foreign currency exchange rates may become material to us in the future due to factors beyond our control.

Cost of revenue and operating expenses

Cost of revenue consists of direct labor expenses, including employee benefits, overhead expenses, material costs and freight costs, along with the depreciation of manufacturing equipment and leasehold improvements. Our gross profit represents total revenue less the cost of revenue, gross margin represents gross profit expressed as a percentage of total revenue, and gross margin on product sales represents gross margin excluding other revenues as a percentage of revenues excluding other revenues. We expect our overall cost of revenue to increase in absolute U.S. Dollars as we continue to increase our product sales volumes. However, we also believe that we can achieve efficiencies in our manufacturing operations, primarily through increasing production volumes.

Our sales and marketing expenses include costs associated with our sales organization for conventional reagent products, including our direct sales force, as well as our marketing and customer service personnel and the costs of the MosaiQ commercial team. These expenses consist principally of salaries, commissions, bonuses and employee benefits, as well as travel and other costs related to our sales and product marketing activities. We expense all sales and marketing costs as incurred. We expect sales and marketing expense to increase in absolute U.S. Dollars, primarily as a result of commissions on increased product sales in the United States and as we grow the MosaiQ commercial team.

Our research and development expenses include costs associated with performing research, development, field trials and our regulatory activities, as well as production costs incurred in advance of the commercial launch of MosaiQ. Research and development expenses include research personnel-related expenses, fees for contractual and consulting services, travel costs, laboratory supplies and depreciation of laboratory equipment.

We expense all research and development costs as incurred, net of government grants received and tax credits. Our UK subsidiary claims certain tax credits on its research and development expenditures and these are included as an offset to our research and development expenses. Our research and development efforts are focused on developing new products and technologies for the global transfusion diagnostics market. We segregate research and development expenses for the MosaiQ project from expenses for other research and development projects. We do not maintain detailed records of these other costs by activity. We are nearing completion of the initial development of MosaiQ and expect our costs associated with field trials and regulatory approvals will increase at the same time as our development costs decrease. As we move to commercialization of MosaiQ in the donor testing market, we expect our overall research and development expense to decrease.

Our general and administrative expenses include costs for our executive, accounting and finance, legal, corporate development, information technology and human resources functions. We expense all general and administrative expenses as incurred. These expenses consist principally of salaries, bonuses and employee benefits for the personnel performing these functions, including travel costs. These expenses also include share-based compensation, professional service fees (such as audit, tax and legal fees), costs related to our Board of Directors, and general corporate overhead costs, which include depreciation and amortization. We expect our general and administrative expenses to increase as our business develops and also due to the costs of operating as a public company, such as additional legal, accounting and corporate governance expenses, including expenses related to compliance with the Sarbanes-Oxley Act, directors' and officers' insurance premiums and investor relations expenses.

Net interest expense consists primarily of interest charges on our Secured Notes and Convertible Notes and the amortization of debt issuance costs (which includes amortization of the one-time consent payment of $3.9 million paid to holders of our Secured Notes in December 2018), as well as accrued dividends on the 7% cumulative redeemable preference shares issued in January 2015. We amortize debt issuance costs over the life of the instrument and report them as interest expense in our statements of operations. Net interest also includes the expected costs of the royalty rights agreements we entered into in October 2016, June 2018, December 2018 and May 2019 with the purchasers and consenting holders, as applicable, of our Secured Notes. See Note 3, "Debt" and Note 7, "Ordinary and Preference Shares" to our condensed consolidated financial statements included in this Quarterly Report for additional information.

Other income (expense), net consists of the change in fair value of our convertible debt derivative and the impact of exchange rate fluctuations. See Note 3, "Debt" and Note 6, "Fair value measurement" to our condensed consolidated financial statements included in this Quarterly Report for additional information. Exchange rate fluctuations include realized exchange fluctuations resulting from the settlement of transactions in currencies other than the functional currencies of our businesses. Monetary assets and liabilities that are denominated in foreign currencies are measured at the period-end closing rate with resulting unrealized exchange fluctuations. The functional currencies of our legal entities are Pounds Sterling, Swiss Francs and U.S. Dollars depending on the entity.

Provision for income taxes in the quarter ended June 30, 2021 and 2020, reflected the taxes chargeable on the taxable income of our subsidiaries.

Results of Operations

Comparison of the Quarters ended June 30, 2021 and 2020

The following table sets forth, for the periods indicated, the amounts of certain components of our statements of operations and the percentage of total revenue represented by these items, showing period-to-period changes.

	Quarter ended June 30,					
	2021		2020		Change	
	Amount	% of revenue	Amount	% of revenue	Amount	%
			(in thousands, except percentages)			
Revenue:						
Product sales	$ 9,041	99%	$ 8,924	100%	$ 117	1%
Other revenues	48	1%	—	0%	48	100%
Total revenue	9,089	100%	8,924	100%	165	2%
Cost of revenue	5,290	58%	5,414	61%	(124)	-2%
Gross profit	3,799	42%	3,510	39%	289	8%
Operating expenses:						
Sales and marketing	2,493	27%	2,243	25%	250	11%
Research and development	12,477	137%	11,450	128%	1,027	9%
General and administrative	10,806	119%	9,538	107%	1,268	13%
Total operating expenses	25,776	284%	23,231	260%	2,545	11%
Operating loss	(21,977)	-242%	(19,721)	-221%	(2,256)	11%
Other (expense) income:						
Interest expense, net	(632)	-7%	(5,926)	-66%	5,294	-89%
Other, net	(1,791)	-20%	233	3%	(2,024)	-870%
Total other expense, net	(2,423)	-27%	(5,693)	-64%	3,270	-57%
Loss before income taxes	(24,400)	-268%	(25,414)	-285%	1,014	-4%
Provision for income taxes	2	—	(15)	—	17	-113%
Net loss	$ (24,398)	-268%	$ (25,429)	-285%	$ 1,031	-4%

Revenue

Total revenue for the quarter ended June 30, 2021 increased by 2% to $9.1 million, compared with $8.9 million for the quarter ended June 30, 2020. Product sales for the quarter ended June 30, 2021 increased by 1% to $9.0 million, compared with $8.9 million for the quarter ended June 30, 2020. The increase in product sales was primarily attributable to growth in incremental direct sales of conventional reagent products to customers in the United States. Other revenues for the quarter ended June 30, 2021 related to a small development project for an OEM customer. There were no similar development projects during the quarter ended June 30, 2020.

Products sold by standing purchase order were 67% of product sales for the quarter ended June 30, 2021, compared with 69% for the quarter ended June 30, 2020.

The table below sets forth revenue by product group:

	Quarter ended June 30,					
	2021		2020		Change	
	Amount	% of revenue	Amount	% of revenue	Amount	%
			(in thousands, except percentages)			
Revenue:						
Product sales - OEM customers	$ 5,856	64%	$ 6,184	69%	$ (328)	-5%
Product sales - direct customers and distributors	$ 3,145	35%	2,629	29%	516	20%
Product sales - MosaiQ	40	0%	111	1%	(71)	-64%
Other revenues	48	1%	—	0%	48	100%
Total revenue	$ 9,089	100%	$ 8,924	100%	$ 165	2%

OEM Sales. Product sales to OEM customers decreased 5% to $5.9 million for the quarter ended June 30, 2021, compared with $6.2 million for the quarter ended June 30, 2020. The decrease was due to there being only three shipment cycles for our red blood cell-based products in the quarter ended June 30, 2021, compared to four shipment cycles in the quarter ended June 30, 2020. There were also price decreases related to certain OEM customers effective in the quarter ended June 30, 2021.

Direct Sales to Customers and Distributors. Product sales directly to customers and distributors of $3.1 million for the quarter ended June 30, 2021 increased by $0.5 million compared with $2.6 million for the quarter ended June 30, 2020. This increase was due to increased direct sales in the United States which increased to $2.8 million in the quarter ended June 30, 2021 from $2.4 million in the quarter ended June 30, 2020 as a result of growth in sales to existing customers and expansion of our customer base.

MosaiQ Product Sales. MosaiQ sales in the quarters ended June 30, 2021 and June 30, 2020 consisted of revenues from our MosaiQ COVID-19 Microarray.

Other Revenues. Other revenues in the quarter ended June 30, 2021 related to a small development project for an OEM customer. There were no similar development projects during the quarter ended June 30, 2020.

Cost of revenue and gross margin

Cost of revenue reduced by 2% to $5.3 million for the quarter ended June 30, 2021 compared with $5.4 million for the quarter ended June 30, 2020. This decrease was mainly attributable to higher production activity in the UK for the quarter ended June 30, 2021 and a reduction in costs associated with operating under social distancing restrictions compared to the prior year.

Gross profit on total revenue for the quarter ended June 30, 2021 was $3.8 million, an increase of 8% when compared with $3.5 million for the quarter ended June 30, 2020. The increase was mainly attributable to the increase in gross margin on product sales described below.

Gross profit on product sales, which excludes other revenues, was $3.75 million for the quarter ended June 30, 2021, an increase of 7% when compared with $3.5 million for the quarter ended June 30, 2020. This increase was mainly attributable to higher production activity in the UK for the quarter ended June 30, 2021, a change in mix of product sales and reduction in costs associated with operating under social distancing restrictions compared to the prior year.

Gross margin on product sales, which excludes other revenues, was 41% for the quarter ended June 30, 2021 compared with 39% for the quarter ended June 30, 2020.

Sales and marketing expenses

Sales and marketing expenses were $2.5 million for the quarter ended June 30, 2021, compared with $2.2 million for the quarter ended June 30, 2020. This increase was attributable to greater personnel and other expenses related to the planned commercial launch of MosaiQ. As a percentage of total revenue, sales and marketing expenses were 27% for the quarter ended June 30, 2021 compared to 25% for the quarter ended June 30, 2020.

Research and development expenses

	Quarter ended June 30,					
	2021		2020		Change	
	Amount	% of revenue	Amount	% of revenue	Amount	%
			(in thousands, except percentages)			
Research and development expenses:						
MosaiQ research and development	$ 12,356	136%	$ 11,103	124%	$ 1,253	11%
Other research and development	356	4%	467	5%	(111)	-24%
Tax credits	(235)	-3%	(120)	-1%	(115)	96%
Total research and development expenses	$ 12,477	137%	$ 11,450	128%	$ 1,027	9%

Research and development expenses increased by 9% to $12.5 million for the quarter ended June 30, 2021 compared with $11.5 million for the quarter ended June 30, 2020. During the quarter ended June 30, 2021, the increase in MosaiQ research and development costs is driven by higher material expenses, salary and benefit costs, and provisions on certain raw materials and offset by changes to the estimated useful economic lives of certain operating equipment.

General and administrative expenses

General and administrative expenses increased by 13% to $10.8 million for the quarter ended June 30, 2021, compared with $9.5 million for the quarter ended June 30, 2020. This increase was attributable to additional costs, including stock compensation charges, associated with changes in company management offset by lower legal and professional expenses. We recognized $1.8 million of stock compensation expense in the quarter ended June 30, 2021 compared with $1.0 million in the quarter ended June 30, 2020. As a percentage of total revenue, general and administrative expenses were 119% for the quarter ended June 30, 2021 compared to 107% for the quarter ended June 30, 2020.

Other (expense) income

Net interest expense was $0.6 million for the quarter ended June 30, 2021 compared with $5.9 million for the quarter ended June 30, 2020. Interest expense in the quarters ended June 30, 2021 and June 30, 2020 included $4.1 million and $4.3 million respectively, of interest charges on our Secured Notes. Interest expense for the quarter ended June 30, 2021 also included $0.9 million of interest charges related to the Convertible Notes which were issued during the quarter. Interest expense in the quarter ended June 30, 2021 also included a credit related to amortization of deferred debt issue costs and estimated royalty costs of $4.5 million, compared to an expense of $2.1 million in the quarter ended June 30, 2020. The change from an expense to a credit for these items reflected a decrease in the projected sales for products subject to the royalty rights agreements, resulting in a reduction of the overall royalty cost estimates. Net interest expense also included $0.3 million of dividends accrued on the 7% cumulative redeemable preference shares in each of the quarters ended June 30, 2021 and June 30, 2020. In addition, in the quarter ended June 30, 2021 we realized gains of $0.1 million on our short-term money market investments compared to $0.7 million for the quarter ended June 30, 2020.

Other, net was $1.8 million in expense for the quarter ended June 30, 2021 compared with $0.2 million in income for the quarter ended June 30, 2020. For the quarter ended June 30, 2021 this comprised of $2.0 million expense related to the change in fair value associated with the Convertible Loan derivative and $0.2 million in foreign exchange gain arising on monetary assets and liabilities denominated in foreign currencies compared to $0.2 million of foreign exchange gains for the quarter ended June 30, 2020.

Provision for income taxes

Provision for income taxes in the quarter ended June 30, 2021 and 2020, reflected the taxes chargeable on the taxable income of our subsidiaries.

Quarterly Results of Operations

Our quarterly product sales can fluctuate depending upon the shipment cycles for our red blood cell-based products, which account for approximately two-thirds of our current product sales. For these products, we typically experience 13 shipping cycles per year. This equates to three shipments of each product per quarter, except for one quarter per year when four shipments occur. In fiscal 2021 we made 14 shipments with the additional shipments in the first and fourth quarters. In fiscal 2022, the greatest impact of extra product shipments is expected to occur in our fourth quarter. The timing of shipment of bulk antisera products to our OEM customers may also move revenues from quarter to quarter. We also experience some seasonality in demand around holiday periods in both Europe and the United States. As a result of these factors, we expect to continue to see seasonality and quarter-to-quarter variations in our product sales.

The timing of product development fees included in other revenues is mostly dependent upon the achievement of pre-negotiated project milestones.

Liquidity and Capital Resources

Since our commencement of operations in 2007, we have incurred net losses and negative cash flows from operations. As of June 30, 2021, we had an accumulated deficit of $616.3 million. During the quarter ended June 30, 2021, we incurred a net loss of $24.4 million and used $32.1 million of cash in operating activities. As described under results of operations, our use of cash during the quarter ended June 30, 2021 was primarily attributable to our investment in the development of MosaiQ and corporate costs, including costs related to being a public company.

From our incorporation in 2012 to March 31, 2021, we have raised $160.0 million of gross proceeds through the private placement of our ordinary and preference shares and warrants, $433.0 million of gross proceeds from public offerings of our shares and issuances of ordinary shares upon exercise of warrants and $145.0 million of gross proceeds from the issuance of the Secured Notes.

On May 26, 2021, we issued and sold $95.0 million aggregate principal amount of the Convertible Notes to in a private offering to institutional investors and on June 2, 2021, we issued an additional $10.0 million aggregate principal amount of the Convertible Notes. The Convertible Notes are guaranteed by our material subsidiaries. The Convertible Notes are our unsecured, senior obligations and rank equally in right of payment with all of our existing and future unsecured, unsubordinated indebtedness. The Convertible Notes are convertible at the option of the holders at an initial conversion rate of 176.3668 ordinary shares per $1,000.00 principal amount of Convertible Notes, subject to customary anti-dilution adjustments. We have the right to redeem the Convertible Notes in certain circumstances.

On March 12, 2021, we announced that two funds managed by CSAM in which we had invested an aggregate of approximately $110.35 million had suspended redemptions. The investments into these funds were made in accordance with our investment policy of making individual investments with a minimum of an A rating from a leading credit-rating agency. Each fund holds short-term credit obligations of various obligors. According to a press release issued by CSAM, redemptions in the funds were suspended because "certain part of the Subfunds' assets is currently subject to considerable uncertainties with respect to their accurate valuation." CSAM subsequently began a liquidation of the funds. Pursuant to the liquidation, we have already received cash distributions of approximately $81.4 million. Based on information provided by Credit Suisse, we expect to receive further cash distributions from the funds in the next several months; however, there can be no assurance as to the amount or timing of any such distribution.

While Credit Suisse has advised that the credit assets held by the funds are covered by insurance that potentially will be available to cover losses the funds would incur if any of the obligors on the funds' credit assets were to default, we do not know if the funds will incur losses (net of insurance) on the credit assets held by the funds. We believe, and have advised Credit Suisse, that any such losses should be borne by Credit Suisse.

We expect to fund our operations in the near-term, including the ongoing development of MosaiQ through successful field trial completion, achievement of required regulatory authorizations and commercialization from a combination of funding sources. These expected funding sources include the use of existing available cash and short-term investment balances, the sale of rights and other assets, and the issuance of new equity or debt.

As of June 30, 2021, we had available cash, cash equivalents and short-term investments of $166.7 million and $8.3 million of restricted cash held as part of the arrangements relating to our Secured Notes and the lease of our property in Eysins, Switzerland.

Cash Flows for the Quarters ended June 30, 2021 and 2020

Operating activities

Net cash used in operating activities was $32.1 million during the three month period ended June 30, 2021, which included net losses of $24.4 million offset by non-cash items of $1.6 million. Non-cash items were depreciation and amortization expense of $1.4 million, share-based compensation expense of $1.8 million, change in fair value of convertible loan derivatives of $2.0 million, Swiss pension costs of $0.2 million, a credit related to amortization of deferred debt issue costs and royalties of $4.0 million, accrued preference share dividends of $0.3 million, deferred lease rentals of $0.2 million and a credit to deferred income taxes of $0.2 million. We also experienced a net cash outflow of $9.3 million from changes in operating assets and liabilities during the period, consisting of a $3.7 million reduction in accrued compensation and benefits, a $0.8 million increase in inventories, a $3.5 million increase in other assets and a $2.2 million reduction in accounts payable and accrued liabilities, offset by a $0.9 million reduction in accounts receivables.

Net cash used in operating activities was $24.8 million during the quarter ended June 30, 2020, which included net losses of $25.4 million offset by non-cash items of $5.7 million. Non-cash items were depreciation and amortization expense of $2.0 million, share-based compensation expense of $1.0 million, Swiss pension costs of $0.3 million, amortization of deferred debt issue costs of $2.1 million, accrued preference share dividends of $0.3 million and deferred lease rentals of $0.2 million. We also experienced a net cash outflow of $5.1 million from changes in operating assets and liabilities during the period, consisting of a $1.5 million reduction in accounts payable and accrued liabilities, a $2.0 million reduction in accrued compensation and benefits, a $0.6 million increase in accounts receivable, a $0.6 million increase in inventories and a $0.3 million increase in other assets.

Investing activities

Net provided by investing activities was $12.6 million for the quarter ended June 30, 2021 compared to $28.5 million for the quarter ended June 30, 2020. We spent $1.4 million on purchases of property and equipment in the quarter ended June 30, 2021, which was mainly related to purchasing MosaiQ instruments and investments in our IT infrastructure. Purchases of property and equipment in the quarter ended June 30, 2020 were $0.8 million, which was mainly related to payments for an additional assembly unit for our MosaiQ manufacturing facility. We also received distributions on our short-term money market investments of $18.5 million from CSAM in the quarter ended June 30, 2021 and invested $4.5 million in other short-term money market investments, compared with distributions of $29.3 million for the quarter ended June 30, 2020.

Financing activities

Net cash provided by (used in) financing activities was $88.1 million during the quarter ended June 30, 2021, consisting of $100.5 million generated from the issuance of the Convertible Notes, net of debt issue costs, offset by $12.1 million repayment of the Secured Notes, expenses related to restricted stock units vested of $0.1 million and $0.2 million of repayments on finance leases. Net cash used in financing activities was $0.1 million during the quarter ended June 30, 2020, consisting of $0.1 million generated from the exercise of share options, offset by $0.2 million of repayments on finance leases.

Operating and Capital Expenditure Requirements

We have not achieved profitability on an annual basis since we commenced operations in 2007 and we expect to incur net losses for at least the next fiscal year. As we move towards the commercial launch of MosaiQ in the donor testing market, we expect our operating expenses during the year ended March 31, 2022 to be similar to those of the year ended March 31, 2021, as we continue to invest in growing our customer base, expanding our marketing and distribution channels, completing field trials and regulatory filings, hiring additional employees and investing in other product development opportunities while our development expenditures on MosaiQ decrease.

As of June 30, 2021, we had $166.7 million of available cash, cash equivalents and short-term investments and $8.3 million of restricted cash held as part of the arrangements relating to our Secured Notes and the lease of our property in Eysins, Switzerland.

Our future capital requirements will depend on many factors, including:

- our progress in developing and commercializing MosaiQ and the cost required to complete development, obtain regulatory approvals and complete our manufacturing scale up;
- our ability to pursue successful alternatives for commercializing MosaiQ in the patient market;
- our ability to manufacture and sell our conventional reagent products, including the costs and timing of further expansion of our sales and marketing efforts;
- the impact of the COVID-19 pandemic on the global economy, our business and our development timeline for MosaiQ;
- our ability to recoup the remaining approximately $29 million of funds invested in two funds that have suspended redemptions;
- our ability to collect our accounts receivable;
- our ability to generate cash from operations;
- any acquisition of businesses or technologies that we may undertake; and
- our ability to penetrate our existing market and new markets.

We currently expect that the additional net cash generated from the Convertible Notes issuance combined with our existing available cash and short-term investment balances are adequate to meet our forecasted cash requirements for the next twelve months.

We expect to fund our operations in the near-term, including the ongoing development of MosaiQ through successful field trial completion, achievement of required regulatory authorizations and commercialization from a combination of funding sources. These expected funding sources include the use of existing available cash and short-term investment balances, the sale of rights and other assets, and the issuance of new equity or debt.

Critical Accounting Policies and Significant Judgments and Estimates

We have prepared our condensed consolidated financial statements in accordance with U.S. GAAP. Our preparation of these condensed consolidated financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, expenses and related disclosures at the date of the consolidated financial statements, as well as revenue and expenses during the reporting periods. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could therefore differ materially from these estimates under different assumptions or conditions.

For a detailed discussion of our critical accounting policies, see Note 1, 'Organization and Summary of Significant Accounting Policies.' to our Annual Report on Form 10-K for the year ended March 31, 2021. For a detailed description of our significant judgements and estimates, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended March 31, 2021. We have summarized material new significant judgements and estimates and critical accounting policies during the quarter-ended June 30, 2021 below.

Convertible loan derivatives

The Convertible Notes are accounted for in accordance with ASC 470-20, Debt with Conversion and Other Options ("ASC 470-20") and ASC 815-40, Contracts in Entity's Own Equity ("ASC 815-40"). Based upon the Company's analysis, it was determined the Convertible Notes contain embedded features that need to be separately accounted for as a derivative liability component. The proceeds received from the issuance of the convertible debt instruments were bifurcated and recorded as a liability within convertible loan derivatives in the consolidated balance sheet. The convertible loan derivatives are measured at fair value and changes are recognized within other, net in the accompanying consolidated financial statements.

The fair value of the convertible loan derivatives have been determined by utilizing a single factor lattice model using market-based observable inputs. The value of these derivatives could vary materially based on changes in these inputs and any such changes could materially impact our reported results. See Note 3, "Debt" and Note 6, "Fair value measurement" to our condensed consolidated financial statements included in this Quarterly Report for additional information.

Recent Accounting Pronouncements

Except as discussed in Note 2**, "**Summary of Significant Accounting Policies," we did not adopt any other new accounting pronouncements during the three months ended June 30, 2021 that had a significant effect on our condensed consolidated financial statements included in this Quarterly Report.

Item 3. Reserved

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2021, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to our management, including our Chief Executive and Chief Financial Officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently party to any pending legal or governmental proceedings that we believe could have a material adverse effect on our business or financial condition. However, we may be subject to various claims and legal actions arising in the ordinary course of business from time to time.

Item 1A. Risk Factors

There have been no material changes in the risk factors described in Item 1A "Risk Factors" of our Annual Report on Form 10-K for the year ended March 31, 2021.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The following is a list of exhibits filed as part of this Quarterly Report on Form 10-Q:

Exhibit No.	Description
10.1	Employment Agreement, dated February 23, 2021 (amended June 7, 2021), between the Company and Manuel O. Méndez
31.1	Certification of Manuel O. Méndez, Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Peter Buhler, Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Manuel O. Méndez, Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Peter Buhler, Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial information from Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 filed with the SEC, formatted in Inline eXtensible Business Reporting Language (Inline XBRL): (i) Condensed Consolidated Balance Sheets (unaudited), (ii) Condensed Consolidated Statements of Comprehensive Loss (unaudited), (iii) Condensed Consolidated Statements of Changes in Shareholders' Deficit (unaudited), (iv) Condensed Consolidated Statements of Cash Flows (unaudited) and (v) Notes to Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File, formatted in Inline XBRL (included as Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	QUOTIENT LIMITED
Date: August 5, 2021	/s/ Manuel O. Méndez
	Manuel O. Méndez Chief Executive Officer
Date: August 5, 2021	/s/ Peter Buhler
	Peter Buhler Chief Financial Officer

EXECUTION VERSION

EMPLOYMENT AGREEMENT

This Employment Agreement ("**Employment Agreement**") is entered into as of February 23, 2021, by and between Quotient Limited ("**Employer**") and Manuel O. Méndez ("**Executive**") (collectively, the "**Parties**").

A. Employer desires assurance of the association and services of Executive in order to retain Executive's experience, abilities, and knowledge, and is therefore willing to engage Executive's services on the terms and conditions set forth below.

B. Executive desires to be employed by Employer and is willing to do so on the terms and conditions set forth below.

It is expressly agreed between the Parties that this Employment Agreement shall be subject to the competent authorities issuing the work and residence permits required for the Executive under Swiss law.

In consideration of the above recitals and of the mutual promises and conditions in this Employment Agreement, the Parties agree:

1. DUTIES AND AUTHORITY; OBLIGATIONS

1.1 **Duties**. Employer employs Executive as its Chief Executive Officer and Executive accepts such employment. Executive will perform all of the employment duties, responsibilities and job functions consistent with such a management position and such other duties and responsibilities consistent with the role of a Chief Executive Officer of a publicly-traded multi-national corporation as deemed necessary or appropriate by the Board of Directors of the Employer (the "**Board**") (collectively, the "**Employment Duties**"). Executive will exercise the authority consistent with those duties and responsibilities. Such Employment Duties may require the performance of work beyond customary office hours and involve varying work period hours and working conditions.

1.2 **Obligations**. Executive shall at all times during the Employment Term:

1.2.1 devote the whole of his working time, attention, skill, best efforts and ingenuity to the Employment Duties;

1.2.2 comply fully with, implement and enforce all Employer rules, regulations, policies and procedures from time to time in force;

1.2.3 perform the Employment Duties faithfully and diligently;

1.2.4 follow all lawful and reasonable directions of the Board in the performance of the Employment Duties;

1.2.5 use best efforts to promote the interests of Employer and not do or willingly permit to be done anything that is harmful to those interests; and

1.2.6 keep the Board fully informed (in writing if so requested) of the conduct of its business and affairs and provide such explanations as the Board may require.

2. EXECUTIVE'S COMPENSATION, PERQUISITES AND BENEFITS

2.1 **Compensation**. During the Employment Term, Employer agrees to pay Executive a base salary at the rate of seven hundred and fifty thousand Swiss Francs (CHF 750,000) *per annum* (the "**Base Compensation**"). The Base Compensation will be paid in thirteen equal installments *per annum*, and in accordance with Employer's standard payroll practices. Employer will withhold from the Base Compensation all payroll taxes and other deductions required by applicable law (including, but not limited to, with respect to social security) or authorized by Executive. The Base Compensation will be reviewed on the twelve-month anniversary of the Commencement Date (as defined below) and thereafter on an annual basis and may be increased as determined by the Board in its sole discretion. As part of such determination, the Board may take into account the average annual inflation rate in Switzerland. The undertaking to review Executive's Base Compensation shall not create any entitlement to an increase in base salary. Executive will not be eligible for overtime pay for work performed outside Employer's regular business hours.

2.2 **Benefits**. During the Employment Term, Executive shall be permitted to participate in any group life, hospitalization or disability insurance plans, health programs, retirement plans, fringe benefit programs and similar benefits that may be available to other senior executives of Employer located in Switzerland, generally on the same terms as such other executives, in each case to the extent that Executive is eligible under the terms of such plans or programs (the "**Employee Benefits**"). Employer will supply a credit card to Executive to be used solely for expenses incurred in carrying out the Employment Duties. The card must be returned by Executive to Employer immediately upon request by Employer. Employee Benefits for Executive will be provided at Employer's expense except for any applicable premium contributions, co-pay obligations and taxes on reportable income applicable to Executive's participation. Employer may adopt, amend, change, substitute, replace, suspend or terminate any of the Employee Benefits during the Employment Term in its sole discretion.

2.3 **Specific Benefits**. Without limiting the generality of Section 2.2, Employer shall make available to Executive twenty-five (25) vacation days per calendar year, and the standard legal holidays for the Executive's base employment location specified in Section 3 (*Place and Hours of Employment*). Prior to use of a vacation day, Executive shall receive the prior approval of the Chairman of the Board (the "**Chairman**") or his or her designee following approval of the Board.

2.4 **Perquisites**. During the Employment Term, Employer will provide to Executive the following perquisites:

2.4.1 During the period between the Commencement Date and the earlier of (i) the nine-month anniversary of the Commencement Date, and (ii) the date Executive owns a residence in Switzerland, Employer shall lease temporary housing for Executive with a rent not to exceed CHF 5,500 per month;

2.4.2 During the period Executive's children are enrolled in high school, whether via in-person or remote instruction, Employer shall reimburse Executive for tuition fees incurred by Executive with respect to such enrollment;

2.4.3 An Employer provided cell phone, laptop computer, and tablet device;

2.4.4 A net after-tax yearly car allowance of CHF 25,000 *per annum*;

2.4.5 Should Executive, prior to relocating to Switzerland, incur a loss on the sale of Executive's vehicle owned in the U.S. by reason of selling such vehicle for less than fair market value (based on published local data), Employer shall reimburse Executive for such loss with a net after-tax payment for any such loss;

2.4.6 Employer shall reimburse Executive for the following expenses reasonably incurred by Executive in connection with Executive's relocation to Switzerland: expenses for transporting Executive's personal items and household goods to Switzerland, costs relating to locating an initial residence in Switzerland, and costs of business-class airfare for one-way flights to Switzerland for Executive and Executive's household family members;

2.4.7 Employer shall reimburse Executive for rental costs incurred by Executive with respect to Executive's New York, New York apartment lease, not to exceed four months of rent in the aggregate;

2.4.8 Employer shall cover costs associated with a home-finding trip to Switzerland for Executive and Executive's household family members, including reasonable costs for business-class round-trip airfare to Switzerland and accommodations during such trip;

2.4.9 For each calendar year during which Executive is employed by Employer for any part thereof, Employer shall directly pay to PwC all reasonable costs incurred in connection with the preparation of annual U.S. and Swiss federal and local tax returns for Executive;

2.4.10 Employer shall pay for one hundred percent (100%) of Executive's annual social security insurance obligations under Swiss law;

2.4.11 During the period between the Commencement Date and the earlier of (i) July 1, 2021, and (ii) the date Executive's household family members relocate to Switzerland, Employer shall, up to one time per month, cover costs for business-class roundtrip airfare associated with Executive visiting his household family members in the U.S or Executive's household family members visiting Executive in Switzerland; and

2.4.12 Employer shall reimburse Executive for all legal fees incurred by Executive for the review and negotiation of this Employment Agreement, up to a maximum of $10,000 U.S. Dollars net after taxes.

Notwithstanding the foregoing, any obligation of Employer to reimburse Executive under this Section 2.4 shall in all events be subject to Executive's provision of documentation to Employer and substantiation of such applicable fees, costs, losses and expenses.

2.5 **Equity Grants/Bonus Schemes**. In the Board's sole discretion, Executive will be eligible to participate in Employer's ex gratia Bonus Schemes, in accordance with the terms of any ex gratia bonus plan documents, award agreements, and any notices provided by Employer to Executive, including such terms as set forth on the attached Schedule 1. The assessment of the eligibility criteria as well as any actual payment under such ex gratia Bonus Schemes will be decided by the Employer in its absolute discretion. Any payment made in a given year shall not create any entitlement to any future payment under the Employer's ex gratia Bonus Schemes. In addition, Executive shall be eligible to receive such other compensation and equity grants after commencing employment with the Employer as set forth on the attached Schedule 1.

3. PLACE AND HOURS OF EMPLOYMENT

Executive's employment location during the Employment Term will be Eysins, Switzerland; **provided**, **however**, **that** Employer's business needs may from time to time require Executive to travel and to be at other locations as necessary or required to fulfill Executive's responsibilities. Executive shall be permitted to work one day per week from his home near Eysins, Switzerland or any other location in Switzerland without prior approval from the Board. Notwithstanding the prior sentence, subject to compliance with any mandate or order of a governmental authority issued, adopted or in force (or announced to be issued, adopted or in force) regarding COVID-19, including, without limitation, any “shelter in place,” “stay home” or other restrictions on the freedom of activities of individuals, and provided that it does not result in any disruption in business operations or business continuity, during the period between the Commencement Date and the earlier of (i) July 1, 2021, and (ii) the date Executive's household family members relocate to Switzerland, Executive shall be permitted to work one week per month in the U.S. Executive shall work during Employer's regular business hours and any additional hours necessary to fulfill the Employment Duties.

4. EMPLOYMENT TERM

The term of Executive’s employment shall commence on April 1, 2021 (the "**Commencement Date**") and shall continue until the four-year anniversary of the Commencement Date, unless earlier terminated by Employer or Executive in accordance with Section 9 below (such term, the "**Employment Term**"). For the avoidance of doubt, there is no probationary period with respect to the term of Executive's employment. On and after the Commencement Date, Executive agrees to participate in investor communications as reasonably requested by the Employer.

The Executive's employment under this Employment Agreement will terminate automatically and without notice at the end of the month on which the Executive reaches the ordinary retirement age under Swiss law.

5. OTHER EXPENSES

Employer will reimburse Executive promptly for reasonable, necessary, customary and usual business expenses, including travel, entertainment, parking, business meetings and professional dues incurred during the Employment Term and substantiated in accordance with the policies and procedures established from time to time by Employer.

6. EXECUTIVE'S OUTSIDE BUSINESS ACTIVITIES

Executive is expected to devote one hundred percent (100%) of Executive's working time and Executive's full attention to the business interests of Employer; **provided**, **however**, **that,** after obtaining prior written approval of the Board, Executive may devote reasonable time and effort to community and charitable activities and organizations, so long as they do not interfere with performance of the Employment Duties. The Parties acknowledge and agree that Executive shall be permitted to devote reasonable time in connection with completing the book Executive is currently authoring. Any request for Executive to serve on the board of directors of any for profit corporation must be approved in writing in advance by the Board.

Executive represents to Employer that Executive has no outstanding commitments inconsistent with or in conflict with or that may interfere with any of the terms of this Employment Agreement or the services to be rendered under it.

7. EMPLOYER INVENTIONS

7.1 **Definition of Employer Inventions**. "**Employer Inventions**" means all ideas, methodologies, inventions, discoveries, developments, designs, improvements, formulas, programs, processes, techniques, know-how, research and data (whether or not patentable or registerable under patent, copyright a similar statute and including all rights to obtain, register, perfect and enforce those rights), that Executive learns of, conceives, develops or creates alone or with others during Executive's association with or employment by Employer (whether or not conceived, developed or created on behalf of Employer during regular working hours). "Employer Inventions" also includes anything that may be conceived, developed, or created, by Executive, either alone or with others, during Executive's association with or employment by Employer (whether or not conceived developed, or created during regular working hours), and with respect to which the equipment, supplies, facilities, or trade secret information of Employer was used, or that relate at the time of conception or reduction to practice of the invention to the business of Employer or to Employer's actual or demonstrable anticipated research and development, or that result from any work performed by Executive for Employer. Notwithstanding the above, the parties agree that the contents of the book Executive is currently authoring are specifically excluded from Employer Inventions.

7.2 **Disclosure of Employer Inventions**. Whether upon Employer's request or voluntarily, Executive will promptly disclose to Employer or its designee during Executive's employment with Employer all Employer Inventions that Executive has created, contributed to or knows about, regardless of the nature of that knowledge, and regardless of whether such Employer Invention, or any aspect of such Employer Invention, has been described, committed to writing, or reduced to practice, in whole or part by any other person. At all other times, Executive will treat every Employer Invention as Confidential Information (as defined in and in accordance with Section 13).

7.3 **Assignment and Disclosure of Inventions**. Executive hereby assigns to Employer all right, title and interest to all Employer Inventions, which will be the sole and exclusive property of Employer, whether or not subject to patent, copyright, trademark or trade secret protection. Executive also acknowledges that, excluding the book that Executive is currently authoring, all original works of authorship that are made by Executive (solely or jointly with others), within the scope of Executive's employment with Employer, and that are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act. To the extent that any such works, by operation of law, cannot be "works made for hire," Executive hereby assigns to Employer all right, title, and interest in and to such works and to any related copyrights. The consideration for such assignment and the assistance provided in this Section 7.3 is the normal compensation due Executive by virtue of service to Employer.

7.4 **Additional Instruments**. Executive will promptly execute, acknowledge and deliver to Employer all additional instruments or documents that Employer determines at any time to be necessary to carry out the intentions of this Section 7. Furthermore, whether during or after Executive's employment with Employer, Executive will promptly perform any acts deemed necessary or desirable by Employer, at Employer's expense, to assist it in obtaining, maintaining, defending and enforcing any rights and/or assignment of an Employer Invention. Executive hereby irrevocably designates and appoints Employer and its duly authorized officers and agents, as Executive's agent and attorney-in-fact to act for, on behalf of and instead of Executive, to execute and file any documents, applications or related findings and to do all other lawfully permitted acts in furtherance of the purposes set forth above in this Section 7.4, including, without limitation, the perfection of assignment and the prosecution and issuance of patents, patent applications, copyright applications and registrations, trademark applications and registrations, or other rights in connection with such Employer Inventions and improvements thereto with the same legal force and effect as if executed by Executive.

7.5 **Pre-existing Inventions**. Executive will retain all right, title and interest in and to inventions that Executive created and owned prior to service to Employer as listed in the attached Schedule 2.

8. INDEMNIFICATION OF EXECUTIVE

Employer will, to the maximum extent permitted by Employer's bylaws and applicable law, indemnify and hold Executive harmless for any acts or decisions made in good faith while performing services for Employer; **provided**, **however**, **that** acts determined by the trier of facts to be acts of gross negligence or willful misconduct will not be deemed to be in good faith. To the same extent, Employer will pay, and subject to any legal limitations (including the obligation to repay such advances), advance all expenses, including reasonable attorney fees and costs of court-approved settlements, actually and necessarily incurred by Executive in connection with the defense of any action, suit or proceeding and in connection with any appeal, which has been brought against Executive by reason of Executive's service to Employer while acting in good faith.

9. **TERMINATION OF AGREEMENT/EMPLOYMENT**

9.1 **Termination by Employer Without Cause or by Executive for Good Reason**. Employer may terminate this Employment Agreement and Executive's employment without Cause upon six (6) months' advance written notice provided to Executive. Upon such a termination of this Employment Agreement, Executive's employment and the Employment Term will expire on the final day of the month in which the notice period expires. Employer's total liability to Executive under this Section 9.1 and/or Section 9.5 will be limited to: (i) the payment of Executive's Base Compensation and provision of Employee Benefits then in effect (as amended, changed, substituted, replaced, suspended or terminated) through and including the day of termination, (ii) the continued payment of Executive's Base Compensation for the twelve-month period following the date of such termination, (iii) the lump sum payment of a pro-rata portion of the Discretionary Bonus for the year of termination, based on the achievement of performance goals for the applicable performance period, (iv) all of the equity awards held by Executive as of the date of such termination shall vest and, as applicable, become exercisable, in accordance with their terms, and (v) Employer shall honor the obligations set forth in Section 2.4.9 of this Employment Agreement and shall reimburse Executive in accordance with Section 5 of this Employment Agreement for any and all reasonable business expenses incurred by Executive that remain outstanding as of the date of Executive's termination. In addition, in connection with a termination of employment under Section 9.1 or 9.5, Employer shall promptly, upon a reasonable written estimate of costs provided by Executive, pay to Executive amounts for the following costs to be incurred by Executive within the nine-month period following such termination in connection with Executive's repatriation to the city of his choice in the United States of America (USA) following such termination: (i) expenses for transporting Executive's personal items and household goods and one vehicle to the city of his choice in the USA, (ii) costs relating to one house-hunting trip for locating an initial residence in the USA, (iii) costs associated with the sale of Executive’s residence in Switzerland, or if Executive does not own a residence, then for any costs associated with breaking his lease in Switzerland, and (iv) costs of business-class airfare for one-way flights from Switzerland to the city of Executive's choice in the USA for Executive and Executive's household family members to repatriate to the USA.

9.2 **Termination by Employer for Cause**. Employer may terminate this Employment Agreement and Executive's employment for "**Cause**" at any time in accordance with the provisions of this Section 9.2. Cause is defined for purposes of this Section 9.2 as: (a) gross negligence or willful misconduct by Executive in the performance of the Employment Duties; (b) insubordination by Executive to Employer or a willful refusal by Executive to perform the Employment Duties; (c) commission by Executive of a felony, act of moral turpitude or other act, which prevents Executive from effectively performing the Employment Duties or is likely to affect the interests of Employer; (d) breach of any of the provisions of this Employment Agreement including, without limitation, Section 13 or 14; (e) any unexcused absence by Executive from the Employment Duties for a period of five

(5) consecutive days; (f) Executive's inability to enter into this Employment Agreement or perform the Employment Duties as provided in Section 1 herein; or (g) any act of dishonesty by Executive relating to Employer, its employees or otherwise, including, without limitation, fraud, embezzlement or misappropriation relating to significant amounts. For purposes of this Agreement, “Cause” shall not exist unless Employer has first: (i) advised Executive in writing of the specific alleged conduct or allegations constituting “Cause”, (ii) provided Executive with an opportunity to explain such conduct or allegations before a meeting of the entire Board of Directors, and (iii) with respect to any conduct or allegations of "Cause" capable of being cured, provided Executive with thirty (30) days after receiving written notice thereof to cure such alleged Cause. Employer's total liability to Executive under this Section 9.2 will be limited to the payment of Executive's Base Salary and provision of Employee Benefits then in effect (as amended, changed, substituted, replaced, suspended or terminated) through and including the effective date of termination.

9.3 **Termination Because of Disability of Executive**. Employer may terminate this Employment Agreement and Executive's employment on three (3) month's prior written notice if Executive is and has been unable, even with reasonable accommodation, to perform Executive's duties under this Employment Agreement in Executive's normal and regular manner during a period or periods aggregating at least twenty-six (26) weeks for any period of twelve (12) months due to physical or mental disability or injury. Employer's total liability to Executive under this Section 9.3 will be limited to the payment of Executive's Base Compensation and provision of Employee Benefits then in effect (as amended, changed, substituted, replaced, suspended or terminated) through and including the day of termination as a result of disability.

9.4 **Termination on Death of Executive**. If Executive dies during the term of this Employment Agreement, this Employment Agreement will be terminated on the day of Executive's death. Employer's total liability to Executive under this Section 9.4 will be (subject to applicable law) limited to the payment of Executive's Base Compensation and provision of Employee Benefits then in effect (as amended, changed, substituted, replaced, suspended or terminated) through and including the day of Executive's death.

9.5 **Termination by Executive for Good Reason**. Executive’s employment may be terminated during the Employment Term by the Executive for Good Reason in accordance with the provisions of this Section 9.5. For purposes of this Agreement, “**Good Reason**” means:

9.5.1 A reduction in Executive’s Base Compensation;

9.5.2 A material diminution by Employer in Executive’s title, reporting relationship authority, duties or responsibilities, including, without limitation, ceasing to be a chief executive officer who reports directly to the board of directors of a public company;

9.5.3 A change of 35 miles or more from Eysins, Switzerland of the geographic location of Employer's headquarters;

9.5.4 Any other action or inaction that constitutes a material breach by the Employer of this Agreement or any other agreement through which Executive provides services to Employer;

provided, however, that Good Reason shall not exist unless (i) Executive has given written notice to the Employer within ninety (90) days of the initial existence of the Good Reason event or condition(s), which notice specifies the specific provision under this Section 9.5 relied upon as the basis for such Good Reason event or condition and which sets forth in reasonable detail the facts and circumstances claimed regarding such event or condition, and (ii) the Employer has had at least thirty (30) days to cure such Good Reason event or condition after the delivery of such written notice and has failed to cure such event or condition within such thirty (30) day cure period. Executive’s termination of employment for Good Reason shall be effective as of the expiration of such cure period, or earlier upon Employer's waiver of such cure period.

10. RESIGNATION OF OFFICE

At any time after notice is given by Employer or Executive to terminate Executive's employment with Employer, Executive shall, at the request of the Board, resign from all offices Executive may hold as a director or officer of Employer and from all other appointments or offices that Executive holds as nominee or representative of Employer.

11. AGREEMENT SURVIVES MERGER OR DISSOLUTION

This Employment Agreement will survive any merger of Employer with any other entity, regardless of whether Employer is the surviving or resulting corporation, and any transfer of all or substantially all of Employer's assets to any other entity and to any such successor entity's subsequent successors or assigns. In the event of any such merger or transfer of assets, the provisions of this Employment Agreement will be binding on and inure to the benefit of the surviving business entity or the business entity to which such assets will be transferred.

The Parties agree that on the Commencement Date Employer and Executive shall enter into a change of control agreement substantially in the form of the change of control agreement entered into by Employer and Franz Walt dated November 20, 2020.

12. ASSIGNMENT

This Employment Agreement may not be assigned by Executive. Employer may assign this Employment Agreement without the consent of Executive to any successor entity of Employer in accordance with Section 11 above.

13. CONFIDENTIAL INFORMATION

13.1 **Definition of Confidential Information**. "**Confidential Information**" means all nonpublic or proprietary information relating to Employer's business or that of any Employer vendor or customer. Examples of Confidential Information include, but are not limited to, software (in source or object code form), databases, algorithms, processes, designs, prototypes, methodologies, reports, specifications, information regarding Employer Inventions, as defined in Section 7.1, products sold, distributed or being developed by Employer, and any other non-public information regarding Employer's current and developing technology; information regarding vendors and customers, prospective vendors and customers, clients, business contacts, employees and consultants, prospective and executed contracts and subcontracts, marketing and sales plans, strategies or any other plans and proposals used by Employer in the course of its business; and any non-public or proprietary information regarding Employer or Employer's present or future business plans, financial information, or any intellectual property, whether any of the foregoing is embodied in hard copy, computer-readable form, electronic or optical form, or otherwise. Information that is available in the public domain through no fault of Executive shall not be considered Confidential Information.

13.2 **Executive's Use of Confidential Information**. From the Commencement Date and at all times thereafter, Executive will maintain the confidentiality of the Confidential Information. Executive will not, without Employer's prior written consent, directly or indirectly: (i) copy or use any Confidential Information for any purpose not within the scope of Executive's work on Employer's behalf; or (ii) show, give, sell, disclose or otherwise communicate any Confidential Information to any person or entity other than Employer unless such person or entity is authorized by Employer to have access to the Confidential Information in question. These restrictions do not apply if the Confidential Information has been made generally available to the public by Employer or becomes generally available to the public through some other normal course of events. All Confidential Information prepared by or provided to Executive is and will remain Employer's property or the property of Employer customer to which they belong.

13.3 **Return of Material**. Upon request of Employer or the Board or upon termination (whether voluntary or involuntary), Executive will immediately turn over to Employer all Confidential Information, including all copies, and other property belonging to Employer or any of its customers, including documents, disks, or other computer media in Executive's possession or under Executive's control. Executive will also return any materials that contain or are derived from Confidential Information, or are connected with or relate to Executive's services to Employer or any of its customers. Executive is permitted to retain information related to his employment agreement, change of control agreement and equity awards, his employee benefits and compensation and his performance.

14. NONCOMPETITION AND NONSOLICITATION COVENANTS

14.1 **Agreement Not to Compete**. During the period between the Commencement Date and one (1) year from and after the termination of Executive's employment with Employer for any reason, Executive will not, anywhere in the world, engage or participate, either individually or as an employee, consultant or principal, member, partner, agent, trustee, officer, manager, director, investor or shareholder of a corporation, partnership, limited liability company, or other business entity, in any activity that competes with products or services related to transfusion diagnostics provided by Employer or any subsidiary or affiliated company during the one (1) year period prior to the date of the termination of employment. Nothing in this Section 14.1 will be deemed to preclude Executive from holding less than 1% of the outstanding capital stock of any corporation whose shares are publicly traded.

14.2 **Agreement Not to Solicit Executives**. During the period between the Commencement Date and two (2) years from and after the termination of Executive's employment with Employer for any reason, Executive will not, directly or indirectly, alone or on behalf of any person or business entity, hire or aid, encourage, advise, solicit, induce or attempt to induce any employee of Employer, or any subsidiary or affiliated companies, to leave his or her employment with Employer.

14.3 **Agreement Not to Solicit Customers and Suppliers**. During the period between the Commencement Date and two (2) years from and after the termination of Executive's employment with Employer for any reason, Executive will not, directly or indirectly, alone or on behalf of any person or business entity, cause or attempt to cause any customer, prospective customer, vendor, supplier, or other business contact of Employer, or any subsidiary or affiliated companies to terminate, limit, or in any manner adversely modify or fail to enter into any actual or potential business relationship with Employer, or any subsidiary or affiliated companies.

14.4 **Blue Pencil Doctrine**. If the duration of, the scope of, or any business activity covered by any provision of this Section 14 is in excess of what is determined to be valid and enforceable under applicable law, such provision will be construed to cover only that duration, scope or activity that is determined to be valid and enforceable, and Employer and Executive consent to the judicial modification of the scope and duration of the restrictions in this Section 14 in any proceeding brought to enforce such restrictions so as to make them valid, reasonable and enforceable. Executive hereby acknowledges that this Section 14 will be given the construction, which renders its provisions valid and enforceable to the maximum extent not exceeding its express terms, possible under applicable law.

15. **SURVIVAL**

The parties agree that Executive's obligations under Sections 7 (*Employer Inventions*), *9.1 (Termination by Employer without Cause or by Executive for Good Reason),*13 (*Confidential Information*), and 14 (*Noncompetition and Nonsolicitation Covenants*) of this Employment Agreement will survive the termination of this Employment Agreement and termination of Executive's employment with Employer, regardless of when such termination may occur and regardless of the reasons for such termination.

16. **EFFECT OF EMPLOYER'S PERSONNEL POLICIES, RULES, AND PRACTICES**

Executive is entitled to the benefit of, and is obligated to perform, all of Executive's responsibilities under Employer's personnel policies, rules, and practices in effect from time to time for all of its employees during the Employment Term. In the event of any conflict between Employer’s personnel policies, rules and/or practices, and this Employment Agreement, the provisions of this Employment Agreement shall be controlling.

17. INJUNCTIVE REMEDIES

The Parties agree that damages in the event of breach by Executive of Sections 7 (*Employer Inventions*), 13 (*Confidential Information*), or 14 (*Noncompetition and Nonsolicitation Covenants*) of this Employment Agreement would be difficult, if not impossible, to ascertain, and it is agreed that Employer, in addition to and without limiting any other remedy or right it may have, will have the right to seek an immediate injunction or other equitable relief in any court of competent jurisdiction enjoining any threatened or actual breach without the requirement to post a bond. The existence of this right will not preclude Employer from pursuing any other rights and remedies at law or in equity that Employer may have, including recovery of damages.

18. INTEGRATION

This Employment Agreement contains the entire agreement between the Parties pertaining to the subject matter addressed in this Employment Agreement. No oral modifications, express or implied, may alter or vary the terms of this Employment Agreement.

19. AMENDMENT/NOVATION

No modifications, amendments, deletions, additions, or novations to or of this Employment Agreement will be effective unless they are completely and unambiguously contained in a writing signed by Executive and by the Chairman or his or her designee following approval of the Board.

20. CHOICE OF LAW; VENUE

This Employment Agreement and any dispute arising from the relationship between the Parties will be governed by and construed under and according to the laws of Switzerland without regard to its conflict of laws provisions. Any dispute arising out of or in relation to this Employment Agreement shall be subject to the exclusive jurisdiction of the Swiss Courts of Vaud.

21. NOTICES

Any notice to Employer required or permitted under this Employment Agreement will be given in writing to Employer, either by personal service, email, facsimile, or by registered or certified mail, postage prepaid. Any notice to Executive will be given in a like manner and, if mailed, will be addressed to Executive at Executive's home address then shown in Employer's files as well as to his personal and work email addresses then shown in Employer’s files. For the purpose of determining compliance with any time limit in this Employment Agreement, a notice will be deemed to have been duly given (a) on the date of service, if served personally on the party to whom notice is to be given, (b) on the same business day given by facsimile, e-mail, or other electronic transmission, or (c) on the second (2nd) business day after mailing, if mailed to the party to whom the notice is to be given in the manner provided in this Section. As of the date this Employment Agreement is executed, notice is to be given at the following addresses:

To Employer:

Quotient Limited
PO Box 1075, Elizabeth House
9 Castle Street
St Helier
Jersey JE4 2QP
Channel Islands
Attn: Heino Von Prondzynski
E-mail: hvp-office@prondzynski.ch

To Executive:

Manuel O. Méndez
E-mail: Mendemo@gmail.com

Copy to:

Quotient Limited
B1, Business Park Terre Bonne
Route de Crassier 13
1262 Eysins
Switzerland
Attn: Viviane Montarnal
E-mail: Viviane.montarnal@quotientbd.com

22. WITHHOLDING

Employer shall be entitled to withhold from any payments or deemed payments any amount of tax withholding it determines to be required by law.

23. SOCIAL SECURITY CONTRIBUTIONS

The Executive and the Employer shall each pay half of the contributions which are owed as a matter of law for AVS (Old Age and Survivors' Insurance), AI (Invalidity Insurance), APG (Loss of Earnings Insurance), AC (Unemployment Insurance). The Executive's part of the contributions shall be deducted by the Employer from his Base Compensation and any other appropriate cash payment.

24. PENSION PLAN

The Executive shall be eligible to participate in the Employer's pension plan as of his first day of work. The contributions and the benefits are determined by the rules and regulations of the pension plan, as amended from time to time. The Executive's contributions are deducted by the Employer from his Base Compensation and any other appropriate cash payment.

25. ILLNESS

In case of the Executive’s inability to perform his duties under this Employment Agreement due to illness, the Executive shall receive his salary according to the terms and conditions of the insurance for loss of earnings due to illness. The Employer shall deduct the Executive's contributions – if any – from his Base Compensation. If there is no insurance for loss of earnings due to illness, the Employer’s obligation to continue to pay the Executive’s salary shall be determined by Art. 324a of the Swiss Code of Obligations.

26. ACCIDENT

Executive is insured against occupational as well as non-occupational accidents. The contributions for the non-occupational accident insurance shall be paid by the Employer.

27. DATA PROTECTION

As Executive's employer, Employer needs to keep and process information about Executive for employment purposes (the “**Personal Data**”). The Personal Data held and processed by the Employer will be used for the Employer’s management and administrative use only. The Employer shall keep and process the Executive’s Personal Data to be able to pursue its business activities and manage its contractual relationship with Executive effectively, lawfully and appropriately, both during the employment relationship under this Employment Agreement and after its end. The holding and processing of Executive’s Personal Data by Employer is required in particular for Employer to be able (i) to comply with its obligations under this Employment Agreement and towards other employees, (ii) to comply with any legal requirements imposed on Employer, (iii) to pursue its legitimate interests and (iv) as the case may be, to protect Employer's legal position in the event of legal proceedings. While holding and processing Personal Data, Employer shall at all times comply with the data protection principles set out in the Swiss Federal Act on Data Protection and the European General Data Protection Regulation. Further information on the Personal Data held and processed by Employer and Executive's rights in relation thereto shall be available upon request addressed to Employer's human resources department.

28. SEVERABILITY

Subject to Section 14.4, if any provision of this Employment Agreement is held invalid or unenforceable, the remainder of this Employment Agreement will nevertheless remain in full force and effect. If any provision is held invalid or unenforceable with respect to particular circumstances, it will nevertheless remain in full force and effect in all other circumstances.

29. HEADINGS

The headings in this Employment Agreement are inserted for convenience only; are not part of this Employment Agreement, will not in any manner affect the meaning of this Employment Agreement or any paragraph, term, and/or provision of this Employment

Agreement; and will not be deemed or interpreted to be a part of this Employment Agreement for any purpose.

30. **CONSTRUCTION**

The language of this Employment Agreement will, for any and all purposes, be construed as a whole, according to its fair meaning, not strictly for or against Executive, on the one hand, or Employer, on the other hand, and without regard to the identity or status of any person or persons who drafted all or any part of this Employment Agreement.

31. **NO WAIVER**

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Employment Agreement will be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy will be deemed a waiver of any other breach, failure, right, or remedy, whether or not similar, nor will any waiver constitute a continuing waiver unless the writing so specifies.

32. **WARRANTY AND FREEDOM TO CONTRACT**

Executive warrants that he is under no disability that would prevent Executive from entering into this Employment Agreement and from complying with all of its provisions to their fullest extent. If Executive is enjoined or otherwise prevented by judicial or administrative determination from complying with the terms of this Employment Agreement, then Employer may terminate this Employment Agreement and Executive's employment immediately without incurring any future liability, and for purposes of Section 9 such termination will be for Cause.

33. **EXECUTION IN COUNTERPARTS**

This Employment Agreement may be executed in counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.

34. **FAXED OR PHOTOCOPIED SIGNATURES**

A faxed or photocopied signature will have the same effect as an original signature.

35. **RIGHT TO COUNSEL**

The undersigned Executive has read the foregoing Employment Agreement and has taken the time necessary to review completely and fully understand it. The undersigned Executive has had the unrestricted right and opportunity to have each and every paragraph, term, and provision of the foregoing Employment Agreement and each and every result and consequence of its execution by the undersigned Executive fully explained to Executive by legal counsel selected and retained solely by Executive.

36. CLAWBACK POLICIES

All amounts payable under this Employment Agreement or otherwise by Employer to the Executive shall be subject to the terms of Employer's "clawback" policies as in effect from time to time.

[*signature page follows*]

The undersigned fully understands the foregoing Employment Agreement, accepts, and agrees to each and every paragraph, term, and provision contained in it, and fully accepts and agrees to it as binding Executive for any and all purposes whatsoever.

Employer: QUOTIENT LIMITED

By: /s/ Heino von Prondzynski
Heino von Prondzynski
Chairman of the Board

Executive:
By: /s/ Manuel O. Mendez
Manuel O. Méndez

SCHEDULE 1

BONUS AND EQUITY GRANT

1. **Discretionary Bonus**. During the Employment Term, in addition to the Base Compensation, for each fiscal year of Employer ending during the Employment Term, Executive shall have the opportunity to receive an annual ex gratia cash bonus, which may be awarded in Employer's sole discretion, in an amount equal to up to one hundred percent (100%) of the Base Compensation (the "**Discretionary Bonus**") then in effect. The Discretionary Bonus shall be based on annual performance criteria and the achievement of personal objectives by Executive, which shall be mutually agreed upon by Employer and the Board and assessed by the Board in its sole discretion. The Discretionary Bonus shall be paid to Executive as soon as practicable, but in no event later than 120 days following the fiscal year to which it relates. The Discretionary Bonus shall be paid to the Executive only if the Executive is employed by Employer on the date of payment. With respect to the 2022 fiscal year of Employer, the amount of Executive's Discretionary Bonus shall be no less than eighty percent (80%) of Executive's Base Compensation.

2. **Make-Whole Payment**. On the Commencement Date, subject to Employer's receipt of documentation substantiating the two million U.S. Dollar ($2,000,000) obligation owed by Executive to Quest Diagnostics (the "**Quest Obligation**"), Employer shall make a lump sum payment of two million U.S. Dollars ($2,000,000) (net of applicable withholding taxes) to Quest Diagnostics in satisfaction of the Quest Obligation. Employer shall indemnify Executive on a grossed up basis, which indemnity shall include Employer being responsible for and remitting applicable withholding taxes. Executive shall use reasonable best efforts to obtain a refund of taxes with respect to the two million U.S. Dollar ($2,000,000) payment Executive received from Quest Diagnostics giving rise to the Quest Obligation and Executive shall pay to Employer the amount of any such refund. Notwithstanding the foregoing, if Executive's employment is terminated under Section 9.2 of the Employment Agreement or if Executive terminates his employment without Good Reason (as defined under Section 9.5 of the Employment Agreement) on or prior to March 31, 2023, Executive shall repay to the Employer the entire amount of payment (including the amount of applicable withholding taxes) made by Employer under this Section 2 of this Schedule 1 to the Employment Agreement immediately following such termination.

3. **Make-Whole Bonus Payment**. If Executive forfeits the nine hundred sixty thousand U.S. Dollar ($960,000) cash bonus due to him by Quest Diagnostics as of March 31, 2021, the Employer shall pay Executive a lump sum amount equal to nine hundred sixty thousand U.S. Dollars ($960,000), **provided, however, that,** such payment shall be subject to Executive's provision to Employer of documentation substantiating such forfeiture. If the Executive does not forfeit the nine hundred sixty thousand U.S. Dollar ($960,000) cash bonus due to him by Quest Diagnostics as of March 31, 2021, no payment shall be made to Executive by the Employer under this Section 3 of this Schedule 1 to the Employment Agreement.

1.

4. **Sign-On Payment**. On the Commencement Date, the Employer shall pay Executive a lump sum amount equal to one million sixty five thousand U.S. Dollars ($1,065,000).

5. **Sign-On Equity Grant.** Effective as of the Commencement Date, Executive shall be granted:

   (a) Restricted stock units with respect to shares of the Employer having a fair market value as of the date of grant equal to three million three hundred thirty three thousand three hundred thirty three U.S. Dollars ($3,333,333) (the "**Sign-On RSUs**"). Fifty percent (50%) of the Sign-On RSUs shall vest on the first anniversary of the date of grant, and twenty five percent (25%) of the Sign-On RSUs shall vest on each of the second and third anniversaries of the date of grant, **provided, however, that,** except as provided under Section 9.1 of the Employment Agreement, any Sign-On RSUs not vested shall be forfeited upon termination of Executive's employment.

   (b) Share options with respect to shares of the Employer having a fair market value as of the date of grant equal to one million six hundred sixty six thousand six hundred sixty seven U.S. Dollars ($1,666,667) and an exercise price per share equal to the fair market value of a share of the Employer on the date of grant (the "**Sign-On Share Options**"). The Sign-On Share Options shall vest in three equal installments on each of the first, second, and third anniversaries of the date of grant, **provided, however, that,** except as provided under Section 9.1 of the Employment Agreement, any Sign-On Share Options not vested shall be forfeited upon termination of Executive's employment.

6. **Annual Grants**. On or about the Commencement Date and each anniversary of the Commencement Date thereafter during the Employment Term, Executive shall be granted:

   (a) Restricted stock units with respect to shares of the Employer having a fair market value as of the date of grant equal to six hundred thousand U.S. Dollars ($600,000) (the "**Annual RSUs**"). The Annual RSUs shall vest in three equal installments on each of the first, second, and third anniversaries of the date of grant, **provided, however, that**, except for the accelerated vesting provisions as provided under Section 9.1 of the Employment Agreement, any Annual RSUs not vested shall be forfeited upon termination of Executive's employment.

   (b) Share options with respect to shares of the Employer having a fair market value as of the date of grant equal to four hundred thousand U.S. Dollars ($400,000) and an exercise price per share equal to the fair market value of a share of the Employer on the date of grant (the "**Annual Share Options**"). The Annual Share Options shall vest in three equal installments on each of the first, second, and third anniversaries of the date of grant, **provided, however, that**, except as provided under Section 9.1 of the Employment Agreement, any Annual Share Options not vested shall be forfeited upon termination of Executive's employment.

(c) Performance restricted stock units with respect to shares of the Employer having a target fair market value as of the date of grant equal to one million U.S. Dollars ($1,000,000) (the "**Annual PSUs**"). The Annual PSUs shall vest on third anniversary of the date of grant up to a maximum of 150% of the target fair market value of such Annual PSUs based on the level of achievement of performance goals and financial targets jointly agreed by Employer and Executive, **provided, however, that**, except as provided under Section 9.1 of the Employment Agreement, any Annual PSUs not vested shall be forfeited upon termination of Executive's employment.

SCHEDULE 2

EXISTING INVENTIONS

N/A

Exhibit 31.1

CERTIFICATION

I, Manuel O. Méndez, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Quotient Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period for which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 5, 2021

/s/ Manuel O. Méndez

Manuel O. Méndez

Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Peter Buhler, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Quotient Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period for which this report is being prepared;
   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2021

/s/ Peter Buhler
Peter Buhler
Chief Financial Officer

Exhibit 32.1

CERTIFICATION

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Quotient Limited, a company incorporated under the laws of Jersey, Channel Islands (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report for the quarter ended June 30, 2021 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2021	/s/ Manuel O. Méndez
	Manuel O. Méndez
	Chief Executive Officer

This certification is being furnished and not filed, and shall not be incorporated into any document for any purpose, under the Securities Exchange Act of 1934 or the Securities Act of 1933.

Exhibit 32.2

CERTIFICATION

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Quotient Limited, a company incorporated under the laws of Jersey, Channel Islands (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report for the quarter ended June 30, 2021 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2021	/s/ Peter Buhler
	Peter Buhler
	Chief Financial Officer

This certification is being furnished and not filed, and shall not be incorporated into any document for any purpose, under the Securities Exchange Act of 1934 or the Securities Act of 1933.